

Thank you, Mr. Chairman. My name is Daniel Serwer. I am Director of the Balkans Initiative at the US Institute of Peace, which has devoted an important slice of its resources to peaceful conflict resolution in Southeast Europe, including grants, training, fellowships, and research and educational activities. These remarks represent my personal views, but they draw liberally on discussions within our Balkans Working Group, which convenes from time to time experts from the Administration, the Congress, non-governmental organizations, academia, think-tanks, and international organizations.

It is a pleasure to be here today to discuss the progress of democratic change in Yugoslavia, the prospects for Belgrade meeting the objectives set forth by the US Congress in the FY 2001 Appropriation, and the policy options available for continuing to encourage Yugoslavia to meet international community expectations.

Let me first make clear my enormous enthusiasm for what the democratic opposition in Yugoslavia has achieved in the past six months. Its electoral victory in September and the removal of Milosevic from office in October, followed by a stunning electoral victory in the Serbian Republic elections in December, clearly open the way for Belgrade to complete a democratic transition that had been stalled for more than ten years. I have been in Belgrade twice since Milosevic's fall. Important and irreversible changes have occurred there. The citizens of Serbia have every reason to be proud of what they have done and to look forward to a better future.

Yugoslavia today fulfills none of the US expectations.

That said, Yugoslavia today, less than a month before the March 31 deadline, fulfills none of the expectations the US Congress established in the FY 2001 Appropriation. Let me review them one by one: establishment of the rule of law, cutting off assistance to separatists in Bosnia, and cooperation with The Hague Tribunal.

Progress towards the rule of law has been slow, leaving intact large parts of the Milosevic regime as well as an economy regulated more by corruption, organized crime and its political cronies than by legitimate government institutions. The judicial system has barely begun the long road towards independence. An Amnesty Law has left several hundred Kosovo Albanians accused of terrorism still incarcerated. Commanders who led the police and army in ferocious, criminal crackdowns both on Serb dissidents and on the civilian population of Kosovo are still in office. There is no hope for the rule of law so long as these people remain in place.

In Bosnia, I see no improvement in Belgrade's performance, even if it has made gestures intended to demonstrate respect for its neighbor's sovereignty. President Kostunica, who long supported Bosnian Serb separatists, has done nothing visible to reduce political, military, intelligence and material support to extremist elements there. Belgrade continues to provide the Republika Srpska Army with officers, it lends political support to the party of indicted war criminal Radovan Karadzic, and it controls intelligence structures inside Bosnia. I would note that Belgrade also continues to support radical elements within the Serb community in Kosovo.

With respect to the Hague Tribunal, Belgrade intends to increase cooperation, especially in

providing evidence of crimes against Serbs. The Tribunal has opened an office in Belgrade and President Kostunica begrudgingly received the Chief Prosecutor. High officials in Belgrade are telling foreign visitors that Milosevic will soon be placed under arrest, but again for crimes against Serbs or the Yugoslav state, not for the crimes for which he has been indicted by The Hague Tribunal. While there is growing public support for Milosevic's extradition to The Hague, President Kostunica has been adamantly and publicly opposed, leading Yugoslavia in the wrong direction.

Are there circumstances, Mr. Chairman, that make it difficult for Yugoslavia to meet US expectations? The answer is "yes." More than ten years of lawless dictatorship have left the country poor, demoralized and deprived of democratic institutions. Many Serbs are preoccupied with their own desperate situation and neither know nor care about the crimes the Milosevic regime committed against non-Serbs. Peaceful change has required that the new governments of Yugoslavia and Serbia move deliberately and lawfully. Moreover, Yugoslavia faces an armed rebellion in southern Serbia that has preoccupied the government and shifted the political spectrum in a nationalist direction.

Belgrade could still do a lot before March 31.

Is there time before March 31 for Belgrade to fulfill the expectations the US Congress has expressed? I will leave to others the legal interpretation of the Appropriation, but it is possible and desirable for Belgrade to move decisively before the end of the month to signal its intentions. Let me suggest steps that would convince me as an analyst that Yugoslavia is headed in the right direction:

President Kostunica could state that he accepts not only the legal authority of the Hague Tribunal, but also the responsibility of Yugoslavia to extradite indictees.

Milosevic and other Tribunal indictees in Yugoslavia could be arrested and extradition proceedings begun.

Yugoslavia could commit to matching Croatia's efforts to cut off support to separatists in Bosnia, making assistance public and phasing it out.

A similar effort could be made in Kosovo, in addition to releasing the remaining Albanian political prisoners held in Serbia.

Yugoslavia and Serbia could announce major reforms to their police, army and judiciary, including retirement of Milosevic appointees, appointment of people not involved in Milosevic-era crimes, and retraining of lower-level officials.

The US should weigh its limited policy options:

If steps of this sort are not taken, US policy options are limited. The previous Administration provided an array of positive incentives intended to support the democratic transition. Yugoslavia has been welcomed back into the international community, including the United

Nations, the OSCE, the IMF and the Stability Pact. Sanctions, except those targeted at the remnants of the Milosevic regime, have been lifted. While many in Europe share American objectives, the European Union--the largest current source of aid to Yugoslavia--has refused to condition its assistance. US aid, at \$100 million dollars this fiscal year, is relatively small and provides little leverage.

There are, nevertheless, steps the US can take. It can:

- shift assistance to democratization and humanitarian aid, funding exclusively non-governmental organizations and municipalities, many of which share US objectives.
- seek support from European allies--little visible effort of this sort has been made.
- oppose World Bank membership for Yugoslavia.
- move, through NATO and the civilian missions in Bosnia and Kosovo, to end Belgrade connections to extremists there.
- clarify that NATO cooperation in ending the rebellion in southern Serbia entails Belgrade's assistance in areas of US concern.
- end opposition to Montenegrin independence and shift support from the Yugoslav government to the Serbian government, which more fully shares US objectives.

Each of these steps has pros and cons. The US Institute of Peace does not advocate specific policies. But in my personal view these options merit serious analysis and consideration over the next few weeks.

Mr. Chairman, Belgrade remains in many ways the key to stability in the Balkans. It is crucial that the transition begun there progress towards a truly democratic conclusion, freeing Serbia of the burdens of the past and enabling the United States to be enthusiastic about supporting its more prosperous and secure future.