

THE WESTERN BALKANS: POLICY RESPONSES TO TODAY'S CHALLENGES

HEARING BEFORE THE COMMISSION ON SECURITY AND COOPERATION IN EUROPE ONE HUNDRED ELEVENTH CONGRESS FIRST SESSION

SEPTEMBER 29, 2009

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THE WESTERN BALKANS: POLICY RESPONSES TO TODAY'S CHALLENGES

September 29, 2009

COMMISSION ON SECURITY AND COOPERATION IN EUROPE
WASHINGTON, DC

The hearing was held at 10:37 a.m. in SVC 212/210, Capitol Visitor Center, Washington, DC, Hon. Benjamin L. Cardin, Chairman, Commission on Security and Cooperation in Europe, presiding.

Commissioners present: Hon. Benjamin L. Cardin, Chairman, Commission on Security and Cooperation in Europe; Hon. Alcee L. Hastings, Co-Chairman, Commission on Security and Cooperation in Europe; and Hon. Robert B. Anderholt, Commissioner, Commission on Security and Cooperation in Europe.

Witnesses present: Hon. Stuart Jones, Deputy Assistant Secretary for European Affairs, U.S. Department of State; and Björn Lyrvall, Director-General for Political Affairs, Swedish Ministry of Foreign Affairs.

HON. BENJAMIN L. CARDIN, CHAIRMAN, COMMISSION ON SECURITY AND COOPERATION IN EUROPE

Mr. CARDIN. Let me welcome everybody to this hearing of the Helsinki Commission, the Commission on Security and Cooperation in Europe. On behalf of my Co-Chairman, Congressman Hastings, and myself and Congressman Aderholt, we welcome all—everyone here today for the second hearing that we're having on the Western Balkans, which has been a major focal point of this Commission for many, many years.

We had a hearing in April, the Commission, on this subject which Chairman Hastings conducted and requested that we pay attention to this area, which I think was very important for us to do. Expert witnesses had brought to our attention disturbing trends, particularly in Bosnia, but also in Kosovo and some of the neighboring countries.

In May, we know Vice President Biden and the Secretary-General of the European Council visited Sarajevo. The Vice President gave a stirring speech to the Bosnian Parliament urging an end to nationalistic rhetoric and forward movement on reforms. And shortly thereafter, I had the opportunity to lead a delegation to Bosnia, where we met with the political leadership.

The delegation got an ample look at the wide and sometimes sharp division between the three groups. Meeting some Bosnian students of all ethnicities later in our visit I think was very enlightening to all members of our delegation. They saw the gap be-

tween what is necessary for a nation to survive and the active concerns of each of the ethnic groups.

I must tell you that my observations in visiting Bosnia were clear, and that is that there needs to be constitutional reform so the country can function as a country. Now, that's not to be confused with the dangers of nationalism. They need to have a functioning national government that respects the rights of all of the ethnic groups within that country, and to date, that formula has been missing. There needs to be pride in a unified nation, and that simply was not being promoted by the leaders during our visit, and that was very clear. And we left that country urging them to move forward with constitutional reform.

The Obama administration grasped right away the situation in the Balkans, particularly in Bosnia, and remains unsettled. This concern prompted the Vice President's mission to Sarajevo, Belgrade, and Pristina. We have not seen Bosnia move forward with vigorous constitutional-reform efforts. Instead, we have learned of the continued gridlock in the central government with ethnic disputes over appointments and hear charged rhetoric at the highest level suggesting that Bosnia's very existence could well be in jeopardy. The commission takes these continued slides very, very seriously.

Meanwhile, in Kosovo, there have been additional bilateral recognitions of an independent statehood, which obviously is extremely positive, but we do not hear of much progress in other areas that are important, even with the deployment of the status-neutral E.U. rule-of-law mission. Recent incidents suggest the need for more active and vigorous work to build institutions and foster dialogue.

Albania, Macedonia, Montenegro, and Serbia also have their own challenges, some related to Bosnia and Kosovo and some unique to their own internal dynamics. Even Croatia, which has made enormous strides in the last decades, still needs to contend with issues related to earlier conflicts. This past year I was in Croatia and saw a very vibrant country that is making incredible progress, and when I reflect that it's just a few years ago there was active war in that country, they're clearly making the type of progress we would like to see.

I also had a chance to visit Montenegro. I took a Commission delegation into Montenegro. What a country, what potential—a small country and population that could have an incredible impact. They seem to get along with all their neighbors; that formula is one that we would like to duplicate in the region.

So we are encouraged by the recent breakthrough in Slovenia on border issues. That hopefully will pave the way for Croatia soon to enter the E.U. E.U. and NATO accessions remain the foundation of western strategy for the entire region. Our hearing today will touch on some of these problems. Most importantly, we'll focus on what the United States and the European Union are doing, or should be doing, in response.

Is there a plan to break the continuing deadlock that threatens Bosnia's stability? Is it possible to make progress on badly needed constitutional reform? Will the high representative remain in place until the job is done? What is being done to overcome Kosovo's eth-

nic divide, particularly in the north, and to bring the Albanians and Serbs together at least to find some common ground? Is the international presence there an effective deterrent to renewed violence? These are just a few of the questions that I hope that we will be able to discuss at today's hearing. I hope our discussion today sends a strong signal to the Western Balkans that is positive and encouraging.

Our two witnesses are key players in U.S. and E.U. policy development and coordination. First, we'll hear from Stuart Jones, the Deputy Assistant Secretary of State for European Affairs and holder of the department's Balkan portfolio. Our second witness will be Mr. Lyrvall, the Director General for Political Affairs in the Foreign Ministry of Sweden. Sweden currently holds the Presidency of the E.U. and speaks collectively for its members. Let me turn to the Co-Chairman of the Commission, Mr. Hastings, for comments that he might want to make.

**HON. ALCEE L. HASTINGS, CO-CHAIRMAN, COMMISSION ON
SECURITY AND COOPERATION IN EUROPE**

Mr. HASTINGS. Thank you, Chairman Cardin, and I thank you for convening this hearing today. As you mentioned, for the hearing in April on the Western Balkans and Bosnia, we had Paddy Ashdown as well as a panel of experts based in the Balkans, and their presentations about the challenges facing the region revealed disturbing trends, particularly in Bosnia, but also in Kosovo. And I concluded that hearing with a call for a part two, and Mr. Chairman, before we even get into this one, I can tell you that there's going to be a need for a part three.

I also want to thank our witnesses for being present today. I believe that if asked, practically every diplomat would generally express a preference that Parliamentarians go away and leave them alone, but Deputy Assistant Secretary Jones in the State Department, however, understands not only the necessity, but also the advantages of partnership in foreign-policymaking across the branches of government. Over the years, it has also become clear that this bicameral and bipartisan Commission is perhaps the best example of that partnership in action.

The goal of this hearing today is not to criticize policy but to share views and ideas on improving policy to the benefit of the people in the countries of the Western Balkans. As one witness noted in April, the mere holding of a hearing in the U.S. Congress sends a signal of interest that she felt could have its own positive reverberations in the countries of concern. Let's hope that today's hearing will have that effect.

Finally, I want to thank our witness from the Swedish Foreign Ministry, Mr. Lyrvall, for being here today. Sweden currently holds the E.U. presidency, and it must be a very difficult task to speak for all 27 member states. It is important to have Europe's views on the Western Balkans, however, because U.S. policy in the region is so closely tied to that of the European Union.

I want to express the Commission's particular appreciation that you responded to our invitation on fairly short notice, after some officials from Brussels declined our invitation to testify today. Your Embassy here in Washington was very helpful in facilitating your

presence here today, and as I said to you, I know that my good friend, the Chair of Foreign Affairs in Sweden, will be here with a delegation of Parliamentarians, and we intend to accommodate them in appropriate fashion.

I'll refrain from discussing specific policy options right now at the opening, but let me conclude by noting that I've traveled, as you heard the chair and I know our colleague Mr. Aderholt, as other members of the Commission have, throughout the Balkans. I've not only met with senior officials, but also talked to citizens voting on election days, most recently in Albania. I visited camps for displaced persons such as those that still exist for Roma in Kosovo. I actually watched people scramble for cover away from sniper fire in Sarajevo during the war, and I met courageous human-rights activists.

The people of the Balkans are, regardless of their various ethnicities, some of the most sincere, hospitable and friendly people I have met. In Albania, Mr. Chairman, honest to goodness, I saw more American flags there than we have here on the Fourth of July, and it was very interesting to me. I didn't know much about Albania—I'd been to Kosovo and Bosnia and Croatia a lot, but I had only been there at that time, and as citizens of OSCE states that have pledged to respect their rights and dignity, they are—they deserve to be treated as such by their leaders and by the international community. I hope that as we look at policy options to bring stability and encourage integration in the Balkans, the people in the region need to be—the people in the region need to be our priority concern. Thank you, Mr. Chairman.

Mr. CARDIN. Congressman Aderholt.

**HON. ROBERT B. ANDERHOLT, COMMISSIONER, COMMISSION
ON SECURITY AND COOPERATION IN EUROPE.**

Mr. ADERHOLT. Thank you, Mr. Chairman. I also want to thank the Chairman and the Co-Chair for their vision of bringing this hearing today before us to concentrate a little bit on the Balkan region. The Balkan region is a very intriguing place, a real beautiful place. I, too, like my colleagues, have had the opportunity to travel over there, most recently traveled to Bosnia—actually, twice this year—and also, as well, as I traveled to Albania and Macedonia. But the entire Balkan region is a—really a beautiful part of the world. It has so much to offer, and it impacts the entire world.

So I'll probably have some more comments a little bit later, but I just want to thank our witnesses for being here today, and I look forward to your testimony and look forward to a good hearing. Thank you.

Mr. CARDIN. Thank you. Secretary Jones, we appreciate very much that you are with us today. As I pointed out earlier, Secretary Jones is the Deputy Assistant Secretary of State for European Affairs and holds the department's Balkan portfolio. Thank you for being here. You may proceed to your full statement; it will be included in our record and you may proceed as you see fit.

**HON. STUART JONES, DEPUTY ASSISTANT SECRETARY FOR
EUROPEAN AFFAIRS, U.S. DEPARTMENT OF STATE**

Sec. JONES. Thank you, Mr. Chairman, and distinguished members of the Commission for this invitation today. The Helsinki Commission has played, and I'm reassured to hear you say it today, that you will continue to play—ah, thank you—that you will continue to play a significant role in fostering stability and development in the Balkans. So I welcome this opportunity to discuss with you the challenges ahead.

A decade of hard work has brought us much closer to realizing our goal of including the Western Balkans in a Europe whole, free and at peace. All of the countries have undergone dramatic political and social transitions in recent years. With Kosovo's declaration of independence in February 2008, the final chapter in the breakup of the former Yugoslavia was closed. In April of this year, Croatia and Albania became members of the NATO Alliance. Macedonia too will receive an invitation to join the Alliance as soon as the dispute with Greece over its name is resolved. Serbia and Montenegro completed an orderly separation and are developing their democracies.

All of these countries are committed to and have taken steps toward eventual membership in the European Union. Perhaps even more fundamentally, publics and political establishments throughout the region today embrace a vision of their region's integration into the European mainstream. They also recognize that reform is the only path that will lead to this goal.

The United States commitment to the region is steadfast. Vice President Biden's May visit to Bosnia-Herzegovina, Serbia, and Kosovo underscored our commitment to work to help the countries of the region realize their Euro-Atlantic aspirations. Together, we have told the parties that the United States and our European partners will assist where we can to facilitate resolution of bilateral and internal disputes that obstruct integration and reform. But in the final analysis, as Congressman Hastings said, the burden of achieving their aspirations rests on these countries, their leaders and their people. Mr. Chairman, to save time for the committee's priority concerns, I would like to highlight conditions in just three of the countries in the Western Balkans.

To Bosnia first, and I would like to associate myself with your remarks on the situation in Bosnia. I agree with your analysis, and as the Vice President made clear during his May 19th speech before the Bosnian Parliament, we are concerned with conditions in Bosnia today. Political discourse is polarized, reforms have ground to a halt and in some cases are being rolled back. Twelve months away from their next national election, political leaders appear to have quit trying to find the compromises that would create momentum toward European integration.

In an effort to reverse this dynamic, we are focused on two areas: The first is completing the so-called 5+2 objectives and conditions established by the Peace Implementation Council. Fulfillment of 5+2 is fundamental for Bosnia to advance its goals of NATO and E.U. membership. Two of the five objectives remain outstanding. These are resolving ownership of state and defense property between the levels of government. It's essential that these be resolved

in full prior to OHR's closure to ensure the E.U. Special Representative can begin with a clean slate.

The Peace Implementation Council must also make a positive assessment of the situation in Bosnia based on full compliance with the Dayton Agreement. The second core area, as you mentioned, Mr. Chairman, is constitutional reform. The Dayton constitution's basic elements, such as the two-entity structure, can and should remain intact. However, Dayton can be updated to allow Bosnia to meet the obligations of E.U. and NATO membership.

Apart from 5+2 and transition of the Office of the High Representative, we have begun formal conversations with the parties about possible reforms, with the goal of achieving a modest initial package of reforms well in advance of the October 2010 elections. These would be—to improve the functionality of the state and better position Bosnia for E.U. candidacy and the NATO membership process. We are collaborating closely with our European partners to develop reforms that would achieve this goal, and I'm delighted that you are going to hear from my colleague from Sweden, Björn Lyrvall, the Political Director from the Foreign Ministry of Sweden.

Moving next to Kosovo. Kosovo's success as an independent multiethnic democracy within its borders is now contributing to region-wide stability. A year-and-a-half after Kosovo's declaration of independence, its leaders have made tremendous progress in implementing Martti Ahtisaari's Comprehensive Plan. They are building roads and schools as well as ministries and agencies. Sixty-two countries now recognize the Republic of Kosovo as an independent state, and many more support its membership in the World Bank and the IMF.

Kosovo's independence is irreversible. Of course, much remains to be done. Vice President Biden urged the government to redouble efforts to strengthen governing capacity, develop a sound economy, strengthen rule of law and tackle crime and corruption when he visited in May. Equally importantly, he urged outreach to Kosovo's Serb community to build dialogue, establish strong protections for Serbs and other minorities and improve conditions for the return of the displaced. We are actively engaged with Serbs all over Kosovo to provide assistance and encourage their interaction with Kosovo institutions in order to enhance the sustainability of their communities as part of a secure, democratic, and multiethnic Kosovo.

Third, a stable, prosperous, democratic Serbia is essential to regional stability and cooperation. Vice President Biden's visit to Belgrade in May underlined our desire to see a reinvigorated United States-Serbian relationship. We support Serbia's European and Euro-Atlantic aspirations. Our military-to-military relationship is becoming more robust. Serbia's partnership with the Ohio National Guard is a model for the region. President Tadic cemented these ties when he visited and was warmly received in Cleveland last week. As the Vice President conveyed to President Tadic, we can agree to disagree with Serbia over Kosovo. But together, we should also pursue pragmatic solutions to improve the lives of Serbs in Kosovo and to ensure that they have a voice in their communities.

Mr. Chairman, the United States remains a major assistance donor to the Western Balkans. In 2009 alone, we allocated more

than \$116 million in support of programs aimed at promoting democracy, human rights and the rule of law. Our continued strong support for the OSCE missions in the region adds a multiplier effect in helping the Western Balkans develop stable institutions and societies.

Ensuring governments uphold protections and rights of minorities so that they may have an equitable voice and stake in their country's future remains a focus of our work. Although governments have made strides, ethnic and religious minority communities continue to face instances of abuse and discrimination. The region's Roma still remain among the most imperiled, and nowhere is this program more salient than in Kosovo, where we are working to relocate Roma living in a lead-poisoned camp in North Mitrovica. The region as a whole has also made progress in combating trafficking in persons. All the Western Balkan countries either comply fully with the Trafficking Victims Protection Act's minimum requirements or are making significant efforts to bring themselves into compliance. We will continue working to improve their efforts.

The conduct of elections in the region has also seen overall improvement. March elections in Montenegro met almost all OSCE and Council of Europe commitments. Although in Macedonia 2008 elections fell short, 2009 elections were judged by ODIHR to have met most international standards. Albania's June 28 elections also showed tangible progress over previous elections, including improvements in voter registration and identification and in the legal framework. ODIHR judged that they met most OSCE commitments but fell short of Albania's potential to meet the highest standards for democratic elections.

