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Progress and Challenges in the Western Balkans

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TESTIMONY

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Mr. Chairman, thank you for the invitation to come and testify before you today at this important juncture in the path of the Western Balkans toward further peace and stability as they continue their integration in the euro-Atlantic community. It is an honor to be here before this Subcommittee of the House of Representatives of the U.S. Congress. I am here to offer my personal views on the current issues regarding the region as well as to assess the progress made and challenges that the Western Balkans are confronting.

Introduction: The Western Balkans in a changing world.

In a world gripped by many a crisis and conflict zone, still grappling with a return to more sustained patterns of economic growth, the Western Balkans seem, all things being equal, an oasis of peace. A violent conflict at the end of the 20th Century wiped off the map of Europe a country called Yugoslavia and in its stead brought about the formation of 7 countries (one of which is not recognized by a number of countries). It is twenty years since the Dayton Peace Accords were achieved at the Wright-Patterson Air-force base in Ohio in November 1995 and then signed in Paris in December of that year ending the war in Bosnia and Herzegovina. A NATO bombing campaign

in 1999 lasting 78 days and targeting what was then the Federal Republic of Yugoslavia (Serbia including Kosovo and Montenegro), led to the departure of a Serbian state administration from Kosovo which in turn led to Kosovo's unilateral declaration of independence in February 2008 (to date recognized by 110 member states of the United Nations, and 23 of the 28 European Union member states). A brief conflict in Macedonia (country that had otherwise managed to peacefully separate itself from former Yugoslavia) in 2001 ended with a framework Ohrid Agreement signed by the conflicting parties leading to peace.

An oasis of peace because notwithstanding all the existing challenges in further consolidating peace, security and stability, strengthening democratic institutions and the rule of law, all the countries and governments of the region are dedicated and determined to join both the European Union (EU) and NATO (with the exception of Serbia for NATO).

Both the EU and NATO thus continue to have key roles for the present and future of the Western Balkans in their own specific ways.

The European Union

The political peace project that is the EU has been a fundamental inspiration and guiding light for the region. The Western Balkans are part of core geographical Europe. They are completely surrounded by EU and NATO member states to their North, East, South and West. They are the "inner courtyard" of Europe. We are not talking here about "neighborhood", or the "marches" of Europe, but countries and a joint population of about 16 million people that all wish to join the EU, and whose history, culture, economy and society are inextricably linked with that of Europe.

The EU's summit in June 2003 in Thessaloniki under the then Greek Presidency was a crucial moment in that it opened the road for the accession to full membership in the EU when they met all the relevant Copenhagen Criteria (defined by the EU in 1993).

The conflict and disappearance of Yugoslavia from the map of post-World War II Europe was a reminder of the fact that history could repeat itself in the darkest of ways. Thus the example of the process of reconciliation and post-war reconstruction of Europe through building institutions that would foster cooperation, stability and peace, and so avoiding Europe's troubled and violent two century history – has been an inspiration and roadmap for the region of the Western Balkans.

In particular the post-war Franco-German reconciliation and all that it entailed has been followed and replicated in multiple dimensions.

The existence and historical success of the European Union in establishing a protracted period of peace and stability is the key reason why the region of the Western Balkans is an oasis of peace today. The EU is the main source of inspiration for reform and specific democratic and economic policies in the Western Balkan countries so as to better their lot, improve their democratic institutions and procedures and painstakingly overcome the deep-seated legacies of their authoritarian past.

The conditionality set forth by the EU's accession provides stringent, rigorous guidelines that lead the countries through their democratic institutional reform processes, in particular in strengthening the rule of law, the judicial system, the division of powers, and the upholding liberal democratic values. The enshrining and securing of the basic freedoms and the empowering of citizens to seek a deepening of democratic legitimacy in a world in which the disillusionment with and even cynicism about government, democratic representation are hallmarks of many a society confronted with major economic challenges – are fundamental European values.

