

**SOUTHEAST EUROPE: STRENGTHENING  
DEMOCRACY AND COUNTERING  
MALIGN FOREIGN INFLUENCE**

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**HEARING**

BEFORE THE

**SUBCOMMITTEE ON EUROPE AND  
REGIONAL SECURITY COOPERATION**

OF THE

**COMMITTEE ON FOREIGN RELATIONS  
UNITED STATES SENATE**

**ONE HUNDRED FIFTEENTH CONGRESS**

**FIRST SESSION**

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**WEDNESDAY, JUNE 14, 2017**

U.S. SENATE,  
SUBCOMMITTEE ON EUROPE AND  
REGIONAL SECURITY COOPERATION,  
COMMITTEE ON FOREIGN RELATIONS,  
*Washington, DC.*

The subcommittee met, pursuant to notice, at 3:00 p.m. in Room SD-419, Dirksen Senate Office Building, Hon. Ron Johnson, chairman of the committee, presiding.

Present: Senators Johnson [presiding], Murphy, and Shaheen.

**OPENING STATEMENT OF HON. RON JOHNSON,  
U.S. SENATOR FROM WISCONSIN**

Senator JOHNSON. Good afternoon. This hearing titled "Southeast Europe: Promoting Democracy and Countering Malign Foreign Influence" of the Senate Foreign Relations Subcommittee on Europe and Regional Security Cooperation is called to order. Good afternoon and welcome.

The Senate Foreign Relations Subcommittee on Europe and Regional Security is meeting today to examine the threats, the problems, and the progress being made in Southeast Europe. We will hear from both the administration and outside experts on U.S. interests and policy options in the region.

I was in Europe about 2 weeks ago where I had the opportunity to meet with European leaders, including officials from Romania, Croatia, Montenegro, Bosnia, and others. Their message was consistent. U.S. leadership is needed in Southeast Europe. When the U.S. withdraws, the power vacuum is filled by countries with malign intent.

While in Europe, I had the pleasure of visiting Montenegro to meet with their prime minister, defense minister, and others to discuss their decision to join NATO and the issues facing their country. It is a beautiful country with great potential. Actually a little off script here, one of my suggestions to their government was they really need a ministry of marketing. Unbelievable potential that needs to be taken advantage of.

And yet, just last week, court proceedings began involving an October 2016 attempt to overthrow Montenegro's pro-West government and assassinate the prime minister. After extensive investigation, Montenegro's special prosecutor brought an indictment

against the individuals believed responsible. According to that indictment, a high-level official of the Russian main intelligence directorate instigated the plot, which was to be carried out by Serbian nationalists. Thankfully, the coup was foiled, but this should serve as a stark example of the seriousness of the Russian threat in the region.

Last week on June 5th, Montenegro, undeterred, deposited its instrument of accession to NATO officially to become the 29th member of the Alliance. This was an important milestone for both Montenegro and NATO, and it sends a clear message that NATO's doors remain open for those wishing to join and willing to make the required reforms.

It is also an opportune moment for the U.S. to recommit itself to the stability and prosperity of Southeast Europe. The United States and our European allies played a crucial role in crafting the post-Yugoslavia map. But U.S. engagement in the region is not what it once was. In recent years, Europe has taken the lead in the region promoting political and economic reforms through the incentive of EU membership.

Unfortunately, successive crises have created fissures in the European Project and led some EU members to balk at further expansion. The resulting political vacuum in Southeast Europe has led to some backsliding on institutional reforms and created an opening for destructive foreign influence, namely destabilizing Russia, disinformation, and propaganda, and radical Islamists from the Middle East.

Ultimately U.S. policy in Southeast Europe must be shaped by our vital national interests. The wars of the 20th century made clear the importance of a peaceful and prosperous Europe to U.S. security and economic prosperity. Those conflicts are similarly clear about the perils of ignoring political and ethnic tensions in the Balkans. We all want to see a Europe free, whole, and at peace.

This hearing aims to refocus U.S. attention on this important region, to examine our long-term aims, the means required to achieve them, and the threats that could frustrate them.

I would like to thank our witnesses for joining us today. I look forward to the testimony.

And I would like to turn it over to my distinguished ranking member, Senator Murphy, for his opening remarks.

**STATEMENT OF HON. CHRIS MURPHY,  
U.S. SENATOR FROM CONNECTICUT**

Senator MURPHY. Thank you very much, Senator Johnson. I want to thank you and the Senate Foreign Relations Committee for convening this hearing to consider current challenges in Southeast Europe because, frankly, this is a region that deserves much more of our attention from both sides of the aisle.