Areas for improvement were identified in ballot counting and tabulation, media bias and pressure on public servants by political parties in government during the campaign. But the new government of Albania has acknowledged these shortcomings and has committed itself to address them in future legislation and procedures. Looking ahead, Kosovo will hold municipal elections this November, its first as an independent country, and we are providing significant support.

Crime and corruption remain serious problems hindering political and economic development in the region. Many of our assistance programs are aimed at reducing opportunities for bribery, building oversight and audit capabilities and also bolstering an independent judiciary and other activities. To cite just one example, our Model Court Initiative in Bosnia, completed in May, helped to institute European standards in 33 local courts, upgrade court infrastructure and improve customer service. This resulted in a reduction in case backlogs by up to 75 percent. Bosnia is now implementing the Model Court standards throughout its court system.

The International Criminal Tribunal for the former Yugoslavia continues to play a central role in promoting peace, justice and reconciliation in the former Yugoslavia. Since 1993, the ICTY has brought 161 indictments and concluded proceedings against 116 persons, with 57 convictions and 10 acquittals. Two fugitives, Ratko Mladić, and Goran Hadzic, have yet to be captured. They will not escape justice by outlasting the Tribunal. Our strong support for the ICTY will continue until its work is completed.

In sum, the region has come a long way, but the journey is not complete. America has a deep and abiding stake in the region's success. In concert with our European partners bilaterally and through the OSCE and NATO, the Obama Administration is intensifying our engagement with the region, pressing to accelerate reforms that will move the Balkans toward the European mainstream. We will continue to build on this hard-won foundation until democracy, openness and modernity eclipse ethnic nationalism, intolerance, and discrimination, so that all the countries in the region may take their place in Europe. Thank you for this opportunity, and of course I would welcome any questions you may have.

Mr. CARDIN. Well, Secretary Jones, let me thank you for your comprehensive statement. [Laughter.]

You've covered just about every point that I would have wanted you to cover, so I thank you for the comprehensive nature.

And just to make an observation before asking a few questions, if this hearing would have been a year ago, I think our concerns would have been different. And that's to point out that things have gotten, in some cases, much worse than we had anticipated a year ago, requiring us to place priority on it. So I'm glad you mentioned Bosnia first in your list of concerns. We obviously are very concerned about what's happening in Kosovo and Serbia, and I appreciate you putting a spotlight on that, and you mentioned many other countries—every country in the region of which we have concerns.

Let me just share with you a story about my visit to Montenegro. It was the first U.S. congressional delegation to Montenegro since its recent independence. And in preparation for that visit, the Helsinki Commission gives me my normal background materials and they says, you know, you're going to be asked about economic ties between the United States and Montenegro because it's a country that is just starting to emerge and Americans don't know much about it; it's a beautiful country on the Adriatic. And, yes, that was raised, but it was not their main focus.

And then I got all of these briefing documents about how Montenegro has been able to become independent of Serbia, maintain a relationship with Serbia yet recognize Kosovo and have a good relationship with every country in the region.

So we were expecting that their leadership would sort of boast about that issue, about how they've done that and know that they would want to talk to us about the U.S. commitments in the region. And, yes, that was brought up; it was not their top priority.

By far they were focused on Bosnia—focused on Bosnia. They said, if we don't work out Bosnia, it threatens Montenegro. There is a significant refugee issue of people coming across the border from Bosnia into Montenegro that could affect the stability of that country. Remember, it's a country of under a million people so a small shift in population can have a major impact on that nation.

So they mentioned to me Bosnia. And then we look at what is happening; we see the statements from the leadership of the Republika Srpska, which are obviously fueling the flames of nationalism in that region, and we sort of wonder. They also question whether the high representative should leave immediately knowing full well that that's been, in some cases, our only break from

changes that could move that nation backward and could lead it to potential conflict.

So I guess my question to you is, what do we expect from Europe and the United States to make sure that the country of Bosnia can survive? And I really think we're at that point where its survival is in question.

Just a year ago, we were talking about moving forward toward integration. Now we're talking about trying to save a nation.

Sec. JONES. Thank you, Mr. Chairman. Of course, I share your concerns and I appreciate this opportunity to talk about the situation in Bosnia. We are very concerned about the situation in Bosnia. We are worried about the divisive nature of the political discourse.

So what can be done? That is the question. First of all, I think we have to work in concert with our European partners. And I think that not only the symbolism but also the substance of the Vice President's trip to Bosnia in May with Javier Solana, the E.U. High Representative, sent a very important message to the parties, that the United States and Europe are in this together, that we are invested in finding solutions for Bosnia as we go forward and that there will be no space between us. I think that's an important message for all of the parties there.

Second, obviously, we should be moving Bosnia toward transition. The people across the board, regardless of ethnic group, support European integration there. So that's a common thread that we can build on.

We also find surprising support for NATO membership, though certainly not as widespread. So I think we need to tap into the aspirations of the Bosnian people for European and trans-Atlantic integration.

Mr. CARDIN. Just for 1 second, I agree with what you're saying, including NATO membership. But there is no way that they are going to become NATO members unless they have a national government that can function. We're not going to open up NATO unless we know that there is a country that can speak for its people—and they're moving in the wrong direction from that today.

Sec. JONES. I agree. And—this comes back to your original point, which is the need for constitutional reform. And we think that the parties need to come together to discuss a package of constitutional reforms in the time remaining before they get into the electoral season for their October 2010 (sic) elections. And the reforms should be aimed specifically at functionality, that the state needs to be able to function, looking toward the day when the OHR goes away. So that is the focus of our attention: working with the parties, thinking about which constitutional reforms will address this issue of functionality and how we can move the parties toward compromise and solution on these issues.

Mr. CARDIN. Let me just turn quickly to Kosovo and Serbia and how we are progressing in our relationship with both of those countries. Kosovo has made some progress; there is no question about it. It seems to be at sort of a standstill right now as far as some of the reforms that we would like to see and, of course, with the relationship with Serbia vis-a-vis Russia, it is still unclear as to whether Russia will let the international community move forward

with total recognition of Kosovo, particularly in the United Nations.

I appreciate your observations here. I do want to make—want to underscore two points that you made. In regards to the International Criminal Court and the fact that two indictees have been long-avoiding accountability, I concur in your conclusion that we will not yield on this.

But it will be helpful if we send a very clear message on that to Serbia including the conditionalities that we put that Congress continuously puts in the appropriations bill including the fact that for complete integration, this issue needs to be successfully resolved so that we can conclude our commitment to bring justice to the victims who were victimized by these war crimes.

And the second point I appreciate you mentioning is the Roma population. It has been a high priority for this commission. And in Kosovo that is an issue that needs to be dealt with and addressed. And we'll be watching that closely. And I am pleased to see the initiative in regards to the community whose health is at risk.

Could you just update us a little bit more as to what role you think Russia is playing as it relates to both the U.S. and Europe's involvement in Kosovo and Serbia?

Sec. JONES. Thank you. Certainly Russia's view on Kosovo is different from ours. They do not recognize Kosovo as a new republic. They believe that it should still continue to be treated as part of Serbia. On this point, we just have a fundamental disagreement. And I don't see any prospect for these points of view to come together in the near future.

Nonetheless, as we are with Serbia, I think we can agree to disagree on the issue of Kosovo's independence and work with the Russians to recognize the rights of Serbs in Kosovo and to recognize that the stability of the region is paramount. And that's been the nature of my conversations with my Russian counterparts.

In Bosnia, Russia, of course, is a member of the peace implementation council. And they are a part of our discussions on the 5+2 conditionality and the eventual transition of the Office of the High Rep. And in my conversations, again, with my Russian counterpart, there is no disagreement between us that the 5+2 needs to be fulfilled and has not yet been fulfilled.

Mr. CARDIN. Well, let me ask you one final question on Macedonia. Your optimism about that issue—do you know something about the Greek elections that we don't know?

Sec. JONES. You know better than me not to bet on elections, Senator.

Mr. CARDIN. Well, I take it that regardless of what party wins in the Greek elections, this issue would be difficult to resolve before an election. So I take it that the elections in Greece will provide a new opportunity to engage this issue and hopefully get a successful resolution.

Sec. JONES. We certainly hope so. We have had, as you know, extensive contact with both the Macedonian and Greek Governments on this issue over a period of several months and years, of course. We have been gratified by the statements and the behavior of the Macedonian Government, particularly in the last 8 months. And I think that the Macedonian Government should be commended for

improving the atmosphere—the bilateral atmosphere—that would facilitate a solution. So we'll wait for the elections and then we will pick up where we left off and encourage both governments to work forward.

I would also like to take note of the U.N. process that is being led by U.N. negotiator Matt Nimetz. He, of course, has the responsibility for advancing this process. He takes it very seriously and he had very constructive contact with both governments through the course of the summer. So hopefully that will bode well for the post-election atmosphere in Greece and Macedonia.

Mr. CARDIN. Thank you. Congressman Hastings?

Mr. HASTINGS. Thank you very much, Mr. Chairman and Mr. Jones. Mr. Chairman, I do very much thank you. You have covered a lot of ground in a short period of time. And, Mr. Jones, thank you for being as forthright as you have been.

I was handed a piece of paper just in the last 15 minutes and I haven't had a chance to fully digest it. But the takeaway from the head note says, "Late-breaking developments: Serbs Repudiate Decisions by High Representative of Brcko District Supervisor in Latest Sign of Serious Deterioration." It goes on to say the Republika Srpska repudiates all decisions by this supervisor. And then in the second section, third paragraph, I'll read from it. It says: "The Republika Srpska Prime Minister Milorad Dodik is apparently preparing the ground for a showdown with the international community on the radicalization of nationalist sentiment that invariably accompanies the advent of an election year."

Bring us current. This took place, these statements, on September 22nd and, in addition, he alleges that he is going to, if they have not already, file suit, including against Paddy Ashdown who we had here previously. What is the upshot of all of this?

Sec. JONES. Well, thank you, Congressman. We are very concerned about the recent political rhetoric in Bosnia, particularly surrounding the national electric company, Transco, which is owned by the state. And recently the High Representative exercising his Bonn Powers has reorganized that company to make it more functional. We support that decision, but this has drawn a very sharp reaction from Republika Srpska Prime Minister Milorad Dodik.

There are a lot of elements to the politics. I think it's enough to say that we support the High Representative's decision. We regret the sharp rhetoric along nationalistic lines that has been employed by the prime minister. And our Ambassador in Sarajevo is working to find solutions to these problems.

But nothing that has been done is outside—in our view—is outside of the executive mandate of the High Representative. And, indeed, the measures taken by the Deputy High Representative, who of course is an American, were pre-ordained in the final award surrounding Brcko at the end of the war.

So we think that all of this has been done, handled in a careful and legalistic manner. We regret the political difficulty that has ensued. We hope that we'll be able to find a swift solution to it. But certainly using nationalistic themes to address these problems is not the best way forward.

Mr. HASTINGS. Have we taken a position regarding any timetable—and I'm not suggesting one—for the closure of the Office of the High Representative?

Sec. JONES. What we have said is that when the five conditions and two objectives are completed, then, and only then, will we support the idea of transition from the high representative to the E.U. Special Representative.

Now, I should say, I look forward to the day when we can make that transition. I think that will be a positive transition. But certainly the conditions and objectives need to be met. And, of course, the second condition is paramount, which is that the Peace Implementation Council, together decides that there is stability in Bosnia under the Dayton Agreements.

Mr. CARDIN. I would like to get your views before we hear from Europe. Do you think Europe shares that commitment of standing behind the high representative until the goals have been met?

Sec. JONES. Well, of course, Europe has 27 members and there is a range of views. But, overall, I think that there is an understanding that we have agreed that the 5+2 has to be honored. That was what the Peace Implementation Council—which includes several members of the E.U.—agreed in 2007.

So that is the assumption with which we are moving forward. Perhaps some individual members have a different position and of course they are entitled to it. But any decision by the Peace Implementation Council will have to be by consensus.

Mr. HASTINGS. And while the E.U. has immense responsibilities, just as a general observation, it would seem to me that there have been as many things to delay further enlargement and not exert political pressure toward implementing the process that everybody seems to suggest that the European and Euro-Atlantic integration of the Balkans that the United States and the E.U. are sharing in that regard.

Ambassador, here is where my problem is: Talk is cheap. And I came to Congress with this issue being a vital issue and I'm sure that it has been a vital issue of concern all of my lifetime. But in order to achieve the objectives of the 5+2 just as a for example, it would seem to me that it would require a term that I use that I don't believe is a term of art, "hot diplomacy." And I use that because I believe there have to be coordinated efforts.

And I've seen too many places in the world where world powers let small areas down and those areas fomented into additional difficulties for world powers. That said, in this particular region, it would seem to me that the United States and the European Union would be coordinating serious ongoing efforts. I am appreciative of the fact that the Vice President visited, but if I could use an analogy—and I mean this because I've seen this in my lifetime—I've seen when major civil rights problems were going on, major civil rights national leaders whose names were in the newspaper would show up at the little areas and they would make the big statements about what they were going to do and then they'd leave and wouldn't a damn thing be done.

So the fact that there is no followup is what I'm talking about. When I was in Albania, there is added reason right there for us to be encouraging the Albanians to complete that highway that

they take great pride in going into Kosovo. If I were to move back into the other area, I don't hear very much in the way of summitry.

And one of the things that happens to us that the E.U. needs to get straight is, in my judgment, we have a lot on our table. I mean, you know, we are talking about this area and it's critical we have actually had boots on the ground there for a substantial period of time. Hopefully we are able to keep the peace in bits and places.

I was impressed in Kosovo by the U.N. mission there, one of the best that I've seen operating around the world. But then, at the same time, you know, our president right now is having to deal with Afghanistan, the finishing up of whatever is happening in Iraq; Iran is right around the corner. And yet I don't see the intense effort that I would like to see in Bosnia or in Serbia or Croatia or Montenegro or certainly Kosovo, which I see—me, personally—as a tinder box that could explode at any minute.

And unless we get to that and stop fiddling around with technical talk and start building some roads and some schools and some implementation of these measures then I think that all we are doing is setting up part three, part four and part ad infinitum. OK? Thank you, Mr. Chair.

Mr. CARDIN. Thank you for your comments. Congressman Aderholt?

Mr. ADERHOLT. Thank you, Mr. Chairman. One core issue I think you started out in your comments talking about was Bosnia. And I think this question would particularly apply not only to Bosnia, but also to all of the Balkan countries. In regard to the global economic downturn, what particular impact have you seen it having on Bosnia and the other Balkan countries and what do you expect to see in the future?

Sec. JONES. I think that the Balkans has been impacted by the global economic downturn, though in different ways than much of the rest of Europe. Because some of these economies were not as integrated into the European banking system as, say, countries in Central Europe, they have not been affected in quite that way.

And, yet, they are all seeing a reduction in remittances sent back by foreign workers living in other parts of Europe. They have certainly run into now a greater difficulty in obtaining credits. For the most part, they are adapting. And Serbia and Bosnia are working now closely with the IMF. Croatia and Albania have been able to find credits on the commercial market.

So they are moving through it. But we have seen a significant downturn in the economy in commercial activity and governments peeling back, cutting government salaries. There is a real hardship there.

Mr. ADERHOLT. Well, I know that I—as I mentioned, I was in the Balkans twice earlier this year. And it was, of course, at that time, everything was still in flux and was still—hadn't really gelled as far as the economic downturn.

But when I was in Albania, you know, I was very encouraged to see the construction of the highway there. And I have not heard updated recently—do you have an update of when that is to be completed, the Kosovo-Albania highway?

Sec. JONES. Well, the highway is largely complete. It was inaugurated in June and it is now possible to drive from the Port of Dures

all the way up to the Kosovo border. And I agree with you, Congressman; this is a tremendous asset for the entire region because it's going to facilitate transport not only for Albania and not only for Kosovo, but for all the countries in the region.

I think that there is now some additional work being done on some of the tunnels and there is another tunnel to be opened. So it's not—it hasn't reached its full scope of completion, but it—cars are going back and forth.

Mr. ADERHOLT. That's great. That's great to hear. When I was there earlier this year, the tunnel was being worked on. And so I know it was a major construction project, probably one of the most major construction projects in all of Europe.

Sec. JONES. And, of course, we're delighted that it—being—was engineered and created by a U.S. firm.