The citizens of the region of the Western Balkans as well as their elected administrations are of course not oblivious to the crisis and inward-turning of the EU and its member states. What is termed the “renationalization” of policies, countries going back on the commitment of sharing sovereignty, demanding more say in their own affairs, leading to a questioning of the democratic legitimacy of the European Commission, European Parliament and the European Council, are visible and palpable. The crisis in the Eurozone (in spite of the fact that countries such as Slovenia, Slovakia, Estonia, Latvia, Lithuania have joined, and some very recently) is also being followed carefully.

What is also heard and seen is the so-called “fatigue” with enlargement. Jean-Claude Juncker President of the EU Commission, famously said at the beginning of his tenure that in these next five years there would be no new enlargement. It was not even necessary to state that since no country was going to be ready in the next five years. The earliest any of the countries that are negotiating entry (Montenegro, Serbia, and then Albania, Macedonia, Bosnia and Herzegovina and Kosovo at different stages in the process) can at earliest be ready toward the end of this decade.

What is much more significant is that even as the EU “muddles through” this crisis of governance and its Eurozone, it formally and in practice continues the process of enlargement. The former EU Commissioner for Enlargement has been renamed EU Commissioner for the Neighborhood and for Enlargement Negotiations (currently Johannes Hahn). And the process moves forward, the assembly line continues in both the administration in Brussels and equally in the aspiring candidate countries.

But notwithstanding the current tumults in the EU, visible clearly to everyone as well as the efforts to overcome them, the countries of the region are determined, committed to pursue their movement towards full EU membership. And as in previous rounds of enlargement (dubbed the most successful policy of the EU in historical terms), this process is of most significant help and support to the democratization and modernization, and thus to the institutional Europeanization of these countries.

The EU is at the forefront of responsibility for the process of enlargement. The United States has rightly accepted that the EU take the lead while being present to fully support and in any way be helpful to the process of enlargement and the reform process. The primary responsibility of reform and European and NATO integration resides with the countries themselves. Theirs is the

fundamental effort. It behooves them to do the hard work of changing, reforming, democratizing and modernizing their societies.

But it is equally about the credibility of the EU. If the EU is capable of absorbing within its 28 members states and 500 million people another 16 million and ultimately and in time (when all the requirements for membership have been fulfilled) the remaining countries negotiating entry, the EU will prove itself credible of dealing with other issues further afield. This is about core processes in post-1989, post-communist Europe. This is in US parlance “unfinished business”. However great the challenges it must be pursued in pro-active manner without relinquishing the conditionalities, but being aware of the geopolitical challenges that are being posed to Europe and the world by the actions of the infringement of the sovereignty of Ukraine by Russia.

The Role of Germany

Germany has within the European Union, as on other matters, taken the lead, but hand in hand with other EU member states, in moving the Western Balkans along the road of full integration. Chancellor Angela Merkel has had a pivotal role in this regard and has systematically reiterated the importance of continuing and supporting the enlargement process to the Western Balkans. She organized a summit of the leaders of the whole region in Berlin in August 2014, inaugurating what is now called the Berlin Process, bringing all the countries together around intensified regional cooperation projects, infrastructure in particular. The next meeting of the Berlin Process will be held in Vienna, Austria in August this year, and next one in Paris in 2016.

This is of the utmost importance because key member states led by Germany have shown how important it is for the EU to show a true spirit of leadership in a key matter that pertains to the origins of the EU, namely the political peace project, but also in showing that even in difficult times the focus on core values that have made the EU what it is today are not discarded.

In that spirit EU leaders have intensified their visits to the region. EU High Representative Federica Mogherini was in the region a month ago. The German Foreign Minister Steinmeier was in Belgrade just yesterday 28 April to show support for the ongoing reform process in Serbia and for the continuation and implementation of the Belgrade-Pristina agreement of April 2013 and subsequent agreements. Both German British Foreign Affairs Ministers were in Bosnia and Herzegovina at the beginning of this year.