I think of it in this way. I think three of the greatest challenges that U.S. foreign policy faces come to a head inside the Balkans. First, the challenge of covert and overt Russian influence that undermines support for Western institutions and further degrades democratic governance. Second, the persistent scourge of corruption that is holding back economic progress and destabilizing governments throughout the region. And third, the rising radicalization of

Muslim youth and a relatively large number out of this region who have traveled to Syria to fight with ISIS.

The good news, though, is that every single one of these problems that confronts the region that will be the subject of our hearing today is solvable if we just apply a bit more effort and are willing to devote some new resources to the region. As a recent example, a concerted U.S.-led effort to address the foreign fighter issue has led to every country in the region passing legislation to criminalize the participation of their citizens in foreign wars.

But in the absence of clear U.S. and EU policies, internal vulnerabilities are being exposed and external actors from outside the region, namely Russia, are exerting influence to destabilize the region. Russia's presence is increasingly felt, and every single leader from the region that comes to talk to us—this is what they want to talk about. They want to talk about Russia's increased focus on the region.

This is happening at a time that the United States, quite frankly, is simply not showing up in the way that we once were. There is great concern in the region about the massive withdrawal of the United States from the Balkans and from the Western Balkans. Not having an assistant secretary for the region makes our efforts in the region very difficult. We will hear from Hoyt Yee on our second panel. He does great work, but he cannot do it alone.

Democratic progress has stalled in many of these countries, and their citizens, are still grappling with corruption, high unemployment, and the lack of opportunity. There is now a real fear that renewed nationalism and ethnic tension could throw back parts of this region into crisis. And this is not something that we should take for granted. Right? We have all celebrated the relative degree of stability that has come to that region since the time in which this Congress was obsessed with conflict there. But there is a real danger of renewed physical violence in the region between the coup attempt in Montenegro, organized violence in the Macedonian parliament, increased radicalization, as I mentioned, of ethnic Albanian youth, and Dodik's national agenda in Republika Srpska. The region is a potential tinderbox that could ignite over any number of simmering conflicts. Understanding the domestic and international drivers of these conflicts is crucial to determining how they can be addressed.

So the United States should step up our engagement in the region, and we should have a discussion today to understand how we can better assist our many partners, our increasing allies, now with the accession of Montenegro to NATO, with the challenges that they face.

And I look forward to our first and second panel today discussing all of these issues with you.

Senator JOHNSON. Thank you, Senator Murphy.

Our first witness is Mr. Damon Wilson. Mr. Wilson is Executive Vice President of the Atlantic Council. I am not reading my script.

Before I introduce our witnesses, I would like to note that our panel order has flipped due to a scheduling conflict. This is not a new precedent. You can expect administration panels to be first in future hearings. We are grateful for the administration Deputy As-

sistant Secretary Yee's flexibility being able to testify later this afternoon.

Now I will introduce Mr. Damon Wilson. Mr. Wilson is Executive Vice President of the Atlantic Council. He has served as both Senior Director for European Affairs and Senior Director for Central, Eastern, and Northern European Affairs on the National Security Council, and was Deputy Director of the private office of the NATO Secretary, assisting Lord George Robertson. Mr. Wilson?

**STATEMENT OF DAMON WILSON, EXECUTIVE VICE  
PRESIDENT, ATLANTIC COUNCIL, WASHINGTON, DC**

Mr. WILSON. Thank you very much, Mr. Chairman and Senator Murphy. Thank you for this opportunity.

And I want to start by thanking you in particular your leadership on Southeast Europe and particularly the Senate's role in acting decisively to ratify the protocols of accession welcoming Montenegro as our newest ally. That is some good news.

The Western Balkans were supposed to be a problem solved. Or at least a problem that the Americans could hand off to the Europeans, so the saying went. But sadly, as you have laid out, that is not the case.

Witness October 16th last year in Podgorica. On that election day, Montenegro's authorities disrupted a plan by Russian-backed Serbian nationalists to enter parliament dressed as security officers and to open fire on opposition supporters. The plan was to assassinate the prime minister and declare the election invalid or orchestrate the Russian-financed opposition taking power.

As you mentioned, Montenegro's independent special prosecutor has now identified two Russian military intelligence officers as masterminds. These two individuals fled Serbia 10 days after the failed coup attempt to return to Moscow just as Nikolai Patrushev, former head of the Russian Federal Security Service and current head of Russia's Security Council, arrived in Belgrade.