Mr. ADERHOLT. Absolutely, absolutely. But also, too, a country that also sometimes—that is not mentioned; there are so many aspects of that country I think should be applauded—and that's Macedonia. You know, the information that I have received is that World Bank now has ranked Macedonia as the third in the world for being among the best reformers, to have it approved as far as a business climate.

Also I understand that they're continuing to work on combating human trafficking and, of course, the issue that I think we think of most closely when we think of Macedonia, we think of the name issue, which is the big issue right now.

But I was over—as I mentioned—I was in Macedonia earlier this year and met with our Ambassador over there and had a good discussion with our U.S. Ambassador over there. I'll continue to have a good relationship with our—with the Macedonian ambassador here to the United States.

But I think their continued good faith with their—with Greece as far as the name issue; I know it's a very difficult issue and I think they've been showing real courage to work with U.N. Secretary-General Special Envoy on this and to try to resolve this. So again, the troop involvement that they have in Afghanistan should not go unnoticed. So again, Macedonia has done tremendous good things and we have had a great working relationship with them and so we continue to look forward to working with that country. Thank you for your testimony.

Mr. CARDIN. Thank you, Congressman Aderholt. We have been joined by the longest-serving member on the Helsinki Commission, the former Chairman of the Helsinki Commission, the ranking Republican, the Congressman from New Jersey, Chris Smith.

Mr. SMITH. Thank you very much, Mr. Chairman. I apologize for being late. I would ask that my full statement be made a part of the record.

Mr. CARDIN. Without objection.

Mr. SMITH. And, Mr. Secretary, thank you for your testimony. I've just read it and I really appreciate your insights and the comprehensiveness of your statement, and also your leadership.

Let me just ask you, when you talked about the elements of the two-entity structure, the need to keep that intact because of the sharp differences between the disparate parties, you do make the point that eventually there needs to be change and initial package

reforms need to be put into place. Could you elaborate on what is really essential for E.U. and NATO membership and where we are in terms of that state of play in terms of the various parties?

What really has to be done quickly in order to—because I, like you, and I think like everybody on our commission believes that constitution reform is absolutely essential if Bosnia is to emerge as a flourishing democracy. The idea of very small numbers of Parliamentarians stopping legislation from growing forward just hinders progress beyond recognition. But if you could talk about that package of reforms and where we are in terms of putting those forward, and what has to be done, maybe with even some timeline focus.

Sec. JONES. Thank you, Congressman. Certainly to qualify for E.U. membership Bosnia is going to have to undertake some reforms to address shortcomings in the Dayton Agreement that are at odds with the European Convention on Human Rights. So the Venice Commission has done an analysis of the Dayton Agreement and has made a series of proposals. And I think that's largely agreed by all the parties that that should be undertaken. This would allow, for example, a Bosnian citizen who is not a member of any of the largest three ethnic groups to rise to a senior office in the government to the presidency, et cetera. There are several other elements of that nature.

We would also favor a look at executive powers and we think that in order to move Bosnia forward on its European track, we think that the issues of state competencies and entity competencies should be addressed. Now, I should be clear—Björn Lyrvall, who will speak after me, can be more direct an expert on this than me—but those measures are not required for European accession. And so this is really about getting the parties together to decide what kind of state they want to have.

But they need a functional state. They need a state that's able to make decisions and move toward Europe. They need a state that is going to take responsibility for both the NATO accession process and the E.U. accession process. And I think by looking at those three areas, the European Commission of Human Rights, the issue of executive powers and the issue of competencies, they can make great headway in that regard.

Certainly we would want to get that accomplished as soon as possible, but if we are to get it accomplished before October elections, they have to be done by March because of the legal provision in the Bosnian structure that requires that all constitutional amendments be completed 6 months prior to the next elections. So that's our minimum timeframe.

I was in Sarajevo in August and people were already talking about those October 2010 elections. So I think our room for maneuvering is very short.

Mr. SMITH. Are there any demands being made by the Bosnians in the area of social policy? And I point to the problems that we had with Romania and adoption. At a time when we have the Hague Convention on Adoption, which provides a blueprint for intercountry adoption, Lady Nicholson, who was in charge of accession for the E.U., put an onerous—and I think a totally unjust—demand upon Bucharest to end foreign adoptions, leaving over a thousand people in the pipeline, including 200 Americans. Are

there are any social policy impositions like that that are being put on Bosnia?

Sec. JONES. Not that I'm aware of. But Bosnia, again, is very early in the process. It has its SAA, it's agreement to begin the process, but it's only in the very beginning of the E.U. process. And again, I think this is something that Björn can speak to more effectively than I can.

Mr. SMITH. Let me just ask you—what is the E.U.'s attitude toward the so-called Yellow House Case, where Serbs captured by Kosovar Albanians were taken to Albania as part of an alleged organ trafficking scheme?

Sec. JONES. There have been reports for several years of alleged organ trafficking in association with the conflict in Kosovo during that conflict. We have not seen any reliable evidence that this trafficking occurred, though war crimes prosecutors continue to look into it, as they should. I can't speak to the issue of the most recent investigations and arrests on these bases. But we're monitoring them closely.

Of course, it's very divisive when you have a Serbian prosecutor looking into possible events inside Kosovo; there's going to be a lot of political tension surrounding that. We're going to continue to talk to both parties about it, but to a great degree the Serbian judicial processes will go forward, the Kosovo judicial processes will go forward and the international community will observe them and shine a light on them to ensure transparency and fairness.

Mr. SMITH. And finally, with regards to Kosovo and the upcoming elections. How robust will be the participation on the part of the Serb minority? And you indicated in your testimony that our U.S. Embassy reps are working very closely with the Orthodox Church. Has that situation improved? Many have met over the years with Bishop Artemije and others who felt totally left out for years as churches and seminaries and the like were being burnt to the ground, literally. Has that situation improved somewhat, a lot, in your opinion, or what?

Sec. JONES. I think it's improved a lot since the time that you are describing. Clearly there's a lot of work yet to be done. And the government of Kosovo is engaged through the so-called RIC, which is—they put aside \$10 million for the reconstruction and restoration of Serbian heritage buildings and monasteries. The United States is participating with our million-dollar contribution to UNESCO, and there are various programs working for it in a positive way. Not to say that this work is—this needs continued attention on our part; there are still some political obstacles to overcome. But there's no ambiguity about the U.S. view, which is that these are sites that need to be protected, and honored and should certainly be restored. And that Serbs should be able to visit them and because they are an important element, as we know, of Serbian culture.

Mr. CARDIN. Thank you very much, and Secretary Jones, thank you for your testimony. We appreciate it very much and we look forward to continuing working with you on these issues.

We will now hear from Mr. Lyrvall. I have already indicated that he is the Director General for Political Affairs, the Foreign Ministry of Sweden. We welcome you to our Commission and we thank

you very much for arranging your schedule so you could be with us today. I need to point out, as you know, that your country has been extremely active in working with our Commission and the OSCE Parliamentary Assembly and in the OSCE. And Mr. Lenmarker has made an incredible contribution to the Parliamentary Assembly; we know that he will be returning to the United States for some meetings, and we look forward to his visit. Please express our appreciation to your government for your involvement with our Commission on so many areas of mutual interest.

BJÖRN LYRVALL, DIRECTOR-GENERAL FOR POLITICAL AFFAIRS, SWEDISH MINISTRY OF FOREIGN AFFAIRS.

Mr. LYRVALL. Thank you. Thank you very much. Mr. Chairman, Mr. Co-Chairman, members of the Commission. I'm honored to have been invited here to address you representing the Swedish Presidency of the European Union. I think that the Helsinki Commission is indeed a very dynamic and highly valued forum for trans-Atlantic dialogue. And it undertakes very important work in relation to democracy, rule of law, human rights and security in Europe.

So I'd like to thank you all collectively for the work that you are doing, the long-standing engagement and commitment in these issues, and I think these are vital and important for Europe as a whole.

I'd like to say also that the trans-Atlantic relationship constitutes to be a cornerstone of the E.U.'s external policies, and is based on shared values, such as democracy, human rights, as well as commitment to open and integrated economies. Some would even say that the similarity in policy outlook across the Atlantic is the greatest in decades, and we indeed look forward to the upcoming E.U.-U.S. summit in Washington later this fall.

Now, it might be a little bit confusing for an outsider that there are such a number of different E.U. actors speaking on behalf of the European Union. We have the Commissioner for External Affairs, we have the Commissioner for Enlargement and the Western Balkans, we have the Secretary-General/High Representative Javier Solana who personifies the E.U. Common Foreign Security Policy and then there is the rotating E.U. Presidency which my country, Sweden, holds until the end of the year.

Mr. CARDIN. It's not confusing to us; we have 535 people speak in the U.S. Congress. [Laughter.]

All Secretaries—

Mr. LYRVALL. Well, then you know where we are and what we are dealing with. It's indeed a challenging task now, to lead a union of 27 member states but there is indeed a great diversity between the different countries. But at the same time, the fact that the number of member states have increased in recent years, I would say, has contributed to the strength of the E.U. We may discuss a lot internally, but in the end, the E.U., when united, we have a powerful voice and a big influence in many fields: in trade, development, foreign and security policy, environmental issues, consumer policy, et cetera.

Now, we have many big issues on the plate of the Swedish Presidency for the coming months. The overriding priorities, as you are

probably well aware, have to do with economic situation in the world, employment and climate. Also, the issue of the E.U. treaty is likely to dominate the Brussels agenda after the Irish referendum this Friday.

We also focus on maintaining a secure and open Europe. We want to enhance the E.U.'s role as a global actor, and enlargement is also very high on our agenda. And one of the challenges of our times, of course, is the situation in the Western Balkans. I think it's fair to say that E.U. has come a long way since its origin as a post-Second World War peace initiative in the 1950s. The E.U. and its 27 member states stand as a success story in the creation of peace and prosperity within its borders.

The wider challenge of extending that peace and prosperity beyond its borders is clearly seen in the Western Balkans. In fact, the European Union's Common Foreign Security Policy has developed largely in response to the challenges presented by the repercussions of the end of the cold war and the disintegration of the former Yugoslavia. In fact, it was the failure to respond adequately to war in Bosnia and Herzegovina in the 1990s that prompted E.U. member states to enhance and reinforce the E.U.'s ability to conduct a credible and effective common foreign security policy. And this process is still ongoing.

My own Foreign Minister, Carl Bildt, as the E.U. mediator at Dayton and subsequently the international community's first international high representative in Bosnia and Herzegovina, played an active role, both pre- and post-Dayton, to push for a sharper E.U. policy when involved in crisis, and also formulating a post-war program for conditional E.U. integration. What we then called the regional approach, and which was the forerunner to E.U.'s stabilization and association process of today.

In the aftermath of the Kosovo war in 1999, we saw violent crisis emerging in the former Yugoslav Republic of Macedonia. That was in 2001 as a result of unsolved ethnic and social tensions. And the Swedish E.U. Presidency at the time, in 2001, used the still-untested Common Foreign Security policies to contain the crisis. The E.U. troika involving High Representative Solana and then-Commissioner Patten showed readiness to create the circumstances for negotiations, which later resulted in the Ohrid Agreement, to be implemented in its turn, by E.U.'s first European Security and Defense Policy mission.

Given this background, which has not always been encouraging, I have to say—Bosnia was certainly not E.U.'s finest hour. The E.U.'s common foreign security policy has developed gradually into a more coordinated rapid and targeted set of instruments, both military and civilian. The E.U. police monitors and regular combat missions, as well as advisory missions, have proved to be effective, although challenges still remain.

Since 1991, the E.U. has been the largest donor to the region, having provided roughly €13 billion in assistance, among others, for infrastructure, for institution building, for regional and cross border cooperation, for strengthening protection of minorities and for enforcing human rights. When you include humanitarian and the bilateral assistance of individual member states, please double that figure. Until 2013, we will spend more than €900 million each

year in the region. This figure did not include the costs of ESDP missions which have been launched since 2003, and of which there are still three missions ongoing.

Our political investments are immeasurable: Thousands of E.U. personnel in the institutions are working in and with the region, in the headquarters in Brussels, in the delegations of the European Commission, in the region and in the three offices of the E.U.'s Special Representatives in different countries of the Western Balkans.

But I'd like to say that even more importantly, the history of the European Union and its enlargement tells us that E.U. membership is a strong guarantor of lasting peace and social progress. With an enormous promise and incentive to change the European perspective of the Western Balkans, these countries have embarked on the same journey from war and mistrust to peace and reconsolidation that reunified Europe after World War II and after the cold war.

The Western Balkans is on its way from the era of hard power to the era of soft power, from the era of Dayton to the era of Europe. And I dare to say that the forces of disintegration are finally about to give way to the forces of integration.

The European perspective, with the ultimate goal of E.U. membership, once the conditions have been met by each country on its own merits, releases the E.U.'s transformative potential, where our democratic way of life and prosperity exercises a strong magnetic pull that provides hope and drives reform. Despite a certain enlargement fatigue, there is still a strong commitment of the E.U. member states to the objective of the Western Balkans countries becoming members of the European Union.

And the E.U. enlargement of Southeastern Europe is more than a historic mission to finish the job of reunifying the continent; it is a matter of enlightened self-interest and of enhancing our own economic growth, our security and our freedom. It also creates opportunities to broaden the common E.U. approach in crucial areas such as energy, security and migration.

Now, Mr. Chairman, let me turn to a few countries' specific comments, starting with our most advanced partner, Croatia. Croatia has indeed traveled the far—the longest road to membership of the European Union. A remarkable transition toward a stable democracy, rule of law and a functioning market economy has taken place that should act as a positive example for the Western Balkans region to follow. Clearly, it is the attractive forces of European and trans-Atlantic cooperation structures that have underpinned this momentous societal change.

Since the start in 2005, Croatia has closed seven out of 35 negotiating chapters in this process toward E.U. membership. Negotiations could be finalized by mid-2010 based on Croatia's own merits, I need to add. This would enable Croatia to join the E.U. as a full member by 2011 or 2012. Regrettably, however, the border dispute between Croatia and Slovenia has stopped Croatia from making formal advances in the process for almost a year now.

On September 11, however, Prime Ministers Kosor and Pahor announced an agreement, in principle, on how to proceed with solving the border dispute and simultaneously deblocking accession ne-

gotiations. And the Swedish presidency has confirmed its readiness now to support further talks on the border issue to be resumed on October 2. In overcoming the heated arguments on both sides, and re-establishing an atmosphere of mutual trust, the leaders of the two countries have shown admirable statesmanship.

The key requirement for membership in the European Union is full cooperation with the War Crimes Tribunal for former Yugoslavia. Since there have been no positive developments in this area, the relevant negotiating chapter on democracy and human rights remain blocked. Croatia needs to credibly demonstrate that it is making every effort to fulfill the needs of the chief prosecutor. Concerted pressure from the E.U. and the United States is advisable on this issue.

In the former Yugoslav Republic of Macedonia, we are encouraged by this year's Presidential and local elections, which, according to observers, met most international standards. E.U. relations with the former Yugoslav Republic of Macedonia have intensified steadily over the past few years. In 2004, a stabilization and association agreement came into force, and the year after, the country was officially recognized as a candidate for E.U. membership. End of this year, the E.U. is scheduled to lift visa obligations.

For opening accession talks, eight benchmarks must be met. The former Yugoslav Republic of Macedonia must, inter alia, demonstrate proper implementation of judicial and police reforms, anticorruption legislation and take measures to ensure a depoliticized civil service. It's also essential that the authorities foster and facilitate a true political dialogue between the various groups in society. According to the European Commission, the former Yugoslav Republic of Macedonia is close to fulfilling the benchmarks and a recommendation to open accession talks may well be issued during the Swedish Presidency.

The countries should be rewarded for their reform efforts. The unresolved name dispute with Greece should not be an impediment to initiating negotiations; this is a matter which must be resolved bilaterally under the auspices of the U.N.

Montenegro has made impressive progress along its European integration agendas in its declaring independence from the union with Serbia in June 2006, encouraged by the E.U. Montenegro's E.U. perspective has been quickly embedded in a series of formal agreements. The momentum continues as Montenegro submitted its formal application for E.U. membership in December 2008, and after a decision by the council, a report is now being prepared by the European Commission. That will be the basis for deciding whether Montenegro can become formally a candidate country for E.U. membership.

At the same time Montenegro is likely to be granted visa liberalization with the E.U. in the coming months. E.U. membership will be the logical conclusion of this process and the timing will largely depend on Montenegro's ability to carry out the necessary reforms and fulfill the criteria for E.U. membership.