The German foreign Minister and his British counterpart Philip Hammond in fact, in a spirit of leadership, proposed last November 2014 a new start for Bosnia-and –Herzegovina. A reform initiative to help Bosnia and Herzegovina move forward toward a Stabilization and Association agreement, to overcome the political stagnation and the lack of badly needed reform. The Bosnian EU integration process has been stalled for years owing to the lack of willingness to move the reform process forward. The focus of the German-British proposal is in the area of economic and social policy as well as on good governance and the rule of law.

Belgrade-Pristina: A Historical Step Forward in Reconciliation and Normalization under European Auspices

The April 13, 2013 agreement was a key step forward in deepening the foundations of peace, stability and security in the region. The dialogue was initiated under the previous administration of President Boris Tadic in March 2011. Given that Serbia had fulfilled all the outstanding requirements related to the International Criminal Tribunal on the Former Yugoslavia (notably arresting and extraditing Radovan Karadzic in 2008 and then Ratko Mladic in 2011), the other key issue was to show political determination and willingness, in the spirit of the European peace project, to begin normalization between Belgrade and Pristina, Serbia and Kosovo. The engaged process was continued under the new Serbian Government led by the Serbian Progressive Party that won the elections in 2001 and then again overwhelmingly in March 2013.

Prime Ministers then Ivica Dacic of Serbia and Hashim Thaci of Kosovo with their delegations worked diligently to find the necessary compromises that would lead to the signing of the agreement. A key and crucial role was played the EU's High Representative for Foreign and Security Policy Baroness Catherine Ashton. With a steady hand, with patience and understanding for the difficulty of the challenge she helped with patience the parties become owners the process, and find their own path toward the compromise. This process has been taken over in the new European Commission by Federica Mogherini the new EU High Representative who has held a meeting on February 9 this year where the parties achieved an agreement on the issue of the judiciary.

Much remains to be done and outstanding issues need to be resolved but the process is in engaged in a European reconciliation spirit, where only peaceful means are the way of a stable and peaceful future.

Serbia expects the beginning of its formal negotiations with the EU by the end of this year. Kosovo at the same time will be signing a Stabilization and Association Agreement with the EU in October this year, as announced by the EU's Special Representative to Kosovo Samuel Zbogar.

Democracy, rule of law and the fight against corruption – in times of economic hard times

In all countries of the region keys challenges remain the eradication of systemic forms of corruption. All countries have made significant strides but there is still much to be done.

The unemployment levels especially among youth which are very high in all countries of the region are one of the greatest challenges that the region confronts. The decline in foreign direct investments (FDI) has dealt a hard blow to employment trends. The region does not have the domestic resources to put in motion significant investments. And thus the importance of support from FDI's and contributions through EU funds, and bilateral donors, including the US and in particular USAID are very important. Private donors such as the Open Society Foundation, of the work of the German Marshall Fund, through its project the Balkan Trust for Democracy are still relevant to support also importantly the sustainability of civil societies in the region.

The freedom of speech and its upholding and defence in the early democratic life is fundamental to a society. The well-being, transparency and accountability of democratic institutions relies on an open public space where the common good and the public interest are voiced and defended.

Civic and democratic life depends on a vibrant civil society and efficient and democratic state responsible to its citizens. This is a daily struggle and duty that has been the staple of any democracy that has been worthy of its name.

The Western Balkans and the Role of NATO

NATO continues to play an important role in the stability and peace of the Western Balkans.

NATO troops are still present in Kosovo to the benefit of both Albanian and Serbian communities there. The number of troops of the NATO-led Kosovo Force has been significantly reduced.

NATO also offers strong political support to the Belgrade-Pristina Agreement of 19 April 2013, and KFOR stands ready to support its implementation within its current mandate. NATO's presence is thus significant both symbolically and practically as the region consolidates the pillars of stability and peace.