Contrast that spy-like novel story with October 2001 in Moscow when a then nervous President Trajkovski of Macedonia visited Russia to inform President Putin that his nation would pursue NATO membership in earnest. And Putin brushed it off, replying, "Macedonia is not Ukraine."

Putin's ambivalence about a Balkan nation pursuing NATO membership more than 15 years ago and the Kremlin's willingness to back a coup attempt last October underscores how much the geopolitical situation has changed.

As Washington turns its attention elsewhere, the EU strategy has given way to bureaucratic process increasingly detached from political vision. The consensus in the region about its future has frayed. Short-term political costs of reforms at home seem to outweigh the ambiguity of long-term benefits, and we see that stagnation actually is giving way potentially to backsliding. It is this lack of a North Star that has opened a tempting new front for the Kremlin's efforts to rewrite the rules of the post-Cold War era.

So my central message is that a little bit of effort in this region pays great dividends. Alternatively, American ambivalence today may engender a crisis tomorrow, which in turn would demand a far

greater degree of American engagement than would have been required to avoid a crisis in the first place.

So, of course, there is no bright future in the region without EU leadership. However, the United States retains a special authority given its central role in ending the fighting and stabilizing the region.

Moscow's objectives are simply to disrupt the region's integration into NATO-EU. We have seen it finance a campaign to turn public opinion against NATO in Montenegro, to destabilize Bosnia's central government, to intervene cynically in Macedonia's contested elections, nudging that country to the brink of conflict, and to operating intelligence services in Serbia without hinder bolstered by the presence of a humanitarian base. Moscow seized a low-cost opportunity because of a strategic vacuum.

For the United States, we have learned that regional conflict in the area can lead to great power conflict. The left unaddressed radicalization of Muslim populations can fuel a foreign fighter population flow. The unmitigated population flows through the region into EU states can pose a challenge to our security for countries that have a visa waiver program on their borders. And the instability in Southeast Europe risks depriving the United States of a strategic partner in the EU.

So, therefore, it is a time for us to engage with a bit more of coherent strategy, first, by establishing a sense of clarity in our common goal that results of reform at home mean that all Balkan states can be a part of a secure, prosperous transatlantic community, clarity of vision.

Second, to ensure that we make Montenegro's membership a success, the short term.

And third, that we should think about committing an enduring U.S. security presence in the region. A permanent military presence as part of a NATO force in Kosovo could serve as a deterrent force and guarantor in the region.

And fourth, we should consider the historic rapprochement with Serbia as part of this process.

We also have an opportunity to foster reconciliation and reform in Macedonia, lead efforts to resolve the name dispute and pave its way, its entry into NATO.

But I think one of the most important things is that we take a bet on the people of the region. Our objective is not simply stability. We should avoid reinforcing cozy political patronage networks often run by national forces. Working with our EU partners, we should pursue a concerted effort to provide opportunities for youth and entrepreneurs to thrive and use our leverage to create public-private partnership opportunities within these countries.

So our priority is to put an end to drift. A small show of commitment now will shore up an order painstakingly put together in response to the bloodletting of the 1990s. These measures will help grow an independent constituency for a democratic prosperous future across the region. Locals need to be reassured that new ethnic hostilities are not around the corner and that borders are not about to be redrawn under their feet. And in the same vein, Russia must be made to understand that there is no easy path for it to sow chaos in the region.

I believe now with your leadership the U.S. Senate has a unique opportunity to help drive a renewed American strategy towards the region, and we welcome the opportunity to support those efforts.  
[Mr. Wilson's prepared statement follows:]

PREPARED STATEMENT OF DAMON M. WILSON

The Western Balkans were supposed to be a problem solved. Or at least a problem the Americans could hand off to the Europeans to finish the job of completing Europe. Sadly, that is not the case.

We can celebrate the fact that since the Yugoslav succession wars have ended, Slovenia and then Croatia earned both NATO and European Union membership, and Albania and now Montenegro have joined them in NATO. Recent developments however underscore the fragility of our investments in the region nearly 22 years after the Dayton Peace Accords, 18 years after the Kosovo air campaign, and 16 years after the Ohrid Accords stabilized Macedonia ending the last violent conflict in a bloodied region.

Over the past decade as Washington turned its attention elsewhere, and European Union (EU) strategy gave way to a bureaucratic process increasingly detached from political vision, the consensus in the region about its future has frayed. To those in the region, EU membership is a distant prospect, if viable and desirable at all. The short-term costs of reforms at home, including risking the forfeiture of patronage networks, outweigh the ambiguity of long-term benefits. Stagnation is giving way to backsliding.