Albania has been gradually moving toward European integration, a process that has received momentum in the recent years. At the E.U. Foreign Ministers' meeting in a couple of weeks' time, we hope to reach an agreement to forward Albania's membership ap-

plication to the commission for its assessment. However, as the June 2009 elections in Albania have shown, the path to E.U. membership will not be easy. Elections were marked by unfortunate political interference in the post-election process and that was noted by the international election observers. Besides more efforts to meet democratic standards, Albania also needs to strengthen its public administration, reform its judiciary and more efficiently fight organized crime and corruption.

Serbia—well there is a stable, pro-E.U. government in place in Belgrade, which was elected in order to bring Serbia closer to the E.U., and it shows a new maturity and commitment in terms of fulfilling the obligations for E.U. accession. All E.U. member states agree that in order for the government to keep its credibility, the country must be allowed to make progress on its path toward the European Union. As soon as the cooperation with ICTY is judged to be satisfactory, the contractual agreement for the accession process between Serbia and the E.U. will come into force.

Progress has been considerable. This will also pave the way for a membership application toward the end of the year. In the meantime, Serbia shows its E.U. commitment by unilaterally implementing the relevant agreement. Furthermore, we hope to be able to grant Serbia visa freedom as of early 2010.

Then to Bosnia, which is of course, currently the main challenge. Bosnia and Herzegovina has also expressed its intention to apply in the near future for a membership of the E.U. In fact, in a country that remains deeply divided on most issues, the prospect of E.U. integration is one of the few unifying factors. There is, however, a major obstacle to this ambition: As long as the Office of the High Representative remains in place, a Bosnian E.U. membership application cannot be considered.

It is quite obvious for all of us that the OHR cannot take Bosnia to where it wants to go. This is why it's important that the country, as soon as possible, reaches a situation where the political landscape allows it to move from OHR to a reinforced E.U. office, strengthening, at the same time, the local political ownership when continuing to reform itself in accordance with E.U. requirements.

The Bosnian stabilization agreement has been in place since June 2008. Part of that agreement includes a favorable free trade arrangement with the E.U. It's called the Interim Agreement, which has seen a rather satisfactory implementation. On the one hand, the progress in implementing key partnership priorities of the agreement has unfortunately, been rather limited. Only then, and once the conditions have been met, can BiH make the transition from Dayton stabilization to European integration.

There is a window of opportunity to proceed with this transition before the 2010 elections. Otherwise, there is a considerable risk that Bosnia will be slipping behind the rest of the region. In order to achieve this transition, we need to have a joint E.U.-U.S. action-oriented approach this autumn. We are working closely with the U.S. to take steps in this direction.

Let me also say that outstanding constitutional reform in Bosnia and Herzegovina neither is a precondition for OHR closure, nor required in order to apply for E.U. membership. Nevertheless, it is an integral part of any efforts to create a functional state, and it

would incrementally constitute a fundamental part of E.U. accession. Constitutional amendments must therefore be brought into line with the European Convention of Human Rights in order to end the ongoing discrimination between the constituent and non-constituent citizens of the country.

Following the decision by NATO to conclude its SFOR mission, the European Union has, since December 2004, been responsible for the international military presence in Bosnia through the operation ALTHEA, currently deploying more than 2,000 troops in theater. And if needed, that could be reinforced.

At some point, EUFOR must be transformed into a non-executive mission with focus on training of the Bosnian forces. Any decision will be discussed thoroughly with the United States. From our perspective it is of the utmost importance that a decision on the future of EUFOR is synchronized with the ongoing efforts to move forward on the political issues in the country. For the E.U. police mission, which operates in an advisory capacity, supporting the fight against organized crime, is moving forward and remains a priority for us as well.

And finally, Kosovo. A year-and-a-half has passed since Kosovo declared its independence. Countries now faced with great challenges are building a democratic and multiethnic state. These challenges include decentralization, rule of law, economic development and engagement in regional and international fora. Kosovo needs to build up a long-term capacity to assume responsibility over the rule of law. The E.U. rule of law mission in Kosovo, EULEX, can support this process. EULEX is a visible expression of the European Union's determined engagement for Kosovo. During its first almost 10 months of operation, EULEX has deployed in all of Kosovo and begun to implement its mandate.

The American contribution is a crucial component for which the E.U. is most appreciative. In such a complex political context there are, of course, difficult challenges. In the north, EULEX is moving slowly to re-establish control over customs and to fully reopen the court in Mitrovica. The police in northern Kosovo continue to report to EULEX.

There's a fruitful dialogue with the authorities in Pristina on reforms regarding justice and police. The E.U. remains committed to its long-term engagement in the development of Kosovo. The fact that E.U. is divided about the status of Kosovo does not prevent a fully engaged approach as regards Kosovo's political and socioeconomic development in line with the European perspective of the region.

It is clearly in the interest of the E.U. that Kosovo develops in accordance with the rest of the region. In October, the European Commission will present a study examining means to further Kosovo's political and socioeconomic development. This study will hopefully provide a framework for concrete measures to be taken by Kosovo in order to move forward on its E.U. integration.

Mr. Chairman, Mr. Co-Chairman, members of the commission, thank you for giving me, as the Swedish Presidency of the E.U., the opportunity to address you here today. Thank you.

Mr. CARDIN. Mr. Lyrvall, first of all, thank you for that very comprehensive report. I think it's very helpful to us to understand that.

We're in total agreement about the importance of integration in each of the countries in the Western Balkans, and we certainly agree with your assessments as to what needs to be accomplished for that to occur. And we also are in agreement that we need a joint U.S.-E.U. strategy as it relates to Bosnia; I think that's our best chance of success.

I want to start off with Bosnia. You're not going to get any disagreement from any member of our Commission about wanting the High Representative office to go away. I mean, that's certainly not how a country can function. We want to Bosnia to integrate into Europe; we understand you can't integrate into Europe unless you have a functioning government and the High Representative was meant to be a temporary situation. But it seems like it's better than any other option that we have to bring about constitutional reform and to stop the regression that is taking place in the country by the nationalists that are bringing about changes within their own sectors that make it more difficult for Bosnia to have the types of reforms necessary to be able to integrate in Europe, and to protect the country and its people.

So I guess I am somewhat concerned about the replacement of the High Representative before the constitutional changes have been made in Bosnia that put in place the type of respect for national authority that is necessary for the country to be respected and eligible to enter into Europe and the E.U.

So I'm somewhat concerned about looking at a different mechanism that would give us a chance to prevent the breakup of Bosnia. So I appreciate the fact, though, that you intend for it to be a E.U.-U.S. strategy, because I think we have to be united on this, and we certainly need to listen to all points of view, but I tell you, if it weren't for the High Representative's office, I think we would be in worse shape today. You would see the independent actions, particularly by Republika Srpska, but also beyond that that would make it difficult to put the country back together again.

Mr. LYRVALL. Well, thank you, Mr. Chairman. Indeed the problem is, in our view, that the current situation is preventing Bosnia from moving ahead. We are indeed as concerned as you are and I fully rally to support what my friend Stu Jones has said as well about the situation in Bosnia on the ground.

There is a climate of retributions, of mutual accusations between the different parties, nationalistic rhetoric. We've seen this reoccurring crisis of the kind that we are witnessing and observing today. And you see the High Representative trying to deal with the problem through employing his Bonn powers. We are obviously behind and supportive of the work of the high representative, but in the long-term this is not a solution for Bosnia. The long-term solution spells integration with the European Union because, as I tried to indicate in my first intervention, the only thing that potentially unites the different parties in Bosnia is the prospect of E.U. integration.

And the train is leaving the station. We have, this year, to deal with applications from Albania and Montenegro. We have already the former Yugoslav Republic of Macedonia waiting for a date to start their negotiations. We have Croatia well underway. Serbia, once it resolves its outstanding issues we draw in relation to the

ICTY, and I think that is within grasp, will be on its way they will apply as well, and with their very strong administrative capacity, they will probably catch up rather quickly.

That would leave Bosnia and Kosovo, which is a little bit of a special case—I'll come back to that, certainly, separately—would leave Bosnia alone, waiting for the next train, if there will be one. Bosnia will have to come along, and the way to do it would be through resolving, obviously, the outstanding issues: the 5+2, which I think we all would wish to see fully implemented, and we also need to see a beginning of a constitutional reform that would not be seen as a new precondition for the transition, but which would be making Bosnia a more functional state.

Then, the very day that you get the transition, when you get the other opportunities to move as far as the E.U. application for Bosnia, then there will be a cumbersome, very long process started throughout which you would see the real constitutional reform efforts carried out. Because it's only—I think, in our view—that by getting Bosnia inside the E.U. transformatory process toward membership, you can actually achieve the changes of the constitution that you really require. It's not going to happen on prompt—

Mr. CARDIN. I'll just make another observation, and that is, I agree with you that the one unifying factor is the desire to integrate into Europe, but if you talk to particularly the young people of Bosnia, from all ethnic communities, all regions, they want their country to survive. They want to talk about Bosnia, not about their regions, not about their ethnic identification. And I think there's stronger support in the country than their leaders are perhaps willing to go for.

My concern is that if we were to weaken or replace the Office of the High Representative, it could be interpreted as a reward for the nationalists, making it even more challenging for Bosnia to bring about the types of reforms necessary to get back on track on a game plan for integration into Europe. And we just need to be careful that we send the right signals.

You're correct in the history here; we were all late to get the attentions necessary in that region, and there was a heavy price paid as a result of that. The office was set up for a specific reason, and I would just urge us to make sure that the seeds are there for development before we reward those would like to prevent the maturing of the nation.

Mr. LYRVALL. Yes, indeed. I thank you, Mr. Chairman. I think perhaps when discussing Bosnia I need to say one positive word about development as well, because it's indeed a very different country today than it was when we arrived with the Office of the High Representative in December 1995, after Dayton. Things have indeed progressed, and I don't think that we fear that we would have a relapse into a conflict—a violent conflict—in Bosnia. It should be recalled that the E.U. mission has never fired a shot in anger and it's been there for several years.

At the same time, what we want is responsible Bosnian leadership, we want Bosnian ownership, and we fear that the utility of the OHR is coming to an end. We need to try to move into a new gear, and that gear will have to be through a European integration process. And for that to start, we need to achieve a certain transi-

tion of the current support structures of the international community in Bosnia.

Mr. CARDIN. I'll make one last observation. I agree with your assessment about, particularly the ability for armed conflict. But I would suggest that listening to the rhetoric when I was in Bosnia, I think that probably as a result of the great progress we've made in the surrounding countries that would not support that type of activity in Bosnia—that's to our credit. That's part of our strategy, and you've given a very positive assessment in every other country, even though obviously Kosovo is a special class and Serbia has been of great interest to us—but there's been progress made in every one of these countries.

Bosnia has lost ground, and it's a major concern to all of us. And we think it cries out for leadership, and we don't see that at the present time. And we're going to do everything we can—working with the EU—to encourage that type of leadership that's necessary in Bosnia so they can get back on track, because we strongly agree with you: Integration is the only course that they can go, and it is one country, and the country needs to act as a nation.

I'm going to turn the gavel over to Mr. Smith. I need to be on the floor, actually, for another Helsinki issue on the floor of the U.S. Senate, and I apologize for not listening to Mr. Smith's questioning. I'm sure that I will hear from Mr. Smith as to his concerns; he's always very vocal. And just complete it as you see fit.

Mr. SMITH. Thank you, Mr. Chairman. And Mr. Director General, thank you very much for your testimony, for your leadership. I noted that you were with Carl Bildt between '95 and '97 and it would be helpful for the Commission to get your assessment as to the attitudes on the ground with regards to the key players. I mean, obviously everything was law and coming out of the war in '95, the animosity was very, very thick. So your thoughts on that.

Second, you couldn't have said it better about the reaction of the international community, and that's the late part of the Bush administration/early Clinton administration. And the European Union—I remember Cy Vance and Lord Carrington and many other key players—and Larry Eagleburger—all distinguished, very smart and savvy leaders, missing one cue after another; one clear indication that this conflict was about to go nuclear—not nuclear per se but in terms of the death and the maiming of people.

I think we all missed it and, you know, we were a day late and a dollar short. And frankly, in our own case, it wasn't until Elie Wiesel, at the Holocaust dedication, turned to President Clinton and he said, do something, Mr. President! And then, I think, our engagement became much more robust after that.

But many of us lived it like you did—not in-country for, especially those few years, but made frequent trips back and forth. And it has always concerned me that we kind of look at all of the new entities that emerged, from Croatia to Bosnia—we almost take a cookie-cutter approach.

And I wonder if you might speak to the issue—many of those on the ground in Bosnia have expressed to me—and to other members of the Commission—that when Serbia seemingly leapfrogged in the queue—and they were making the right moves to do so—in terms of E.U. ascension, that the aggressor—and there's no doubt in my

mind, even though, in Congress there was grave doubt when this all started as to who was the aggressor—Milosevic, clearly, and Mladic and the others were all the aggressors—that somehow the victimized state, the Bosnian state, is being treated with the same sense of equality in dealing with ascension issues where they're left with all the residue—all the angst and the bile that's spilled over from this terrible conflict. So they have a much higher bar to overcome, if you will, because of all of that residue that was left over.

And I'm wondering if there's any thought by the E.U. of looking at Bosnia as a, quote, "special case," where criteria could be further streamlined—I mean, to me—and maybe I'm wrong, but the quicker the ascension into the E.U., even if all of the X's are not checked off, would have a positive and healing effect on a country that has been so victimized.

There are those who've suggested to me on trips to Bosnia, as well as their trips to the U.S. Capitol when their leadership would come here, that it had the appearance—or at least a perception—that the fast track, if you will—it's probably not the right word—for Serbia was somehow linked, directly or indirectly, with Kosovo; that it was a way of telling Belgrade that, you know, your interests are being taken care of even though that's a very bitter pill for you to swallow. So whether it be direct or indirect, I don't know, you know, maybe that put Serbia on a faster track than would have normally been the case. You might want to speak to that, if you would.

But this idea of a special case for Bosnia—and I would agree with our distinguished Chairman that, you know, if they're not ready, please, the special rep, which you know so intimately, having served right along with the first one, really plays a vital role.

We all want constitutional reform as well, but maybe a little more healing needs to take place. But it would seem to me, a parallel view of moving toward E.U. ascension would help out in our special case.

Mr. LYRVALL. Thank you very much. Well, with regard to the own historical experience of the Bosnia file, indeed, we did set up the Office of the High Representative back in '95, and we met a country which was ravaged by war and people extremely tired; lots of hostility sentiments were completely different than they are today. I would still have to say, despite the fact that you still see the tension in Bosnia, now, I think if you speak to people—I'm not traveling as frequently now as I did before to Bosnia—I still sense that people would like Europe; they would like normalcy. They would like the national rhetoric to go away. They would like responsible political leadership by their own leaders, regardless if they are Croats, Serbs, or Bosniaks. And they expect more from them than we have seen so far. They're tired with the culture of the international community running business for them rather than their own leaders taking responsibility.

So at least in our mind, there's a time for change. It cannot continue like it has for the time we have seen; it hasn't brought Bosnia to where it wants to be. And the Bosnian people where they want their country to be.

So indeed, there's a need for change. We need to find and devise the arrangements which make this possible; Bosnia will need to

fulfill the criteria, as I've said before, and then move swiftly into a new process of E.U. integration where there is a hope that the different parties would see eye-to-eye and find that they have a common interest in taking their country forward.

I would also like to add that in case you see an application of membership from Serbia—for membership of the European Union—that would also close out some of the options that Mr. Tadic might be contemplating as far as going it alone, he will see that the whole region is opting for the European track. And he has nowhere to go but to join that road, as well. So this is what we are hoping for, and this is what we are working toward.

I mean, you ask whether one should look for a special track for Bosnia. I think it wouldn't serve the process long term to give some kind of shortcuts. Because if they want to become members of the European Union, they will have to deliver on the different criteria there—we have very clear Copenhagen criteria which will have to be implemented or fulfilled. Now, having said that, obviously, I don't think that besides Kosovo, there is any country in the region—perhaps not even in the world—that has been receiving as much support and aid as Bosnia-Herzegovina from the European Union as far as annual financial aid, but also with personnel, with military forces, police—through our own E.U. Special Representative on the ground, who happens to be double-hatted, also as a High Representative.