All the countries of the Western Balkans (except for Kosovo) have been or are members of the Partnership for Peace Program (Macedonia since 1995, Bosnia and Herzegovina, Montenegro and Serbia since the Riga NATO Summit in 2006). Albania and Croatia became full members in 2009. Macedonia was supposed to join during that same year but because of the unresolved issue of its name with its southern neighbor Greece and the veto put by Greece to Macedonia's joining, it finds itself in limbo. This is a situation that is not conducive to stability and peace in the country itself nor in the region.

The Secretary General of NATO Jens Stoltenberg just last week in an interview endorsed NATO's "open door" policy — in principle.

"It is, he said, a fundamental right of every sovereign nation to decide its own path, including what kind of security arrangements it wants to be part of... Whether NATO shall continue to enlarge is the question which should only be decided by the applicant countries and the 28 allies."

This is an important reminder at a moment when Montenegro is expecting to be possibly invited to join in December following a decision of the North Atlantic Council. In a strong endorsement of Montenegro joining the German Ambassador in Montenegro said that the country should be invited to join in a statement given in Podgorica on February 4 of this year.

It would be a strong signal to the region as a whole that, six years after the last enlargement (to Albania and Croatia), the reality of the "open door" policy be proven an invitation to the next

country in line, Montenegro. Such a decision would further strengthen stability, security and peace in the region.

Energy security and energy supplies.

Energy is a fundamental issue when considering the progress and challenges in the region. The whole issue of a much needed diversification of sources of supply and further strengthening regional and European wide interconnections is of the essence. Many of these countries rely completely or largely on Russian (Gazprom's) gas supply for their energy needs. This is the key element of the region's relationship with Russia. During the 2006 and 2009 cutting of Russian gas supplies through Ukraine the region of the Western Balkans was also victim and has troubles in compensating for the lack of flow of gas.

The recent decision of Russia to scrap the South Stream pipeline project and replace it with a Turkish pipeline to which the other countries of the region including Greece would adhere, has been somewhat of a "wake-up call". Russia and Turkey, though, have yet to reach a deal for that plan. South Stream which was a project, years in the making, of Gazprom and major European energy firms such as Italian ENI, German Wintershall, and French EDF, and which was to pass through EU members states Bulgaria, Hungary and end in Austria and Italy, passing through (not yet EU member) Serbia – raised high hopes of securing a steady supply of gas that did not depend on the Ukrainian route. On April 7 the foreign ministers of Hungary, Serbia, Macedonia, Greece and Turkey in Budapest signed an agreement to participate in the so-called Turkish Stream pipeline, were it to go ahead.

The European Union is forging ahead importantly with the project of a European energy union which should lead to unified and regulated policies regarding energy. South Stream was in part stopped in its steps because the European Union rightly required that the possible future pipeline adhere to rules of competitiveness, of the so-called third energy legislative package for an internal gas and electricity market.

Since the transformation, diversification of energy routes and supplies cannot bear fruit in the short term the countries of the region remain dependent on Russian gas and thus have to negotiate the stability and security of supply with Russian/Gazprom authorities.

Imports of LNG would and could be a way of addressing in the immediate and term the issue of diversification and weaning oneself off a single supplier.

This is an important challenge for the region going forward.

Conclusion

The region has made significant strides and is moving in the right direction. Important challenges remain but as part of a broader Euro-Atlantic integration process they partake in a partnership of

purpose which supports them in achieving their goal of a democratic consolidated future where stability and peace are the fundamentals.

The circumstances of the world as it entered the economic crisis in 2008 have slowed down not only the economic growth of these countries, but have posed challenges in achieving a more sustained and rapid reform process overall. Nonetheless, even in these circumstances they have moved toward resolving outstanding issues, often engaging in a multitude of forms of regional cooperation in the field of politics, economy, security , cultural exchanges to mutual benefit.

The support of the United States to these processes has been crucial. The continued engagement of the US administration and of USAID remain crucial to the overall success of the democratic reform process and membership in the EU and NATO for these countries. Thus allowing the accomplishment of the full unification of Europe in peace, and stability.