This dynamic is exacerbated by the uncertainties at the heart of Europe and the transatlantic relationship itself. When there is trouble in our core transatlantic community, its periphery is vulnerable to centrifugal forces.

This lack of a North Star has opened a tempting new front for the Kremlin's efforts to rewrite the rules of the post-Cold War era.

Witness October 16, 2016 in Podgorica. On that election day, Montenegro's authorities disrupted a plan by Russian-backed Serbian nationalists to enter parliament dressed as Montenegrin security officers and then open fire on opposition supporters who they had orchestrated would gather outside parliament. The plan was to assassinate the Prime Minister, and declare the election invalid or orchestrate the Russian-financed opposition taking power.

This is not a plot line from a fictional spy novel. Montenegro's independent special prosecutor Milivoje Katnic has identified two Russian military intelligence officers, Eduard Sismakov and Vladimir Popov, as masterminds. These two individuals fled Serbia ten days after the failed coup attempt to return to Moscow just as Nikolai Patrushev, former head of the Russian Federal Security Service (FSB) and current head of Russia's Security Council, arrived in Belgrade.

This story, which Western authorities and open source information validate, illustrates the brazenness with which Russia is willing to operate in a region it once considered no longer core to its strategic interests.

Contrast this with October 2001 in Moscow. Then-President Boris Trajkovski of Macedonia was visiting Russia with the aim of informing President Putin that, having achieved peace in Macedonia, the nation would now pursue in earnest membership in NATO and the EU. According to Macedonians present, this was President Trajkovski's principal message, making him nervous about the encounter. But Putin replied, "Macedonia is not Ukraine," making it clear that Macedonia's pursuit of NATO membership did not concern him.

The contrast between Putin's ambivalence about a Balkan nation pursuing NATO membership more than 15 years ago and the Kremlin's willingness to back a coup attempt last October to derail Montenegro's path to NATO underscores how much the geopolitical situation has changed.

No doubt today the European Union is the major player in the region, committing far more resources, tools, human capital, and political attention to the region. For this, Americans should be grateful. There will be no bright future for Southeast Europe without EU leadership. However, the United States retains a special authority given how central its moral voice and hard power were to ending the fighting and stabilizing the region.

My central message is that continued American ambivalence today may engender a crisis tomorrow, which in turn would demand a far greater degree of American engagement than would be required to avoid any crisis in the first place.

Don't get me wrong; professional American diplomats continue to play a central role in resolving regional problems. In fact, Deputy Assistant Secretary (DAS) of State Hoyt Yee who will testify today, along with our ambassadors on the ground,

have been central to recent political breakthroughs in Kosovo, Albania, and Macedonia. Montenegro would not have entered NATO this month without the unrelenting efforts of Ambassadors and DAS-level officials over the past few years.

But that is not enough.

We need to give our frontline diplomats a bit of backup, given Russian mischief-making can easily exacerbate Balkan vulnerabilities and escalate into full-blown wild fires. After all, Moscow is not aiming to build anything in the region. Rather Moscow's objectives only require that it disrupt the region's integration into NATO and the EU.

This environment has fostered a sense of backsliding. And yet in the most Russia-friendly populations support for Europe remains strong. Even as the EU's fortunes have declined, Serbs opt 48 percent to 35 percent in favor of Serbia joining the EU. In past years, the margin of support for EU membership has been as large as 40 points in favor.

Similarly, the economic center of gravity for the region is clearly the EU. In Serbia, which has the largest proportion of trade with Russia, only 9.6 percent of its imports are from Russia compared to 62.5 percent from the EU. Serbia exports only 5.4 percent of exports to Russia compared to 65.8 percent to EU. These figures are even more lopsided in favor of the EU in the cases of Bosnia and Herzegovina, Macedonia, and Montenegro, according to figures from the European Commission and UNCTAD.

Yet Russia maintains strategic leverage through concerted disinformation and influence campaigns, and its ability to play the energy card. Bosnia and Macedonia consume 100 percent of their gas from Russian sources; the figure is 80 percent in Serbia, according to the International Energy Agency.

Indeed, Russia has used its leverage to advance its interests in the region. Russia has financed a campaign to turn public opinion against NATO in Montenegro, and Russian resources helped turn a fringe anti-NATO, pro-Moscow party into the leading opposition party. Russia has financed Milorad Dodik giving him the means to destabilize Bosnia's central government and advance the independence of Republika Srpska. In Macedonia, Russia cynically came to the defense of former Prime Minister Nikola Gruevski in the wake of a massive wiretap scandal and contested elections, nudging the ethnically divided nation to the brink of conflict.