So I see that there will be a lot of readiness to continue to work extremely closely with a more responsible Bosnian leadership throughout an E.U. integration process. And we are very grateful, I would like to say, to your commitment here—to the U.S. commitment and the commitment of this Commission—that you've put Bosnia so firmly on the agenda because it is necessary; it's very difficult and it's an issue that sometimes gets off the radar screen. We need to have it firmly placed there. And to deal with it, it's clearly an issue which needs to get more political attention; we agree with that.

But I also would like to reassure you that we are working hard together with our U.S. partners to see if we could use the window of opportunity in the run-up to the elections next year to take this next decisive step for Bosnia's long-term European integration.

You also mentioned the question of Serbia and jumping the line. I would wish to say that we do not share that view. I mean, there's been a long way for Serbia to get where they are now—as far as their contractual relations with the European Union. And it should also be kept in mind that they have not been implemented yet. They are doing it unilaterally on the part of the Serb side to implement an agreement which has not yet entered into force because of the lack of implementation of their ICTY commitments.

Now, we think that in this regard, we will all be united in the E.U. and find a day when we'll be able to take the next step, as far as implementation of this interim agreement with Serbia. But there, I think we also agree that the Serbs are on a good track toward fulfilling the criteria. Indeed, the reports from the chief prosecutor, Brammertz, are very positive about the Serbian implementation of the ICTY commitments. So we hope that we will be able

to move swiftly toward the next steps of Serbia's E.U. integration, as well.

One should also recall that the conditionality of the European Union is progressive. It becomes more difficult the closer you get to the day when you will actually become an E.U. candidate member; when you start to negotiate for full membership. So we will have ample opportunity to revisit the cooperation of Serbia with regards to the ICTY throughout the process, as we have with the other applicants, as well.

I also want to say that, of course, there's no question about the fact that Milosevic was running Serbia. They were the aggressors. Having said that, of course, one should also recall that the government after the overturn—handed Milosevic over to the Hague during 2001, and there is a new pro-European government in Serbia since some years back, which have had their difficulties but which I think, overall, are showing a good performance with regard to reform; with regard to cooperation with the international community. And also the very sensitive issue of Kosovo, I think, has been handled—particularly recently—in a constructive way by Belgrade.

So we are dealing with a new team in Belgrade. I think this is worth noting. We cannot victimize the whole Serbian nation for what their leaders did back in the '90s.

Mr. SMITH. I appreciate that. And let me make it very clear that my view on Serbia has been—even during the war because I remember we had one particular activist who testified at our commission, the journalist Slavko Curuvija, who was killed, like, on day 2 by some of Milosevic's thugs when the bombing began, initiated by NATO.

So I mean, we knew, and know—all of us, I think, on this commission—there were many pro-democratic and pro-human rights individuals. We remember all the individuals who didn't want anything to do with Milosevic's thuggery.

But let me just ask you a question, if I could—just two final questions. We see some headlines, at times, suggesting, in Bosnia, that there could be a powder keg somewhere. One headline recently read, there will be war if it continues like this.

And I wonder if the E.U. force is sufficient to deter what could be, you know, catastrophe No. 2 if the right alignment of the stars is there and there's enough frustration on the part of certain individuals.

And second, just a brief question on the—2 years ago in July, I was in Srebrenica for the reinterment of several of those who were brutally murdered in a genocide action. And I was struck by both Haris Silajdzic's statement and by Ceric's statement—the grand mufti who you know very well; that it was a call for reconciliation, for true mourning. But the continued outreached hand appears to be there on both of their parts.

But even en route to Srebrenica by car, I went by a stand that was selling fruits and vegetables, and there was a big picture of Mladic, you know, as if he was some kind of hero rather than someone who needed to be behind bars for the rest of his life.

And I'm just wondering—I know you understand it, given your background, but does the European Union have sufficient—again, making that special case perspective about why Bosnia needs to be

looked at; it is a victimized nation rather than an aggressor nation. And we want, obviously, Serbia to have the Konrad Adenauer view—you know, post-Germany, post-Serbia aggression—so that they can matriculate into a full-fledged membership with you and with us; where democracy and human rights are respected.

But I'm concerned still about, you know, the victim nation still feeling the wounds of Srebrenica; they're still reinterring hundreds of those who were brutally murdered during those fateful days in July. Again, I make the case for special case—at least to keep that under consideration—but maybe your thoughts on Srebrenica.

And, finally, I mentioned earlier to Secretary Jones how concerned I and so many others—I held three hearings—three Helsinki hearings—two hearings and one in my subcommittee when I chaired the human rights committee on the Foreign Affairs Committee—on the problem of what was imposed on Bucharest with regards to inter-country adoption.

Now, I take—and members of this commission know—a backseat to no one on human trafficking. And yet, the E.U. Special Rapporteur—I think would be the right turn—put such a demand on local legislation in Bucharest precluding all inter-country adoptions. And still, that's the situation, which I find horrific.

Kids are still languishing in orphanages, who could be in a very happy home, fully checked out, you know, with proper home studies, because E.U. ascension and Lady Nicholson thought that adoption somehow was equated with child abduction and child trafficking. So are there any kinds of impositions being put on Balkan countries—on Bosnia, for example—in the social area?

Mr. LYRVALL. I will have to look into the laws question. I'm not absolutely sure, to be quite frank with you. Not to my knowledge, at least. But I would be happy to do that, and perhaps I could report back to you with some more details on that particular issue.

On E.U. force, well, indeed, it's there still with some 2,000 troops. As said, there has been no shot in anger fired throughout the years of its presence there. At the same time, of course, we still keep the E.U. force as a deterrent in some potential hotspot areas. At the same time, I think it should be noted that defense reforms have been relatively successful, and we sense that there's no real risk at the moment for another armed conflict.

However, I think the E.U. force is designed to be able and capable of handling the kind of foreseen security threats that you would have in Bosnia-Herzegovina. The strength is not random; it's based on a thorough assessment of the military requirements. And if necessary, there is also going to be the strategic reserves available to further support the mission.

It's mandated by a number of Security Council resolutions. And I think as long as it continues as an executive mission, this mandate will be required. At some point in time, we expect the E.U. force to be transformed into some kind of security sector reform mission, but frankly, as I tried to say in my first remarks, we will not take that step without a thorough look at the current state of the political process.

Any steps, I think, will be duly discussed with the E.U. and others in the steering board before they are being taken, although, obviously, they will be autonomous E.U. decisions. I think we have

what we need for the moment, and we do not foresee an immediate threat. We have to be vigilant at the same time, obviously.

The big question you're raising about the victim status of the country and the legacy of Srebrenica is a very difficult one to address. And, I mean, we are acutely aware of this and I wanted to underline that we have no reason to be proud of the policies of the European Union or the international community back in the '90s.

Now, at the same time, in our view, there is a need to move on. We will have to not forget but to move on; at the same time, through cooperation inside the country, we have to try to take the country forward. And I mean, I'm coming back again to the full factor of the European Union in this respect.

We are very much aware of the sentiments in parts of Bosnia, but I think that the best way to heal the country long term, to make it a viable country, is to give it the necessary support, the kind of support we have been giving so far. But we must also to strengthen this perspective for Bosnia; to make that more visible; more viable.

Mr. CARDIN. Director-General, thank you so much for honoring us with your presence and your insights. Let me just say that the hearing, then, is adjourned and I thank you again.

[Whereupon, at 10:37 a.m., the hearing was adjourned.]

APPENDICES

PREPARED STATEMENT OF HON. BENJAMIN L. CARDIN, CHAIRMAN, COMMISSION ON SECURITY AND COOPERATION IN EUROPE

Today's hearing continues the Helsinki Commission's focus on the Western Balkans. In April, the Helsinki Commission held a hearing on the challenges facing the Western Balkans today. Expert witnesses brought to our attention disturbing trends, particularly in Bosnia but also in Kosovo and some neighboring countries.

In May, Vice-President Joe Biden and Secretary General of the European Council Javier Solana together visited Sarajevo. The Vice President gave a stirring speech to Bosnia's parliament, urging an end to nationalist rhetoric and forward movement on reforms.

Shortly thereafter, in June, a Commission-led delegation visited Sarajevo and met with Bosnia's political leaders. The delegation got an ample look at the wide and sometimes sharp divisions among the three peoples. Meeting some Bosnian students of all ethnicities later in the visit, the congressional delegation also saw a gap between young people who want to enjoy the opportunities of the 21st century, and their country's leaders who are mired in conflict and divisiveness.

The Obama Administration grasped right away that the situation in the Balkans, particularly in Bosnia remains unsettled. This concern prompted the Vice President's mission to Sarajevo, Belgrade and Pristina. Unfortunately, since that visit, however, we have not seen Bosnia move forward with a vigorous constitutional reform effort. Instead, we learn of continued gridlock in the central government, with ethnic disputes over appointments, and hear charged rhetoric at the highest levels suggesting that Bosnia's very existence is in jeopardy. The Commission takes this continued slide very seriously.

Meanwhile, in Kosovo, there have additional bilateral recognitions of independent statehood, but we do not hear of much other progress. Even with the deployment of the status-neutral EU Rule-of-Law Mission, EULEX, recent incidents suggest the need for more active and vigorous work to build institutions and foster dialogue.

Albania, Macedonia, Montenegro and Serbia also have their own challenges, some related to Bosnia and Kosovo and some unique to their own internal dynamic. Even Croatia, which has made enormous strides in the last decade, still needs to contend with issues related to the earlier conflicts. We are encouraged by the recent breakthrough with Slovenia on border issues that hopefully will pave the way for Croatia to soon enter the European Union. EU and NATO accession remain the foundation of Western strategy for the entire region.

Our hearing today will touch on some of these problems but, most importantly, will focus on what the United States and the European Union are doing—or should be doing—in response. Is there a plan to break the continuing deadlock that threatens Bosnia's stability? Is it possible to make progress on badly needed constitu-

tional reform? Will the High Representative remain in place until the job is done? What is being done to overcome Kosovo's ethnic divide, particularly in the north, and to bring Albanians and Serbs together at least to find some common ground? Is the international presence there an effective deterrent to renewed violence?

These are just a few of the questions we would like to have answered here today. I hope our discussion today sends a strong signal to the Western Balkans that is positive and encouraging. Our two witnesses are key players in U.S. and EU policy development and coordination. First, we have Stuart Jones, a Deputy Assistant Secretary of State for European Affairs and holder of the Department's Balkan portfolio. Our second witness will be Bjorn Lyrvall, the Director General for Political Affairs in the Foreign Ministry of Sweden. Sweden currently holds the Presidency of the European Union and speaks collectively for its members.

**PREPARED STATEMENT OF HON. CHRISTOPHER H. SMITH,
RANKING MEMBER, COMMISSION ON SECURITY AND CO-
OPERATION IN EUROPE**

Thank you, Mr. Chairman, and welcome to everyone here this morning.

Mr. Chairman, our government and the European governments are not actively promoting constitutional reform in Bosnia, and this inaction is partly to blame for rising ethnic tension in Bosnia and the region.

The Dayton Accords were signed 14 years ago. They achieved their purpose in stopping the genocide—they were never meant to do more than this, certainly not to become a permanent constitution. But somehow that has become the question: will Bosnia continue to be governed by the Dayton Accords or a Dayton-like constitution that provides for so-called “entity-voting”? Or will it become a one-person, one-vote democracy?

Bosnia has reached a fork in the road, and it has stopped there. Under Dayton, with its mutual vetoes, neither the Bosnian Serbs, who will accept nothing less than “entity voting”, nor the Bosnian and Croatian advocates of democracy, have the authority to resolve the question.

Mr. Chairman, I believe it is time for our government to exercise real leadership by re-engaging in Bosnia and promoting the only possible solution: a constitution providing for a one-person, one-vote democracy. The current policy, of both the US and the European governments, seems to be, in effect, to tell the Bosnians to simply “work it out” among themselves.

Yet we see very well that, in practice, “work it out yourselves” means that the Serbs prevail, Dayton continues, and separatists continue to stir the pot. In Bosnia, time not on the side of democracy.

The separatist testing of the waters was unmistakable this summer when Srpska Prime Minister Dodik introduced in the Srpska parliament a resolution obliging Srpska officials to oppose constitutional reform. This very month Serbian President Tadic traveled to Bosnia to participate in ceremonies opening a grade school: he did not even inform Bosnian officials of his visit; and the school, named “Serbia,” was in Srpska, on the very hill from which Karadzic’s militias bombarded Sarajevo for three murderous years; Srpska Prime Minister Dodik showed up, and addressed Tadic as “our” president. Worst of all, the international response to this has been muted. We can now be sure that the separatists will increase their trouble-making.

Mr. Chairman, it is very sad to see that the tragically mistaken Balkan policy of the 1990s—the neutrality/non-engagement policy—has become our current policy. We all hope and believe that this won’t lead to human tragedy on the same scale as the 1990s Serb genocide of the Bosniaks. But in any case our policy should be to provide real leadership toward democratic reform, and to give the Serbs every reason to participate in it—certainly never to encourage separatists.

PREPARED STATEMENT OF HON. STUART JONES, DEPUTY ASSISTANT SECRETARY FOR EUROPEAN AFFAIRS, U.S. DEPARTMENT OF STATE

Chairman Cardin, Co-Chairman Hastings, Members of the Commission, thank you for inviting me to testify before you today. The State Department places great importance on our cooperation with the Helsinki Commission in advancing our core values of democracy, human rights, and rule of law in Europe. Nowhere else has this cooperation been more important or more promising than in Southeast Europe, where we have witnessed—and, more importantly, we have actively supported—tremendous strides and overall improvement in recent years. The sustained commitment and focus of the U.S. Government, across successive Administrations and Congresses has produced the progress we have seen in the Balkans in moving beyond the bloody and divisive zero-sum thinking that tore apart the region in the 1990s. Several countries in the region now contribute forces to help advance stability in other regions of the world, such as Iraq and Afghanistan.

A snapshot is telling: Ten years ago in 1999, the United States and its NATO partners had just succeeded in an air campaign to halt ethnic cleansing in Kosovo; no country of Southeast Europe was a member of NATO or the European Union, and stability in the region was at great risk. Our work was only beginning to break the cycle of violence provoked by the Milosevic regime and shift the backward looking focus of governments and political leaders in the region toward the future, and to galvanize public and private energies toward reforms to cement democratic principles, enshrine human rights, and anchor their societies on a foundation of law. Through a decade of hard work, we have come much closer to realizing our goal of including the western Balkans in a Europe whole, free and at peace, with the lasting stability and prosperity this would bring with it.

The region is moving forward: All of the countries have undergone dramatic political, economic and social transitions. With its declaration of independence in February 2008, Kosovo's status—the final chapter in the break-up of the former Yugoslavia—was resolved. Serbia and Montenegro completed an orderly and generally amicable separation and have moved forward in the development of their democracies. In April of this year, Croatia and Albania became members of NATO; Macedonia too will receive an invitation to join the Alliance as soon as the dispute with Greece over the name issue is resolved. All of the countries of the region have become valuable partners of the United States and Europe, contributing, or planning to contribute, to international security operations. And all of the countries of the region are committed to, and have taken steps toward, eventual membership in the European Union.

But perhaps even more fundamentally, publics and political establishments throughout the region today embrace a vision of their region's full integration into the European mainstream and have understood that the path of reform is the only path that will lead them to this goal. We can finally state that this vision for their future is shared by all but fringe elements of the region, which today

have neither a compelling nor viable alternative to a European future to offer.

This is not to say that our work in the Balkans is complete. Critical challenges remain—challenges compounded by the pressures of a global economic crisis and the significant demands placed on the Euro-Atlantic partnership by other priorities around the world, which limit resources available for accomplishing our shared objectives while at the same time exacerbating social pressures within the region.

