

**Testimony by Deputy Assistant Secretary and Special Representative for the
Western Balkans Matthew Palmer
Senate Foreign Relations Committee
Subcommittee on Europe and Regional Security Cooperation
Hearing on Successes and Unfinished Business in the Western Balkans
October 23, 2019, 2:30 p.m.**

Mr. Chairman, Ranking Member Shaheen, and members of the Committee, thank you for inviting me to appear before you today to discuss the current situation in the Western Balkans and the successes and challenges faced by the countries there on their path towards Euro-Atlantic integration. I would especially like to thank the members of the Senate Foreign Relations Committee for their leadership, which paved the way for the Senate's ratification of North Macedonia's NATO Accession Protocol. Continued progress on North Macedonia's NATO accession is critical to demonstrating our ongoing support for the country's and the region's Euro-Atlantic integration aspirations.

For the past 30 years, the United States has joined our European Allies and partners in working to fulfill our shared vision of a "strong and free Europe." Over the last decade, many of our efforts have started to bear fruit. We are now seeing examples of extraordinary progress that bring the region closer to the Euro-Atlantic family.

One has to look no farther than at North Macedonia to see an example of that progress. Within two months of assuming office in June 2017, the government of Prime Minister Zoran Zaev was able to negotiate and sign a Treaty of Friendship, Good-neighborliness, and Cooperation with Bulgaria that recognizes the already strong ties between the two countries and opens the door to even closer cooperation going forward in areas as diverse as infrastructure and culture. This agreement demonstrated that where there is political will, it is possible for differences between neighbors to be resolved peacefully, and it paved the way for the historic June 2018 Prespa Agreement between North Macedonia and Greece. Arguably the most significant purely diplomatic achievement in South-Eastern Europe since the Dayton Peace Accords, the Prespa Agreement resolved the long-standing name dispute between the two countries and paved the way for North Macedonia to become the 30th Ally in NATO and to eventually join the European Union. Under the courageous and forward leaning leadership of Prime Minister Zaev and former Greek Prime Minister Alexis Tsipras, the Prespa Agreement created a model other leaders in the Western Balkans can follow to break through the nationalistic and cultural barriers that have held the region back for decades.

With its peaceful multi-ethnic coexistence, growing economy, and willingness to work with Kosovo in 2018 to implement the 2015 border demarcation agreement between the two countries, Montenegro has emerged as a leader and a role model for other countries in the region. It has consistently punched above its weight in its commitment to global security, and joining NATO in 2017 was a huge and well-deserved step forward for the country. This new NATO member has proven to be a stalwart ally, putting its troops in harm's way in a number of NATO-led missions and making steady progress in fulfilling the Wales 2%/20% pledge.

In 2016, Montenegro thwarted a brazen coup attempt aimed at undermining Montenegrin democracy. This coup attempt was only one prong of Russia's efforts to destabilize the country; Russia also unleashed a pervasive anti-NATO disinformation campaign to thwart Montenegro's NATO accession and continues to subject the country to broad-scale hybrid attacks on a daily basis. Thanks to our direct cybersecurity cooperation with Montenegro, we have been able to develop patches against the latest Russian malware that now protect billions of devices worldwide. On May 9, a Montenegrin court found two Russian GRU officers guilty of attempted terrorism during the 2016 coup attempt, laying bare Moscow's blatant attempt to destabilize an independent European country. The open and transparent trial represents an important step forward for the rule of law and is an example of Montenegro's resiliency.

There are a number of other notable successes throughout the region worth mentioning. Our NATO Ally Albania has made tremendous strides on its reform path, implementing unprecedented judicial reforms to root out endemic corruption. Reforms required the vetting of all 800 judges and prosecutors for unexplained wealth, organized-crime ties, and competence. Only 43% of the 143 jurists vetted so far have passed, confirming the old justice system's deep corruption and links to organized crime. Albania also established two new judicial oversight bodies, the High Judicial Council and High Prosecutorial Council, to appoint, govern and discipline judges and prosecutors; a key benchmark in justice reform implementation. The country is now on the cusp of establishing a new independent special anticorruption prosecution office and court (SPAK) and National Bureau of Investigation (NBI), whose job it will be to investigate corruption, organized crime, and crimes of high officials. And it has taken steps to crack down on previously untouchable organized crime bosses, as evidenced by the convictions of high profile drug kingpin Klement Balili and notorious crime boss Emiljano Shullazi.