Russian intelligence services have been operating without restraint in Serbia, going so far as to plan the attempted coup in Montenegro last fall from Serbian territory and without the knowledge of Serbia's elected officials. Russia's influence is bolstered by the presence of a "humanitarian center" rapid response base in southern Serbia, poised to threaten Kosovo and Macedonia. Even overwhelmingly pro-American Kosovo has been subjected to an onslaught of fake news and inflammatory antics aimed at stirring tensions between Albanians and ethnic Serbs in Kosovo's north.

Russia has gone on offense as it sensed that the United States was all but withdrawing from the field. Moscow saw a low-cost opportunity because of this strategic vacuum. But before considering how to counter these disruptive and dangerous tactics, it is critical to understand why it is in U.S. interests to care in the first place.

Even the casual observer of European history understands that the continent's great power conflicts started with smaller conflicts, frequently in the Balkans, which metastasized, drawing in outside powers. Russia is stoking the flames of this historic pattern.

The dog that has not barked is the radicalization of the Muslim populations of the region. Yet it could become a serious security threat. These populations remain deeply pro-American, but over time, U.S. disengagement and lack of opportunities at home could accelerate radicalization and grow the foreign fighters pipeline, sending disenchanting recruits into the civil wars of the Middle East with the potential to return home as security liabilities.

The Balkans have also been one of the leading routes for migrants and refugees to leave North Africa and the Middle East and enter Europe. The massive refugee flows have strained local security capacity and social services. Unmitigated population flows into European Union states which participate in the Visa Waiver Program pose threats to U.S. security. We therefore have a strong interest in helping these nations secure their borders, and properly regulate refugee and migration flows.

Finally, the Western Balkans remain the unfinished business of a Europe whole and free. This concept has been at the heart of U.S. strategy toward Europe, precisely because a whole, free Europe removes the continent as a conceivable future battleground and maximizes the likelihood that the United States will have the kind of capable, coherent partner we need to address global challenges. Instability

in Europe's Southeast could deprive the United States of a strategic partner on facing challenges further afield.

Therefore, the United States should first help re-establish a clear, common vision for the region. Our message should be that as a result of reforms at home, all Balkan states can ultimately be part of a secure and prosperous transatlantic community. The United States needs to join with the European Union to re-establish clarity in our common goal at the political level.

Second, in the near-term, we must work to make Montenegro's NATO membership a success. This means working closely with our newest ally on a common security agenda, but also to help it accelerate domestic reforms, bolster the rule of law, advance its EU negotiations, and help foster a loyal opposition that takes its seats in parliament. With presidential elections in 2018, the Russians will look to leverage their success in creating the Democratic Front as an obstructionist political force by promoting an antiNATO candidate for president.

Third, the United States should commit to an enduring U.S. security presence in the region. Specifically, the United States should shift away from a mentality of progressively decreasing its security obligations to KFOR to help sustain peace in Kosovo to viewing our security presence in Kosovo as a stabilizing force and guarantor for the region. Much like the deployment of U.S. and other NATO forces in Poland and other eastern flank allies serves as a deterrent to Russia, a permanent U.S. military presence as part of a NATO force at Camp Bondsteel in Kosovo could serve as a deterrent force in the Western Balkans, a rapid reaction force as need, and provide a regional capacity-building capability.

Fourth, any move to transform our security presence in the region should be coupled if not preceded by an effort to pursue an historic rapprochement with Serbia. Serbian politicians hedge between an assertive, unappealing Russia and an ambivalent, but appealing West. The legacy of the 1999 NATO air campaign shapes public perceptions. We should both compete for Serbia and its people, as well as make clear that hedging is a dangerous course. To do this, the United States would need to develop and pursue a consistent effort in concert with key European allies.

Fifth, the United States should assume a more prominent role in fostering reconciliation and reform in Macedonia in the wake of the most recent government formation, and in doing so become a leading stakeholder in resolving the name dispute with Greece. Restoring confidence in the central government, improving interethnic relations, and creating an investment environment attractive to Western investors would complement our efforts to restore the viability of Macedonia's NATO membership and ensure the long-term security and prosperity of the region.

Sixth, we need to take a bet on the people of the region, particularly the next generation and an independent, entrepreneurial class. We need to make it clear that our objective is not simply stability. Therefore, U.S. policy must avoid reinforcing cozy, political patronage networks often run by nationalist forces like an organized crime racket. Working with our European Union partners, we should pursue a concerted effort to provide opportunities for youth and entrepreneurs to thrive outside traditional patronage networks, and use our leverage to create opportunities for them within their countries. Much like the United States has used public-private partnerships and modest public financing to attract larger numbers of students from Latin America to study in the United States, we should do the same in this region.