Many of these remaining challenges are issues central to the mandate of the Helsinki Commission. Interethnic reconciliation remains a work in progress in all of the countries of the Western Balkans, but nowhere to a greater degree than in Bosnia, where nearly 14 years after the Dayton accords, the forces of ethnic nationalism still square off against those who recognize that peace, security, and prosperity are the fruits of cooperation, compromise and reform. Crime and corruption throughout the region sap precious economic potential, challenge the capacities of the state, and threaten peoples' trust in government. The Balkans continue to be a source, transit and destination area for the heinous crime of trafficking in persons. Discrimination, inequality and violence against ethnic minorities and women still demand our continued attention and concerted efforts. Religious freedom too often remains circumscribed by entrenched nationalism or ethnic discrimination. With nearly half of a million victims of conflict still in displacement, work remains to establish conditions conducive to safe, voluntary, and dignified return for all displaced persons who wish to return to their homes and to integrate those who will not return. Although there have been notable arrests and convictions for war crimes, two persons indicted by the International Criminal Tribunal for the former Yugoslavia are still at large and trials continue in The Hague. The role and ability of the media to be a free and independent "fourth estate" in advancing democratic good governance requires further attention. Judiciaries remain overburdened, their independence, transparency and effectiveness are inadequate. In too many instances, police fail to uphold the rule of law, and problems of corruption and a lack of professionalism persist. More efforts are needed to nurture nascent civil societies and NGOs that can advocate effectively for public reform and actively contribute to the protection of citizens' interests. Electoral standards throughout the region have risen and today processes are much improved, but developing a reliable track record of compliance with international commitments remains a work in progress for several countries.

But through continued engagement and collective action in concert with our European partners we can build on the progress made and tackle these and other remaining challenges. In recognition of this, the Obama Administration is reinvigorating U.S. leadership in the Balkans. Vice President Biden's May visit to the region and public speeches in Bosnia and Kosovo made clear our renewed commitment to helping the countries of the region to overcome debilitating legacies and realize their aspirations. More than ever before, credible prospects of membership in the EU and NATO remain the most powerful incentive for continued reforms. We

must continue to make the case that the integration of these countries into Euro-Atlantic institutions is critical to ensuring lasting stability in the region. We must assist where we can to facilitate resolution of bilateral disputes that impede this integration. But in the final analysis the burden of achieving their aspirations rests on the countries themselves—on the responsibility, commitment and follow-through of political leaders, and on the citizens of the region to demand results from their governments, legislatures, and political parties. Allow me to lay out some of the problems we are working on, the progress that has been made, and where we want to see more from the countries of the region.

BOSNIA

To Bosnia first. We remain committed to supporting post-conflict efforts to confront nationalism, promote reconciliation and restore a culture of tolerance. But, as the Vice President made clear during his May 19 speech before the Bosnian parliament, we are worried about the direction that Bosnia is taking; that reforms are at an impasse; that it is straying off the path to Europe, spurred by a rise in polarizing nationalist rhetoric, attacks on state institutions, and the rolling back of reforms. Efforts at reconciliation between the three ethnic groups have made little headway. Despite progress on refugee returns, more than 100,000 people remain displaced within Bosnia, and the three constituent peoples are largely segregated from one another, with far less interaction with one another than before the war. Bosnia's human rights record remains poor, and divisive politics feed discrimination and exacerbate the political and economic pressure independent media outlets face. The most recent and most tangible consequence of these trends was Bosnia's failure to meet the EU's criteria for visa liberalization in time to join Serbia, Macedonia and Montenegro's entry into the program.

In an effort to reverse this dynamic, we are focused on two areas. The first is completing the so called "5+2" objectives and conditions established by the Peace Implementation Council Steering Board before the Office of the High Representative (OHR) can transition to an EU Special Representative mission. OHR has played a key role over the past fourteen years to stabilize Bosnia and ensure compliance with Dayton. But with most of Dayton implemented and Bosnia seeking membership in the EU, OHR's presence is increasingly incompatible with Bosnia's European aspirations. The EU has made clear that that OHR needs to close before Bosnia can become a formal candidate for EU membership.

Completion of 5+2 also is fundamental for Bosnia to advance its goal of NATO membership. We support Bosnia's NATO aspirations and will increase our bilateral engagement, in parallel with expanded NATO engagement, to strengthen Bosnia's candidacy. Bosnia's Ministry of Defense and Armed Forces have advanced significantly, resulting in one of the most integrated ministries in the government, but political and ethnic divisions prevent further reform and much work remains to be done.

Of the five objectives, two remain outstanding—resolving ownership of state and defense property between the levels of government. Clarifying these issues is essential to ensure that the State

has the resources it needs to implement its constitutional obligations, and to complete implementation of defense reforms required for the Armed Forces of Bosnia to meet NATO standards. We also believe it is essential to resolve these issues prior to OHR's closure to ensure the EU Special Representative can begin with a clean slate. This includes condition two—being able to certify compliance with Dayton. We are urging the Bosnians to resolve these issues as soon as possible, but have made clear that OHR will remain open until the criteria are met in full.

The second core area of focus is renewing discussions on constitutional reform. This is not a formal part of the PIC endorsed 5+2 agenda. But it has become clear from our numerous discussions with the Bosnian parties that they need to see some progress on constitutional reform before OHR closes. The Dayton constitution served Bosnia well in the immediate post war period. Given the still sharp differences between the ethnic groups over how Bosnia should be governed, its basic elements, such as the two-entity structure, will need to remain intact for the foreseeable future. However, it is clear that Dayton needs to be modernized for Bosnia to advance towards, and eventually meet, the obligations of EU and NATO membership. We believe a process of reform should begin immediately, with a goal of achieving a modest initial package of reforms well in advance of the October 2010 elections. This package will not solve all of the issues Bosnia must address to qualify for NATO or EU membership, but it should be sufficient to address basic functionality issues and enable Bosnia to become a formal candidate for EU membership and advance reforms needed to meet NATO's standards. This process must be led, and its results must be agreed upon, by Bosnians, but we have made clear our willingness and desire to play a facilitating role. We are coordinating closely with the EU and with NATO to make clear to the Bosnians what kinds of changes will be required. We are pleased that a former U.S. Ambassador to Bosnia, Cliff Bond, having finished his work with your distinguished committee, has agreed to facilitate these efforts. We look to Croatia and Serbia as influential neighbors to help us and the EU promote stability in Bosnia and look to both to exercise their influence and play a constructive role in support of constitutional reform.

SERBIA

A stable, prosperous, democratic Serbia, is integral for regional stability. The Serbian people, through the last three elections, have chosen a democratic, reform-oriented centrist and Europe-leaning President and governing coalition. The Radical Party, still mired in Milosevic-era thinking, has lost traction and membership, as the pro-European integration Serbian Progressive Party broke off last year to form a more pragmatic, right-of-center party that, according to surveys, is now the principal opposition to the governing coalition. The Vice President's visit to Belgrade in May underlined our desire to see a reinvigorated U.S.-Serbia relationship, one based on our common interest in seeing a democratic Serbia succeed in realizing its European and Euro-Atlantic aspirations. That may include eventual membership in NATO, if Serbia decides to pursue it and does the necessary work to qualify. We have made progress in

building a military to military relationship with Serbia which has enhanced our relationship and assisted Serbia in preparing for closer cooperation with NATO. We stand ready to support Serbia along this path, while building upon our bilateral relations, for instance in the fields of trade, investment, military cooperation, and cultural exchanges. At the same time, however, the Vice President underscored to Belgrade that we expect Serbia to uphold its commitment to cooperate with the international community in Kosovo and Bosnia and to contribute to regional stability. The Vice President also emphasized that we expect Serbia to continue its efforts to capture and transfer to The Hague the remaining war crimes fugitives Ratko Mladic and Goran Hadzic.

The Vice President noted that we can disagree with Serbia over Kosovo's status as an independent state, but Serbia must cooperate with the international community, including the EU's rule of law mission EULEX, on practical solutions that will help all of Kosovo's citizens, including ethnic Serbs. Together, we need to pursue pragmatic measures that will improve the lives of the people of Kosovo and avoid making them victims of political disagreement. Serbia's rejection of such measures called for under the Ahtisaari plan and its continued support for parallel institutions in Kosovo only serve to isolate and disenfranchise Kosovo Serbs and undercut efforts to solve their real, everyday problems. We believe that Serbia's leaders and people can look beyond the issue of Kosovo's independence and set their sights on their future: an engaged, constructive, modern, democratic and market-oriented Serbia, constructively engaged with all of its neighbors, and fully integrated into the Euro-Atlantic community.

KOSOVO

Kosovo's success as an independent, tolerant, multi-ethnic, democratic state within its current borders remains a critically important factor for stability in the Balkans. With its declaration of independence in February 2008, an issue that was holding back the entire region was resolved. It was evident to all involved that independence for Kosovo would bring with it significant and enduring challenges, not the least of which would be overcoming a legacy of deep mistrust and enmity to build truly multiethnic democratic institutions that would protect the rights of Serbs and members of other communities. However, as President Ahtisaari recognized, reintegration into Serbia or partition were not viable options, and continued international administration was neither acceptable to the population nor conducive to sustainable economic development. And let me be clear again here, that the United States today, just as then, will not support any partition of Kosovo.

A year and a half on, Kosovo has made tremendous progress. Its leadership is upholding its commitments to implement the provisions of the Ahtisaari plan, building ministries, agencies, infrastructure, reaching out to neighbors, strengthening diplomatic ties around the world, and demonstrating that a democratic, independent Kosovo is a force for regional stability, willing and able to play a constructive role as a responsible member of the international community. Sixty-two countries formally recognize Kosovo, and many more have indicated their acceptance of Kosovo as a

member of the international community by voting for Kosovo's membership in the International Monetary Fund and World Bank. Its independence is irreversible.

Of course, much work remains. While praising Kosovo's progress and pledging continued U.S. support, the Vice President urged the government to re-double efforts to strengthen governing capacity, develop a sound economy and environment for investment, build strong, transparent and effective institutions, advance decentralization and other measures that will give ethnic communities greater degrees of control over their local affairs, and build on a record of free and fair elections. He also stressed that strengthening rule of law and the judiciary, and tackling crime and eliminating corruption must remain top priorities. Equally importantly, Vice President Biden urged greater government outreach to Kosovo's Serb community, to build dialogue and establish strong protections for that and other non-majority communities, in order to promote reconciliation, build a more tolerant, peaceful and integrated multi-ethnic society, and improve conditions for the return of displaced minorities. His visit to Decani monastery highlighted the importance of preserving cultural heritage and safeguarding religious freedom and the continuing, indispensable role of the Serbian Orthodox Church in Kosovo.

Supporting Kosovo's efforts to build a multi-ethnic society in which all communities thrive, and notably in which the Serb community is able to enjoy full rights and privileges, must and will remain a central part of our approach to Kosovo. The U.S. Embassy in Kosovo is actively engaged with Serbs from all parts of Kosovo, including with representatives of the Serbian Orthodox Church, to provide assistance and encourage their interaction with Kosovo institutions. The Embassy has worked on behalf of Serb returnees and internally displaced persons (IDPs), taken up property rights issues with the Kosovo government on behalf of ethnic Serbs, and funded commercial, infrastructure, cultural, educational and other efforts to help sustain existing Serb communities. U.S. assistance for Kosovo Serbs is aimed at enhancing the sustainability of Kosovo Serb communities and encouraging them to see their long-term future in a secure and democratic Kosovo.

The violent confrontations between Kosovo Serb demonstrators and Kosovo police, EULEX and KFOR over Kosovo Albanian housing reconstruction in Kroi i Vitakut this summer highlighted the sensitivities and tensions inherent in building a multiethnic society throughout Kosovo. We have strongly supported a role for EULEX in finding solutions that support the rule of law and the right of IDPs to return and would allow them to reconstruct their houses, but in a manner that ensures the safety and security of all parties. In general, we have advocated a robust EULEX role in the north, in support of rule of law, and we support EU plans to open an office in the north to facilitate its conflict mitigation activities.

To this day, five EU members do not recognize Kosovo. This split within the EU has caused the EU Special Representative, EULEX, and other EU institutions to adhere to "status neutral" positions, limiting their direct engagement in support of implementation of provisions of the Ahtisaari plan. Nevertheless, we and the EU share and pursue the goal of strengthening the capacity of Kosovo

institutions and assisting their progress towards sustainability and accountability and adherence to internationally recognized standards. Like the rest of the Western Balkans, Kosovo's future lies in becoming a fully integrated part of Europe. To this end, our coordination with Brussels, key EU Member States, and European institutions on the ground to advance Kosovo's progress will remain very close. As part of the EU's next report on enlargement in October, it plans to release a "feasibility study" on Kosovo, which we hope will reinforce a pragmatic EU perspective for Kosovo.

MONTENEGRO

In its few years of independence, Montenegro has demonstrated a strong commitment to taking the necessary steps that will advance its EU and NATO membership aspirations. The relative harmony that Montenegro has created for its various ethnic groups and its progress on reforms are positive examples in the region. The country is making great strides on an ambitious reform agenda that will facilitate the quickest-possible integration into Euro-Atlantic institutions, evidenced by the recent passage of a new Council of Europe-compliant Criminal Procedure Code. Montenegro's reform agenda also includes development of legislation and mechanisms important to the fight against corruption and organized crime. During his May visit to Podgorica, Deputy Secretary of State Steinberg reaffirmed our support for Montenegro's continued reform progress, encouraging the government to step up efforts to strengthen rule of law, the independence of the judiciary, and police and prosecutor investigative capacity, as well as enhance government transparency and accountability. We are confident the government will continue on this path. We will continue to support its efforts to implement these important reforms and to support Montenegro's close cooperation with NATO.

MACEDONIA

In Macedonia, we continue to strongly support full implementation of the 2001 Ohrid Framework Agreement. We applaud the progress made by Macedonian authorities, but urge their continued work. Full implementation of Ohrid—both in word and spirit—remains the foundation for Macedonia's future as a strong, stable multiethnic democracy. In parallel, we are assisting in efforts to increase the effectiveness and accountability of political institutions, and strengthen and enhance the professionalism, transparency and independence of the judicial sector and police. Macedonia's integration into NATO and the EU remains a vital ingredient for lasting peace and stability in the region. As a matter of policy we believe bilateral disputes should not be allowed to factor in EU and NATO membership processes. We continue to support a near-term mutually acceptable solution to the issue of Macedonia's name through the ongoing UN process led by the UN Secretary General's Special Envoy, Ambassador Matthew Nimetz.

ALBANIA

The government of Albania has shown greater willingness to confront pervasive corruption, reflected in improvements in Trans-

parency International's annual Perceptions of Corruption index. Through the Millennium Challenge Corporation Threshold Program, the U.S. Government has helped the Albanian government to achieve important, initial benchmarks in fighting corruption. A tangible sign of progress is the "e-government" program, requiring e-filing of business taxes, a much improved business registration process, and strengthening of licensing procedures. Increased efficiency in procurement systems has also enhanced transparency. The Joint Investigative Unit in the Tirana Prosecutor's Office, comprised of prosecutors and law enforcement officials, has been operational for two years and has had several notable corruption convictions of public officials. Satellite units in six major cities will open in the coming months, concentrating their efforts on corruption and financial fraud. We continue to encourage the government further to increase its support for independent judicial and prosecutorial institutions and the lifting of parliamentary immunity in relevant cases. More broadly, we will be working with Prime Minister Berisha, who formed a new government earlier this month, to sharpen Albania's focus on fighting official corruption and dismantling organized crime networks, improving its record on trafficking in persons, and building and sustaining independent, transparent and effective democratic institutions. Such reforms will also advance Albania's bid for EU candidate status, which it submitted in April.

CROATIA

Croatia continues to demonstrate impressive progress on reforms, and is an example in the region for the positive force of Euro-Atlantic integration. It became a NATO ally in April this year, and is well on its way to joining the European Union. We applaud the agreement reached between Croatia and Slovenia earlier this month that will allow Croatia's EU accession negotiations to move ahead. Croatia continues to support defense modernization in the midst of a severe budgetary crisis. Although Croatia's rapid development is remarkable and its commitment remains strong, Croatia still has work to do in some areas. We are encouraging the government to accelerate its judicial reform efforts and continue efforts to resolve remaining refugee and war crimes issues where significant strides have already been made. We are working with the Croatian authorities to step up its fight against corruption and organized crime, issues on which the Croatian government also places the highest priority.

MINORITY PROTECTIONS

Ensuring that governments uphold protections for minorities and promote their rights is necessary so that they may have an equitable voice and stake in their countries' future; this must remain a theme of our work throughout the region. Although governments have made some important strides, ethnic and religious minority communities continue to face both official and societal discrimination in employment, social services, language use, freedom of movement, and other basic rights. At times, there have been failures to fully investigate acts of discrimination or abuse against minorities.