Croatia not only became a NATO Ally in 2009, but also joined the EU in 2013. It will be the next country to hold the Presidency of the Council of the European Union from January through June of 2020, during which time it will host the next major EU summit on the Western Balkans in Zagreb. In Bosnia and Herzegovina, the willingness of the three presidents to discuss linking government formation with the submission of the country's Annual National Program to NATO represents a significant step forward and demonstrates that leaders can make compromises. These are but a handful of achievements the United States has supported over the past decade.

While it is important to articulate the successes of the region, no discussion of the Western Balkans would be complete without addressing the many challenges to the stability of the region and impediments on the path to Euro-Atlantic integration. We are profoundly disappointed with the failure of EU member states to approve opening accession negotiations with North Macedonia and Albania last week in Brussels. Although we are not members of the EU, we agree with the European Commission's May 29 assessment that both countries have made significant reform progress, meeting the European Council's conditions and laying a solid foundation to continue reforms while opening and closing *acquis* chapters.

The European Council's inaction last week risks eroding the EU's credibility not just in the Western Balkans, but throughout Europe and globally. By not explicitly recognizing the achievements made by North Macedonia and Albania and continuing to stall their enlargement progress, the European Council sends a negative signal to other aspirants that the door to Europe

is barred. It also weakens arguments asserting the utility of enacting difficult reforms and making courageous compromises necessary to resolve regional disputes and promote peace and democratic development. Finally, it creates a leadership void that Russia, China, and others are more than happy to fill.

We remind the EU and its member states of their statements in Thessaloniki in 2003 and in Sofia in 2018 that there is a clear “European perspective” for all six Western Balkan aspirants to join the EU, based on firm, established criteria. The EU member states should clearly outline real and tangible reforms North Macedonia and Albania can achieve in the short term that will lead to a more positive outcome before the EU-Western Balkans summit in Zagreb in May 2020.

Secretary Pompeo appointed me to serve as his Special Representative for the Western Balkans to underscore the U.S. commitment to the region and deepen cooperation with our European partners to make clear there is a path to Euro-Atlantic integration that is achievable, even if it is difficult. I will focus my efforts on anchoring the region to the West, working with governments to advance reforms and strengthen them against outside malign influences, as well as helping them overcome issues that hold them back from their European and Euro-Atlantic aspirations.

One of our top priorities that has a significant impact on the entire region and trans-Atlantic security, is the normalization of relations between Serbia and Kosovo. With negotiations at a standstill, both countries risk squandering the best chance in a generation to normalize relations and move towards a more secure and prosperous future. Because of the strategic importance of this issue and the historic and limited window of opportunity for Serbia and Kosovo to reach a comprehensive agreement, President Trump has also appointed U.S. Ambassador to Germany, Richard Grenell as the Special Presidential Envoy for Serbia and Kosovo Peace Negotiations. Together, Ambassador Grenell and I will work towards helping the parties reach a comprehensive agreement on normalization. With enhanced political engagement as well as the pursuit of business and commercial incentives, we will endeavor to help the parties themselves find a locally-owned agreement that is durable, implementable, and increases regional stability. By reaching such an agreement, the parties can unlock the inherent untapped economic potential that comes with peace and integration. It is our hope this more robust approach that highlights the economic benefits of progress will help encourage Belgrade and Pristina to find a political settlement.

Our message to leaders in both Belgrade and Pristina is clear: you have an opportunity to refocus on your strategic interest by removing barriers to negotiations, refraining from engaging in provocative actions, and returning to the negotiating table with a spirit of flexibility and readiness to compromise. We expect that the new government in Kosovo will demonstrate its commitment to these shared goals by suspending the tariffs imposed on Serbian and Bosnian imports that have damaged Kosovo’s international standing. The next government should also make a clear and compelling case to the citizens of Kosovo about the importance of returning to the Dialogue negotiations.

