

**Testimony of Stuart E. Jones
Deputy Assistant Secretary Of State
For European and Eurasian Affairs
Commission on Security and Cooperation in Europe
September 29, 2009**

“Policy Responses to Developments in the Western Balkans.”

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 multiethnic 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 Transparency 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, including 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 operations; 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.