The U.S. government is working with governments and international organizations to increase and facilitate minority representation in the civil service, judiciary, central government, and elected bodies. Our assistance to minorities includes providing advice and financial backing to ensure that all communities have access to local news and information in their native languages. For instance, in Serbia, U.S. assistance efforts relating to decentralization, particularly civil society advocacy, and our efforts to support Albanian, Bosniak, Hungarian, and Roma parties and their efforts to gain representation in government and parliament are helping to address the needs of the multi-ethnic province of Vojvodina and of marginalized ethnic populations in Sandzak and the valley encompassing Presevo and Bujanovac in Southern Serbia.

ROMA

Roma, along with the Ashkali and Egyptian communities, remain among the most marginalized minority communities in the region and continue to suffer disproportionately. The U.S. Government has engaged consistently on behalf of the Roma in the region. Nevertheless, societal discrimination, harassment by police, and lack of access to basic services such as education, health care, and housing persist. Secretary Clinton, formerly a Member of this Commission, has made it clear that the Administration—and she personally—remains strongly committed to promoting the rights of Roma. On International Roma Day, embassies throughout the region hold events and activities to highlight the plight of Roma, and they continue to press governments to work to end discrimination and ensure equality of opportunity for these communities.

Nowhere is this problem more salient than in Kosovo, where we are working to relocate the Roma living in lead-poisoned camps in north Mitrovica. To this end, the USG launched a \$2.4 million intensive effort to relocate the 50 most distressed families from the camps to locations in south Mitrovica and elsewhere, in cooperation with the Government of Kosovo. Meanwhile, we are working with camp residents and authorities to achieve full camp closure and resettle the 90 families that will remain. We have adopted a joint position with the European Commission to cooperate and to coordinate all efforts towards the implementation of this solution. A final decision on a joint plan for the sustainable resettlement of all remaining camp residents taking into account all aspects of the intervention is expected within weeks.

STRENGTHENING DEMOCRACY AND FIGHTING CRIME

The USG remains a major assistance donor to the western Balkans in the areas of democracy, human rights and the rule of law. In 2009 alone the United States allocated more than \$ 116 million to these activities. Of this amount, support for fair elections, development of a vibrant nongovernmental sector, and effective and transparent government totaled \$44 million. Establishing justice systems that effectively combat crime while preserving due process and ensuring full access by citizens to legal remedies remains a priority for the USG in the region. Assistance in these areas, in-

cluding training and capacity development for police, totaled more than \$70 million in 2009.

Across the region, we are promoting effective, accountable, and independent democratic institutions. USG programs provide operational support to parliaments to introduce and improve practices such as public hearings, legislative review, and research. USG training aims to enhance parliamentarians' ability to represent citizens' interests in the legislative process, for example by establishing local constituency offices.

Free and fair elections and electoral processes are critical underpinnings to democracy. USG programs focus on improving the efficiency of elections administration, promoting transparency, ensuring equal media access for governing and opposition parties and activists, and promoting participation of women, minorities, and youth in political institutions. The conduct of elections in the region has improved overall. Montenegro's March parliamentary elections met almost all OSCE and Council of Europe commitments, although the process again underscored the need for further democratic development. Elections in Macedonia in 2008 fell short in some key areas, but 2009 presidential and local elections were generally well-administered and met most international standards. Kosovo will hold municipal elections this November, its first as an independent country, and we are providing support to the Central Election Commission. Albania's June 28 parliamentary elections saw tangible progress over previous elections in several areas, including improvements in voter registration and identification and the legal framework; they too met most OSCE commitments, notwithstanding a number of important shortcomings, including in ballot counting and tabulation, media bias in favor of the main political parties, and pressure on public servants by political parties and the government during the electoral campaign.

Good democratic governance must go hand in hand with respect for rule of law and strong, sound, transparent judiciaries. While the region's justice systems have undergone significant transformation, further reform is needed to ensure that these systems are characterized by greater judicial independence, equality of arms between prosecution and defense, respect for human rights and accountability for corruption. To this end, U.S. programs are providing technical expertise, training, and material assistance to develop independent judiciaries, improve the functioning of courts and access to justice, reform Communist-era laws that are not compliant with international human rights, and strengthen the capacity of police and prosecutors to conduct investigations and prosecutions of crime and corruption cases in a professional, nonpartisan, and accountable manner. Our support for the OSCE Missions in the region adds a multiplier effect in helping the Western Balkans develop stable institutions and societies based on the rule of law.

Crime and corruption remain one of the most serious problems hindering political and economic development in the region, despite extensive internal reforms and international support. Key areas of USG focus include reducing opportunities for bribery; building oversight and audit capabilities; increasing capacity to investigate and prosecute corruption and financial crimes; empowering civic groups, associations, and media to scrutinize government oper-

ations; and reforming the judicial system by increasing accountability, transparency, and independence.

Our Model Court Initiative in Bosnia, completed in May of 2009, worked to institute European standards in 33 local courts, upgrade court infrastructure, and improve customer service, resulting in a reduction in case backlogs (unrelated to utility bill cases) by up to 75 percent. Bosnia's High Judicial and Prosecutorial Council is now implementing the model court standards throughout Bosnia's court system. Our support for reform and renovation of the court in Srebrenica, which has great symbolic value given that Srebrenica was the site of the worst genocide in Europe since World War II, has provided returnees with an institution capable of dispensing justice in a fair and efficient manner and is another step on the road towards healing the wounds inflicted by war.

In Serbia, USG assistance supported the establishment of specialized Anti-Corruption Departments within the Republic Prosecutor's Office and four District Offices and a Victim Witness Coordinator's Office. Over the past two years, more than 700 witnesses received support, both during investigations and during trial.

In Kosovo, USG technical assistance supported the development of the constitution and more than 50 pieces of legislation to implement the constitution and provisions of the Ahtisaari plan crucial to Kosovo's integration with Euro-Atlantic institutions, the proper functioning of the justice sector, and the reform and restructuring of the court system. This legislation and related administrative instructions and strategies will improve the efficiency and deterrent effect of criminal justice system, leading over time to effective use of plea bargaining and asset-forfeiture as important tools in the fight against organized crime and corruption. The United States is pleased to be participating in the EU's EULEX Rule of Law mission in Kosovo, which is monitoring, mentoring and advising Kosovo police and judicial institutions.

PRESS FREEDOM

While countries in the region now offer a wide range of media across print, television, radio and internet outlets, there remain challenges in fostering a media environment in which independent outlets can provide objective public affairs content and minority media outlets can survive. Too many outlets are linked to political parties and business interests, or come under direct or indirect pressure from governing authorities. In Serbia, the parliament passed a controversial new law in August 2009 that critics maintain establishes draconian fines for violation of rules of conduct that could lead to self-censorship. We are working to advance media freedom and to enhance the media's watchdog role by promoting investigative journalism and providing training, legal, and technical support to independent media outlets. For instance, the USG has helped to create a regional network of investigative journalists in Southeast Europe (SEE) via the Crime and Corruption Reporting Project (CCRP), which is greatly expanding the reach of investigative journalism and has garnered support from other donors, including the United Nations Development Program (UNDP).

CIVIL SOCIETY

While thousands of international and local NGOs across the Balkans are working on issues ranging from political reform to disability rights, it is still a difficult financial and political environment for civil society organizations. Through small grants and technical assistance programs, the USG is working to help build the capacity of local and regional NGOs to represent citizen interests, monitor government compliance with human rights, undertake public education campaigns about important public policy issues, advocate for policy reform, build partnerships with public and private sectors, and promote inter-ethnic dialogue and understanding. One program in Serbia, Kosovo, and Bosnia works with teachers and youth to increase civic education and provide students with the tools necessary to work together to solve community problems, and in Serbia a nationwide coalition of local NGOs mobilized to bring public attention to environmental issues with USG support.

EDUCATION

Education remains highly politicized, reflecting the region's struggles to overcome ethnic division. To cite some examples, in Bosnia and Herzegovina, the three major ethnic groups maintain their own curricula and have established generally mono-ethnic school systems with little interaction with peers from other ethnic groups. In Macedonia, the education system is also struggling to bridge the gap between ethnic Albanian and ethnic Macedonian communities and is trending towards a "separate but equal" education system, especially in high schools, to avoid student violence.

WAR CRIMES AND RECONCILIATION

The legacies of the wars of the 1990s still loom large over parts of the region. Together with our international community partners, we have worked closely with local political, religious, and ethnic community leaders to promote truth and reconciliation as well as justice for victims of war crimes, to prosecute war criminals, and to identify the remains of those still missing. To break what would become a self-perpetuating cycle of fear and hatred, we have sponsored programs to foster dialogue at all levels between and among citizens of the Balkans. In this effort, youth are a particular focus, as we seek to link young people of the region across ethnic, national, and religious lines. We have provided significant support to the International Commission on Missing Persons (ICMP) to locate gravesites and help provide closure to the families of the missing. In Bosnia alone, U.S. Government support has contributed to post-conflict healing by recovering over 1200 remains from mass graves and identifying over 1500 missing individuals using DNA technology.

The International Criminal Tribunal for the former Yugoslavia (ICTY) continues to play a central role in promoting peace, justice, and reconciliation in the former Yugoslavia by holding individuals accountable for war crimes and crimes against humanity. From the outset, we have been strong political and financial backers of the Tribunal, calling for all ICTY fugitives to face justice and for all countries under the Tribunals' jurisdiction to fully cooperate with

the ICTY. Since 1993, ICTY has brought 161 indictments and concluded proceedings against 116 persons, with 57 convictions and 10 acquittals. Some of its most high profile cases are underway or in pre-trial stage, as in the trial of Radovan Karadzic.

Two fugitives—Ratko Mladic and Goran Hadzic—have yet to be captured. They will not escape justice by outlasting the Tribunal. Until they are apprehended and tried, justice will not be done and reconciliation cannot fully take root. We have worked to increase regional capacity to investigate and prosecute domestic war crimes cases through training, mentoring, and material donations to courts, prosecutors and police. The USG has also worked hard to promote regional cooperation on war crimes cases. In 2008, USG assistance to the State Court in Bosnia helped bring about the first-ever genocide convictions there.

We will continue our strong support for the ICTY until its work is complete, and we are working with our UN colleagues on a residual judicial mechanism to handle those core functions of the ICTY that must continue even after trials and appeals have been completed. As part of a closeout strategy, we are providing financial, technical, and political support to develop individual countries' capacity to investigate and try war crimes and other serious cases.

HOLOCAUST ISSUES

As in other parts of Europe, unfinished business left over from World War II continues to need attention in the Balkans. Croatia is still trying to deal with the restitution of both private and communal property confiscated during the war. It is expected that upon resolution of a pending supreme court case the Croatian government will introduce new legislation on private property. The Croatian government is in discussion with the World Jewish Restitution Organization about Jewish communal property. Serbia recently passed legislation, despite U.S. objections, which would adversely impact many outstanding property restitution claims in that country. We are continuing our dialogue with Serbia on that subject, and have urged the Serbian government to pass and implement a clear and transparent property restitution law. In late 2007, the Macedonian government concluded an agreement with the Jewish Community for restitution of all heirless Jewish property.

RETURNS

Overall, on returns, too, there has been good progress. The vast majority of those displaced by conflict in the Balkans have returned home. Last year UNHCR closed the last official collective center for refugees in Montenegro. Approximately 1,700 refugees, asylum seekers, and persons of concern from Kosovo and Bosnia remain in Macedonia, and new legislation should provide durable solutions for their integration, successfully closing a chapter on the refugee situation there. The number of refugees and displaced in Serbia has decreased by more than 80% between 1996 and 2008, with successful returns to Bosnia and Croatia, local integration efforts, and voluntary resettlement abroad. Yet pressing challenges remain, and nearly 500,000 people continue to live in displacement

throughout the Balkans, often in substandard—sometimes wretched—conditions. The USG continues to provide assistance for returns through its contribution of 25%, or \$8.8 million, to UNHCR's regional budget for the Balkans this calendar year, \$14.7 million to the International Committee of the Red Cross's European Operations, and another \$2.2 million for various NGO-implemented projects in the region.

Bosnia and Herzegovina: Of the 1.2 million refugees and approximately 1 million IDPs displaced in Bosnia during the 1992-1995 more than 1 million of the displaced have returned to Bosnia, and nearly 470,000 members of minority communities have returned to their place of origin. To date, approximately 98 percent of post-conflict property restitution claims have been adjudicated. Work reconstructing or repairing homes still lies ahead, and approximately 135,000 IDPs remain displaced within Bosnia, unable to return to their homes. As returns dwindled over the past few years, the government focused efforts on closing Annex 7 of the Dayton Accords, which covers refugees and IDPs. The Bosnian national government has brought together both entities and created 10 working groups that will seek to create the economic conditions for sustainable return, which is of great concern in Bosnia's weak economy.

Croatia: Croatian authorities also have made significant progress in finding durable solutions for returnees. However, around 80,000 Croatian Serbs, primarily residing in Serbia and Bosnia and Herzegovina, maintain refugee status. Inconsistent implementation of laws and lack of strong economic prospects remain deterrents. The Croatian government has taken steps to address other key impediments, including the convalidation of pension rights and providing housing, but has not fully achieved either. Its Housing Care program has provided approximately 6,500 homes for returnees from all ethnic groups through June 2009, although the program has failed to meet its benchmarks each year. Croatian authorities have begun to review and, in some cases, reverse rejected applications to the Housing Care Program. UNHCR has identified the refugees from Croatia residing in Serbia as one of five protracted refugee situations worldwide upon which to focus international attention and resources. The High Commissioner is exerting efforts to help Croatian authorities accelerate the processing of individual refugee applications for housing and contribute to the transparency and fairness of administrative proceedings related to housing assistance programs. The United States has contributed \$1 million in response to this appeal. In addition, we are encouraging the government of Croatia to find a durable solution for those refugees who cannot or will not return.

Serbia: At the end of 2008, more than 206,000 displaced persons from Kosovo and approximately 86,000 refugees from Croatia and Bosnia and Herzegovina resided in Serbia. Serbia and Croatia had halted diplomatic contact following the recognition of Kosovo by Croatia. We want to see both countries resume their dialogue on how to resolve this issue. A U.S. contribution of \$1 million over two years will support a UNHCR appeal focused, inter alia, on securing durable solutions for refugees from Croatia that reside in Serbia. We are also funding an \$850,000 livelihoods and legal assistance project being implemented by an NGO throughout Serbia. Returns

from Serbia to Kosovo have slowed and the vast majority of those displaced from Kosovo into Serbia could choose to remain there. We are gratified to note recent indications that the Serbian government supports integration of individuals displaced from Kosovo within Serbia, while supporting their pursuit of restitution of lost property and other legal rights in Kosovo.

Kosovo: Of the approximately 260,000 displaced from Kosovo—primarily Serbs, but also Roma and other minorities—approximately 20,000 have returned, and Kosovo still hosts approximately 20,000 internally displaced persons. Following Kosovo's declaration of independence, minority returns to Kosovo slowed to fewer than 700 in 2008. In 2009, the return trend has picked up but continues to be slow. A UNHCR project to register interest in returning should result in numbers rising again. But, ten years since the conflict, the younger displaced population has gravitated elsewhere, and the working age population has sought employment in the areas where they currently reside. Individual returns have been fairly successful, if limited in number. Large group returns have been less successful over the past ten years, due to political, economic and other reasons. For example, in Srpski Babus, south of Pristina, a larger group return of 75 families had been planned and housing was completed; however, the group refused to return to its housing. While political reasons have influenced some, fear of harassment and lack of employment or Serb-language schools have kept others away.

The international community is supporting a UNHCR-led initiative to register interest among IDPs in Serbia to return to Kosovo, and then to return them, and we expect returns to rise. Vice President Biden underscored to the Kosovo leadership the importance of sustained efforts to facilitate more returns. We are pleased that Prime Minister Thaci has been outspoken in support of returns, but some municipalities have shown reluctance to cooperate. In recognition of these challenges, the Kosovo government will be shifting funding towards community infrastructure and livelihoods projects, is about to issue a new manual for sustainable returns, and is developing operational guidelines to standardize the implementation work of municipalities. The agreement earlier this year between the Kosovo Property Agency (KPA) and UNHCR that allows for the re-opening of KPA offices in Serbia is major step forward. Serbia's discouragement of Kosovo Serbs from engaging with Kosovo institutions, and its support for parallel structures, make coordination and cooperation between the government and those in need difficult and undermine the role of the responsible Kosovo authorities.