Serbia, in turn, must cease its campaign to delegitimize Kosovo in the international community. Through its campaign to incentivize countries to withdraw recognition of Kosovo and block its membership in international organizations such as INTERPOL, Belgrade has undermined

international law enforcement cooperation and soured the atmosphere for compromise. This impedes progress toward an agreement that Serbia needs to reach its own strategic goal of integration with Europe. We are convinced that President Vucic is ready to negotiate an agreement. Once Serbia and Kosovo take these steps, we stand ready to work with him to explore options that will help him build support among the Serbian people for normalization of relations with Kosovo.

Turning to Bosnia and Herzegovina, we are supporting efforts to reach agreement or a compromise that allows for government formation at all levels as well as submission of Bosnia's ANP to NATO. We continue to find leadership at both the entity and state levels to be disappointing, parochial, nationalistic, and risk-averse, doing little to help ordinary citizens. As a new generation of political leaders emerge at the cantonal and municipal levels, particularly in the Sarajevo Canton, there is reason to be hopeful. We continue to be optimistic that Bosnia and Herzegovina can succeed, and as a guarantor of the Dayton Peace Accords, we remain committed to the territorial integrity and sovereignty of the country.

While Montenegro is the front runner within the region to join the EU, it must accelerate efforts to implement necessary reforms, such as strengthening the rule of law and tackling organized crime and corruption. We are concerned that Montenegro has backslid on media freedom in light of government interference in the public broadcaster's management and outstanding unsolved cases of attacks on journalists. We encourage the government to do more to demonstrate that Montenegro values and protects journalists, including refraining from incendiary language that encourages hostility towards journalists and imposing meaningful sentences for those who commit attacks on journalist and media property.

The peoples of the Western Balkans and their governments have made clear what they want—a more secure, prosperous, and democratic future for themselves and the entire the region. The United States fully supports these efforts—something we cannot say of all the external actors that increasingly see the region as ripe for engagement and interference. Some of these actors have very different values and very different visions for the future of the region. Russia rejects the post-Cold War settlement in Europe and is trying to push back on it with a variety of tools, overt and covert, in order to forestall the region's Euro-Atlantic integration. It seeks to incite divisions and chaos. Chinese authorities have been insinuating themselves in the region through their "17+1" and "Belt and Road" initiatives, as well as their investment in strategic industries and information and physical infrastructure, creating new political and economic vulnerabilities.

Turkish engagement and influence is present across the Western Balkans – primarily focused in Kosovo, Bosnia and Herzegovina (BiH), Albania and North Macedonia – and appears to be increasing in scale and scope in Montenegro as well. Under President Erdogan, Turkey has invested heavily in the region in an effort to expand its political, cultural and economic foothold. It has provided development aid, invested in major infrastructure projects, and restored mosques. We welcome Turkey's engagement when it serves a constructive role in helping the countries of the Western Balkans achieve their stated goal of Euro-Atlantic integration. Also, given Turkey's historical role in the region and deepening economic ties, Turkey's support of the Kosovo-Serbia Dialogue and Prespa Agreement is particularly important.

To support the countries of the Western Balkans own stated goals, we need to increase our own engagement and investment in the region and re-energize partnerships with these important partners. The countries of the Western Balkans need to know what they will get—and what they stand to lose—from the “deals” Moscow and Beijing peddle. But messaging is not enough; we need to increase American private sector presence and investment in the region. It is indisputable that congressional support has been instrumental in our successful partnership with the people and the governments of the region. Recent visits from congressional delegations to Croatia, Kosovo, Montenegro, and Serbia have helped to reinforce our shared values and demonstrate our strong support for reforms. We hope to see additional visits from Congress in the future and ask for your help in supporting U.S. businesses as they look for opportunities in the region.

Mr. Chairman, Ranking Member Shaheen, and distinguished members of this Subcommittee, thank you, again, for the opportunity to meet with you today to discuss our relationship with the Western Balkans and I look forward to our continued cooperation in the region.

I look forward to your questions.