These measures will help diminish nefarious Russian influence in the region, begin to tip Serbia into the European camp, and grow an independent constituency for a democratic, prosperous future across the region.

Once these measures take hold, the United States could join its European partners in considering more fundamental measures to ensure a unified Bosnia. Reopening Dayton would require a level of political, diplomatic, and security engagement which neither the United States nor the EU are yet prepared to provide however. We need momentum first before we tackle head on this complex task, and we need forces inside Bosnia to lead the charge.

In the coming years, the priority of the United States must be to firmly put an end to the drift. A relatively small show of commitment now will shore up an order painstakingly put together in response to the bloodletting of the 1990s. Locals need to be reassured that new ethnic hostilities are not around the corner, and that borders are not about to be redrawn right under their feet. In the same vein, Russia must be made to understand that there is no easy path for them to sow chaos in the region.

I have come to these conclusions through our work at the Atlantic Council, which over the past year has sent delegations to nearly all the countries in the region as part of our effort to help forge a renewed U.S. strategy with and for the region. In the coming months, the Council intends to consult on and share its findings, and

help galvanize a renewed push for reform at home and integration as desired into our transatlantic community.

Many members of this committee have visited Southeast Europe, and met with national political leaders, members of civil society, and entrepreneurs. This committee has a strong track record of spotlighting American interests in the region. I believe the U.S. Senate has a unique opportunity to help drive a renewed American strategy toward the region, and we welcome the opportunity to support those efforts.

Senator JOHNSON. Thank you, Mr. Wilson.

Our next witness is Dr. Majda Ruge. I know I am supposed to roll that "R" but I am just not capable of doing so. Dr. Ruge is a fellow at the Foreign Policy Institute at Johns Hopkins University School of Advanced International Studies. Previously she was a research fellow at the Gulf Research Centre and worked as an advisor for the Delegation of the European Commission and the OSCE mission to Bosnia and Herzegovina. Dr. Ruge?

**STATEMENT OF DR. MAJDA RUGE, FELLOW, FOREIGN POLICY INSTITUTE; SCHOOL OF ADVANCED INTERNATIONAL STUDIES, JOHNS HOPKINS UNIVERSITY, WASHINGTON, DC**

Dr. RUGE. Thank you, Mr. Chairman and distinguished Ranking Member Murphy. It is a real honor to be here.

I was asked to talk about the radicalization among Muslims in the Balkans. I have covered the issue in more detail in my written testimony, and what I would like to do now is zoom out a bit and look at the context in which this radicalization is happening.

So what is the big picture? We see that radicalization is currently confined to a tiny minority of Muslims in the Balkans, the vast majority of whom are moderate and European in outlook. In Bosnia, the overwhelming majority of Muslims oppose ISIS and support the United States. In Kosovo, in certain places you will see more U.S. and NATO flags than Kosovo ones. And in Montenegro, it is thanks to votes of the 20 percent of the Muslim population that we have a pro-NATO government in place.

We also see that a small fraction of Muslims have radicalized by adopting a very rigid interpretation of Islam and non-pluralistic views that are inconsistent with local traditions. While this is a significant societal problem, a majority of those radicalized are non-violent.

Finally, we see a violent fraction of those already radicalized departing to Syria or Iraq and plotting attacks at home. The foreign fighter trend has been worrying, yet less turbulent than the Franco-Belgian phenomena: an average Bosnian Muslim is five times less likely to volunteer to be a foreign fighter than is an average Belgian Muslim.

The threat should not be downplayed as even a single person can implement a devastating attack. However, we need to acknowledge the vast majority of moderate Muslims in the region who represent a key constituency for detecting threats and preventing further radicalization.

Now, I would like to single out a few structural issues which foster radicalization in the Balkans and which need to be urgently addressed in order to stop this problem from spreading.

One, the autocratic rulers who siphon off public funds, cripple the economy, and leave populations disillusioned and susceptible to

extremist ideologies. We should remember that groups promoting radical ideologies fill not just spiritual gaps but also gaps in health, social services, and education.

Secondly, the use of nationalism and fear-mongering by these same rulers to divert from their shortcomings in governance, which deepens divisions in society. If you look at ISIS propaganda videos that are targeting Balkans, the victimhood of Muslims in ethnic cleansing campaigns in the 1990s is at the center of their message. The continued denial of war crimes and the celebration of war criminals reinforces this perception of victimhood and directly helps the jihadi recruitment drive.