TRAFFICKING

Trafficking trends in the Balkans are complex and vary from country to country within the region. Some countries, such as Albania, Croatia, Serbia, and Montenegro, are source, transit, and destination countries for men, women, and children for purposes of sexual exploitation and forced labor, including forced begging. Others like Kosovo, Macedonia, and Bosnia and Herzegovina are primarily source, transit, and destination countries for women and children trafficked for commercial sexual exploitation. Victims are

trafficked within the region and also to Southeastern and Western Europe. The USG is working with local governments, NGOs and international organizations in the region, including the International Organization for Migration and UNHCR, to increase local capacity to identify and assist victims, such as funding crisis hotlines and women's shelters, improving training to help law enforcement better identify and treat victims, and expanding public awareness and education efforts to prevent vulnerable individuals from becoming victims in the first place. Another USG program complements these bilateral efforts by working with governmental and non-governmental actors across the Southeast European region to develop transnational referral mechanisms for trafficked persons as well as guidelines and model standard operating procedures for use by national governments.

Although the problem of trafficking in persons remains very serious, the region's governments generally have made significant progress in combating this scourge. All of the Western Balkan countries either fully comply with the Trafficking Victims Protection Act's (TVPA) minimum standards or are making significant efforts to bring themselves into compliance with those standards. Montenegro has been placed on Tier 2 Watch List for a second consecutive year, because the government did not adequately punish convicted traffickers and did not proactively identify trafficking victims among vulnerable populations. We are working closely with the government to improve its record. Nevertheless, both sex and labor trafficking remain a problem, and inadequate punishments for convicted traffickers, corruption, and weak victim protection and assistance remain key deficiencies throughout the region. Ethnic Roma women and children in particular remain at high risk for being trafficked. We will continue working with our partners in the region to improve individual and collective efforts to combat human trafficking.

CONCLUSION

Chairmen, Members of the Commission, in sum, the region has come a long way and is moving ahead, but the journey is not complete. America has a deep and abiding stake in the region's success. We have sent our sons and daughters to serve there in diplomatic, development and military missions. We have invested significant material, financial, and technical assistance. And we have learned a key lesson: durable solutions demand sustained U.S. leadership. In concert with our European partners, bilaterally, and through multilateral organizations like the OSCE and NATO, the Obama Administration is intensifying U.S. engagement with the region's leaders and pressing for accelerated reforms that will advance their states toward the European mainstream. Our message to them is clear: the door is open for the countries of this region to be a part of that Europe—and the United States will be there to help you—but you must take the steps to walk through that door.

Prospects for completing this historic endeavor of helping to achieve a Europe whole, free, and at peace are better than ever. As Jim Hoagland recently wrote in the *Washington Post*, the self-perpetuating cycle that mired the region in grievances and feuds is now being challenged in countries that "look ahead more than they

look back.” We will continue to build on this hard-won foundation, until democracy, openness and modernity eclipse ethnic nationalism, intolerance and discrimination, and all of the countries of the region take their place in Europe.

PREPARED STATEMENT OF BJÖRN LYRVALL, DIRECTOR-GENERAL FOR POLITICAL AFFAIRS, SWEDISH MINISTRY OF FOREIGN AFFAIRS

Mr. Chairman, Mr. Co-Chairman, members of the Commission, I am honoured to have been invited to address you here today representing the Swedish Presidency of the European Union. The Helsinki Commission is a dynamic and highly-valued forum for transatlantic dialogue and undertakes important work in relation to democracy, rule of law, human rights and security in Europe. I want to thank you collectively for your longstanding engagement and commitment in these issues, which are of vital importance for Europe as a whole.

The transatlantic relationship constitutes a cornerstone of the EU's external policies and is based on shared values such as democracy, human rights as well as a commitment to open and integrated economies. Some would even say that the similarity in policy outlook across the Atlantic is the greatest in decades and we look forward to the upcoming EU-US Summit in Washington later on this fall.

It may seem confusing to an outsider that there are a number of different actors speaking on behalf of the EU. There is the Commissioner for External Affairs, the Commissioner in charge of Enlargement and the Western Balkans, there is the Secretary General/High Representative Javier Solana who personifies the EU Common Foreign and Security Policy. And there is still the rotating Presidency, which my country Sweden holds until the end of the year.

It is indeed a challenging task to lead a union of 27 member states. There is great diversity between the different countries. At the same time, the fact that the number of member states has increased in recent years has, I would say, contributed to the strength of the EU. We may discuss a lot internally, but in the end the EU, when united, has a powerful voice and a big influence in many fields: trade, development cooperation, foreign and security policy, environmental issues, consumer policy etc.

There are many big issues on our agenda for the coming months. The overriding priorities of the Swedish Presidency, as you are probably well aware, have to do with the economic situation in the world, employment and climate. The issue of the new EU Treaty is likely to dominate the Brussels agenda after the Irish referendum on Friday. We also focus on maintaining a secure and open Europe. We want to enhance the EU's role as a global actor. Enlargement is also very high on our agenda.

One of the challenges of our time is, of course, the situation in the Western Balkans.

CONTEXT

The European Union has come a long way since its origins as a post-Second World War peace initiative in the 1950s. The European Union and its 27 Member States stand as a success story in the creation of peace and prosperity within its borders. The wider challenge of extending that peace and prosperity beyond its borders is clearly seen in the Western Balkans.

In fact, the European Union's Common Foreign and Security Policy has developed largely in response to the challenges presented by the repercussions of the end of the Cold War and the disintegration of the former Yugoslavia. In fact it was the failure to respond adequately to the war in Bosnia and Herzegovina in the 1990's that prompted EU member states to enhance and reinforce the EU's ability to conduct a credible and effective Common Foreign and Security Policy (CFSP), and this process is still ongoing.

My own Foreign Minister, Carl Bildt, as the EU-mediator at Dayton and subsequently the international communities' first international High Representative in Bosnia-Herzegovina, played an active role both pre and post Dayton, pushing for a sharper EU policy when involved in crises and also formulating a post war programme for conditional EU integration—The Regional Approach which was the forerunner of the EU's Stabilisation and Association Process.

In the aftermath of the Kosovo war in 1999 we saw violent crises emerging in FYR Macedonia in 2001 as a result of unsolved ethnic and social tensions. The Swedish EU Presidency at the time used the still untested Common Foreign Security policies to contain the crises. The EU troika involving High Representative Solana and Commissioner Patten showed readiness creating circumstances for negotiations which later on resulted in the Ohrid agreement, to be implemented by the EU's first European Security and Defence Policy (ESDP) mission.

COMMON FOREIGN AND SECURITY POLICY (CFSP)

Given this background, which has not always been encouraging—Bosnia was certainly not EU's "finest hour"—the EU's Common Foreign and Security Policy has developed gradually into a more coordinated, rapid and targeted set of instruments—both military and civilian. EU Police Monitors and regular Combat Missions as well as advisory missions have proved to be effective although challenges still remain.

Since 1991, the European Union has been the largest donor to the region, having provided roughly around € 13 billion in assistance, among others, for infrastructure, for institution building, for regional and cross-border cooperation, for strengthening protection of minorities and enforcing human rights.

When you include humanitarian and bilateral assistance of our Member States, please double the figure. Until 2013 we will spend more than € 900 million each year in the region. This figure does not include the costs of the ESDP missions which we have launched since 2003 of which three are still ongoing.

Our political investment is immeasurable: Thousands of EU personnel in the institutions are working in and with the region, in the headquarter in Brussels, in the delegations of the European Commission in the region and in the three offices of the EU Special Representatives.

But even more importantly, the history of the European Union and its enlargement tells us that EU membership is a strong guarantor of lasting peace and social progress. With the enormous promise and incentive to change that the European perspective holds for the Western Balkans, these countries have embarked on

the same journey from war and mistrust to peace and reconsolidation that reunified the European continent after World War II and the Cold War. The Western Balkans is on its way from the era of hard power to the era of soft power, from the era of Dayton to the era of Europe. The forces of disintegration is finally about to give way to the forces of integration.

The European perspective—with the ultimate goal of EU membership once the conditions have been met by each country on its own merits—releases the EU's transformative potential, where our democratic way of life and prosperity exercise a strong magnetic pull that provides hope and drives reform. Despite a certain “enlargement fatigue” there is a strong commitment of the EU member states to the objective of the Western Balkans countries becoming a members of the EU .

And the EU's enlargement to Southeastern Europe is more than a historic mission to finish the job of reunifying the continent. It is a matter of enlightened self-interest and of enhancing our own economic growth, security and freedom. It also creates opportunities to a broaden the common EU approach in crucial areas such as energy security and migration.

Mr Chairman,

Let me now turn to a few country specific comments, starting with our most advanced partner.

Croatia has traveled far along its road to membership of the European Union. A remarkable transition towards stable democracy, rule of law and a functioning market economy has taken place that should serve as a positive example for the Western Balkans region to follow. Clearly, it is the attractive forces of European and transatlantic cooperation structures that have underpinned this momentous societal change.

Since the start in 2005, Croatia has closed 7 out of 35 negotiating chapters in its process towards EU membership. Negotiations could be finalised by mid-2010, based on Croatia's own merits. This would enable Croatia to join the EU as a full member by 2011 or 2012.

Regretfully, the border dispute between Croatia and Slovenia has stopped Croatia from making formal advances in this process for almost a year now. However, on September 11 this year, Prime Ministers Kosor and Pahor announced an agreement in principle on how to proceed with solving the border dispute and simultaneously de-blocking accession negotiations. The Swedish Presidency has confirmed its readiness to support further talks on the border issue, to be resumed on October 2. In overcoming the heated arguments on both sides, and re-establishing an atmosphere of mutual trust, the leaders of the two countries have shown admirable statesmanship.

A key requirement for membership of the European Union is full cooperation with the war crimes tribunal for former Yugoslavia, ICTY. Since there have been no positive developments in this area, the relevant negotiating chapter—on Democracy and Human Rights—remains blocked. Croatia needs to credibly demonstrate that it is making every effort to fulfill the needs of the Chief Prosecutor. Concerted pressure from the EU and US is advisable on this issue.

In Macedonia—or the FYR Macedonia—we are encouraged by this year's presidential and local elections which according to observers met most international standards.

EU relations with FYR Macedonia have intensified steadily over the past few years. In 2004, a Stabilisation and Association Agreement came into force, and the year after, FYR Macedonia was officially recognised as candidate for EU membership. End of this year, the EU is scheduled to lift the visa obligation for FYR Macedonia.

For opening accession talks, eight benchmarks must be met. FYR Macedonia must, *inter alia* demonstrate proper implementation of judicial and police reforms, anti-corruption legislation and measures to ensure a depoliticised civil service. It is also essential that the authorities foster and facilitate a true political dialogue between the various groups in society. According to the European Commission, FYR Macedonia is close to fulfilling the benchmarks, and a recommendation to open accession talks may well be issued during the Swedish Presidency. FYR Macedonia should be rewarded for their reform efforts. The unresolved name dispute with Greece should not be an impediment to initiating negotiations. This is a matter which must be resolved bilaterally, under the auspices of the UN.

Montenegro has made impressive progress along its European integration agenda since declaring independence from the union with Serbia in June 2006. Encouraged by the EU, Montenegro's EU perspective has been quickly embedded in a series of formal agreements. The momentum continues as Montenegro submitted its formal application for EU membership in December 2008 and after a decision by the Council, a report is now being prepared by the European Commission that will be the basis for deciding whether Montenegro can become formally a candidate country for EU membership. At the same time, Montenegro is likely to be granted visa liberalisation with the EU in the coming months. EU membership will be the logical conclusion of this process and the timing will largely depend on Montenegro's ability to carry out the necessary reforms and fulfill the criteria for EU membership.

Albania has been gradually moving towards European integration, a process that has received momentum in recent years. At the EU foreign ministers meeting in a couple of weeks' time, we hope to reach agreement to forward Albania's membership application to the Commission for its assessment.

However as the June 2009 elections in Albania have shown, the path to EU membership will not be easy: elections were marked by unfortunate political interference in the post-election process, as noted by the international election observers. Besides more efforts to meet democratic standards, Albania also needs to strengthen its public administration, reform the judiciary and more effectively fight organised crime and corruption.

Serbia. There is a stable, pro-EU government in place in Belgrade, which was elected in order to bring Serbia closer to the EU and it shows a new maturity and commitment in terms of fulfilling the obligations for EU accession. All EU Member States agree that in order for the Government to keep its credibility, the country must be allowed to make progress on its path towards the EU. As

soon as the cooperation with ICTY is judged to be satisfactory, the contractual agreement for the accession process between Serbia and the EU will come into force. Progress has been considerable. This would also pave the way for a membership application towards the end of the year. In the meantime Serbia shows its EU commitment by unilaterally implementing the Interim Agreement of the SAA. Furthermore, we hope to be able to grant Serbia visa freedom as from early 2010.

Bosnia-Herzegovina—currently the main challenge—has expressed its intention to apply in the near future for membership in the EU. In fact, in a country that remains deeply divided on many issues, the prospect of EU integration is one of the few unifying factors. There is however a major obstacle to this ambition. As long as OHR remains in place, a Bosnian EU membership application cannot be considered.

It is quite obvious for all of us that OHR cannot take Bosnia to where it wants to go. This is why it is so important that the country as soon as possible reaches a situation where the political landscape allows it to move from OHR to a reinforced EUSR, strengthening at the same time the local political ownership, when continuing to reform itself in accordance with the EU acquis.

The Bosnian SAA has been in place since June 2008. Part of that agreement includes a favourable free trade agreement with EU—the Interim Agreement (IA)—which has seen a rather satisfactory implementation. On the other hand, the progress in implementing key partnership priorities of the agreement has unfortunately been rather limited.

Only then and once the conditions have been met, can BiH make the transition from Dayton stabilisation to European integration. There is a window of opportunity to proceed with this transition before the 2010 elections. Otherwise, there is a considerable risk that Bosnia will be slipping behind the rest of the region.

In order to achieve this transition we need to have a joint EU-US action-oriented approach this autumn. We are working closely with the US to take steps in this direction.

Let me also say that outstanding constitutional reform in BiH neither is a precondition for OHR closure nor required in order to apply for EU membership. Nevertheless, it is an integral part of any efforts to create a functional state and will incrementally constitute a fundamental part of EU accession. Constitutional amendments must therefore be brought into line with the European Convention on Human Rights in order to end the ongoing discrimination between constituent and non-constituent citizens of BiH.

Following the decision by NATO to conclude its SFOR mission, the European Union has since December 2004 been responsible for the international military presence in BiH through the operation ALTHEA currently deploying more than 2.000 troops in theatre, and if needed they will be reinforced. At some point EUFOR must be transformed to a non-executive mission with focus on training of the Bosnian forces. Any decision will be discussed thoroughly with the US. From our perspective it is of outmost importance that a decision on the future of EUFOR is synchronized with the ongoing efforts to move forward on the political issues in the country. For the EU Police Mission which operates in an advisory capacity,

supporting the fight against organised crime is moving forward and remains an important priority.

Kosovo. A year and a half has passed since Kosovo declared its independence, and is now faced with the great challenges of building a democratic and multiethnic state. These challenges include decentralisation, rule of law, economic development, and engagement in regional and international fora.

Kosovo needs to build up long term capacity to assume responsibility over the rule of law. The EU Rule of Law mission in Kosovo, EULEX, can support this process. EULEX is a visible expression of the European Union's determined engagement for Kosovo. During its first almost 10 months of operation, EULEX has deployed in all of Kosovo and begun to implement its mandate. The American contribution is a crucial component of which the EU is most appreciative.

In such a complex political context, there are of course difficult challenges. In the north, EULEX is moving slowly to reestablish control over customs and to fully reopen the court in Mitrovica. The police in northern Kosovo continue to report to EULEX. There is a fruitful dialogue with the authorities in Pristina on reforms regarding justice and police.

The EU remains committed to its long term engagement in the developments of Kosovo. The fact that the EU is divided about the status of Kosovo does not prevent a fully engaged approach as regards Kosovo's political and socio-economic development—in line with the European perspective of the region. It is clearly in the interest of the EU that Kosovo develops in accordance with the rest of the region. In October, the European Commission will present a study examining means to further Kosovo's political and socio-economic development. This study will hopefully provide a framework for concrete measures to be taken by Kosovo in order to move forward on its EU integration.

CONCLUSION

Mr. Chairman, Mr. Co-Chairman, members of the Commission, thank you for giving me, as the Swedish Presidency of the EU, the opportunity to address you today.



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