And third, the very institutions that were built up with U.S. and EU assistance to protect the society from criminal threats and terrorism are being actively undermined by the same autocratic leaders who see them as threats to their own power. Just to give you an example, for the past 10 years, Bosnian Serb leader Milorad Dodik has been undermining all national law enforcement agencies set up by the U.S. and the EU, partly to fight terrorism.

For instance, in the beginning of the last year, he has banned SIPA, the Bosnian version of the FBI, from accessing RS territory. This is like the Governor of Georgia banning FBI from his State. It is only due to international pressure that he was forced to back off.

Much of this dynamic has developed since the U.S. has disengaged from the region. Left unchecked, the prospect of state failure, at least in one of the Balkan states cannot be ruled out. And this would massively fuel radicalization among Muslim populations. So this is certainly not the time for the U.S. to disengage further. And the type of engagement that is mostly needed is political and requires only a modest investment of time and attention.

In conclusion, to strengthen the resilience against further radicalization in the Balkans, the U.S. should pursue a two-pronged approach. One, help contain the further spread of radical ideas. Here we need to identify all extremist ideologies as a key driver for radicalization and mobilization to violence. While Islamist ideologies act as pull factors, extremism by non-Muslims definitely act as push.

Second, continue to counter politically motivated challenges to democratic institutions in the Balkans. Macedonia was just pulled back from the brink of conflict in large part due to U.S. diplomatic pressure to form a new democratic government. And this shows that even limited U.S. engagement can pay dividends.

[Dr. Ruge's prepared statement follows:]

#### PREPARED STATEMENT OF DR. MAJDA RUGE

##### INTRODUCTION: DEFINING THE PROBLEM IN A HISTORICAL AND POLITICAL CONTEXT

Radicalization is understood as a process by which an individual or group comes to adopt increasingly extreme political, social, or religious ideas that reject or undermine the status quo in a society in terms of existing ideas, norms and practices. By this definition, what is considered quite normal in one society can be considered radical in another. Dress code and legal restrictions for women in Saudi Arabia would be a symbol of radicalization in Balkan societies, where traditionally European legal and dress codes apply. Radicalization therefore can take different forms, is not always violent, and does not necessarily serve a particular political goal. In the Balkans it has manifested itself in a diverse array of conservative Islamic move-

ments, usually referred to as Salafis, that are far from being a homogenous group in their orientation or aims. While the majority of these groups are non-violent, several are considered a potential security threat by government agencies and some of them have members turned foreign fighters in Syria and Iraq or have plotted terrorist attacks at home.

Radicalization of Muslims in the Balkans has to be understood within the context of the recent history of armed conflicts in the 1990s, which opened a window for outside proselytizing influences on Muslim communities. It did so in two ways. First, the inflow of the foreign Mujahideen from the battlefields of Afghanistan introduced various ideologies initially foreign to the Balkans, a trend that continued in the post-conflict era through foreign (or foreign-educated) clerics, NGOs and Internet-based platforms. Secondly, the extreme form of violence used against Muslims during the conflicts of the 1990s, including the campaigns of ethnic cleansing and genocide, have colored the postwar perceptions of the Muslim population, in some cases creating a fertile ground for the recruitment into radical beliefs and practice of Islam. While all ethnic groups suffered losses, Muslim communities in Bosnia and Kosovo were disproportionately affected by campaigns of ethnic cleansing, with the highest numbers of civilian casualties.<sup>1</sup> Given that the majority of Muslims in the prewar era were not deeply religious, the notion that “their lack of true belief was to blame for ethnic cleansing and genocide” is often used by radical clerics to strengthen their recruitment narrative in the Balkans.

#### RADICALIZATION: TRENDS AND ISSUES

Generally speaking, we can distinguish between two forms of radicalization taking place among Muslim communities in the Balkans:

- Non-violent radicalization, which some scholars refer to as “radicalization of belief and behavior.”<sup>2</sup> Since the Balkan wars in the 1990s, a small percentage of Muslims in the region have, via external influences, adopted a very conservative and rigid interpretation and practice of Islam often seen in Salafi tradition, built on denial of local traditions and practices, and contradicting local laws on family, gender equality and education.<sup>3</sup> Although most of the “converts” in this category are non-violent, the spread of the Salafi ideology introduces additional tensions in the already fragile and socially divided societies of the Western Balkans. Furthermore, the groups spreading the ideology are anti-pluralist in their orientation and often promote a very rigid and uncompromising Muslim identity, based on transnational rather than local allegiances. Combined with other push factors, this disconnect from local identity and traditions may play a determinant role in motivating foreign fighters to Iraq and Syria.
- Radicalization linked to violence has been observed among a small fraction of the population, whether through participation in terrorist attacks at home or abroad, or as combatants in Syria and Iraq. In the Bosnian context, at least 1/3 of foreign fighters had prior criminal backgrounds, and represent about 1 percent of those already considered radicalized.<sup>4</sup> While one should not underestimate the threat emanating from violent extremists, it is important to keep in mind that these groups represent a small percentage of the total Muslim population. There are approx. 6.4 million Muslims spread around the territory of Bosnia (approx. 1.9 million), Kosovo (approx. 1.7 million), Albania (approx. 1.7 million) Macedonia (approx. 809,000) and Serbia (approx. 229,000). It is estimated that between 800–1000 individuals from these six states have gone to Syria and Iraq between 2012–2016. This represents approximately 0.015 percent of the total Muslim population of the countries covered. If we compare foreign fighters as a percentage of the total Muslim population rather than per capita of the entire population, then the Muslim population in the Balkans produces a smaller percentage of foreign fighters (0.011 percent–0.018 percent) than, for example, France (0.04 percent). In comparison to Belgium, an average

<sup>1</sup> In Bosnia, 64,000 Muslims were killed, out of which 33,000 were civilians). The Srebrenica genocide, in which over 7,000 Muslim men and boys were killed and about 20,000 more expelled from the area, was the worst episode of mass murder in post-WWII European history. Over 600 mosques were destroyed in Bosnia between 1992–1995.

<sup>2</sup> Edina Becirevic. *Salafism vs. Moderate Islam: A Rhetorical Fight for the Hearts and the Minds of Bosnian Muslims*. Atlantic Initiative, 2016.

<sup>3</sup> *Ibid.*

<sup>4</sup> ISIS propaganda in the Balkans has targeted criminal individuals with tailor-made messages promising redemption from their sins.

Bosnian Muslim is 4.7 times less likely to become a foreign fighter than is an average Belgian Muslim.<sup>5</sup>

Yet as even a small number of well-organized individuals can implement a devastating attack, the risk of terrorism in the Balkans should not be underestimated. Given the loss of ISIS territory in Syria as well as more effective monitoring by local security agencies, no departures to Syria and Iraq from the region have been documented in 2016.<sup>6</sup> Instead, the ISIS propaganda arm has called on its Balkan followers to carry out attacks at home—a reason for more vigilance. Regional experts expect no foreign fighters to return to the Balkans from those still remaining in Syria.<sup>7</sup>

To date, security agencies in the region have been able to contain the threat relatively well, taking into account the general weakness of state institutions in the region. A number of planned terrorist attacks were thwarted; a number of returnees from Syria and Iraq were arrested and charged and many more were prevented from leaving in the first place.<sup>8</sup> Each country in the region has adopted a counterterrorism strategy, criminalized the recruitment and participation in conflicts abroad, and issued sentencing guidelines, which range from 5 to 15 years of imprisonment, and in the case of Kosovo, potential loss of citizenship.<sup>9</sup> In Bosnia, 42 individuals have been sentenced so far to 150 combined years for acts of terrorism, recruitment of foreign fighters and departure to Syria.<sup>10</sup>

#### PUSH AND PULL FACTORS

Several sociological and political phenomena have combined in the post-conflict period to compound the problem of radicalization. These include both “push” and “pull” factors. The first category occurring within the Balkans includes the postwar trauma, mistrust and prejudices among ethnic groups, broken and dysfunctional families, and mental health issues. As important are political and economic push factors, most notably unaccountable and corrupt governments, general lack of economic prospects and high youth unemployment. Combined, these factors have yielded significant segments of the population lacking any positive vision about their future and disillusioned with their political (and sometimes religious) leaders, whom they view as politically and morally corrupt. The external pull factors of radical ideology, proselytized by foreign or domestic clerics, NGOs, charities and radical internet platforms, are likely to be more effective among these segments of the population.

While there is no single explanation behind the trend of violent radicalization, regional experts have identified some patterns, such as preexisting criminal backgrounds, links to extremist Diaspora groups in the EU, unemployment, family problems, and mental health issues.<sup>11</sup>

An important push factor in the Balkans is extremism and fear mongering by non-Muslim groups. Given the recent history in the Balkans, denial of war crimes, celebration of war criminals, and occasional incidents of violence will reinforce fears among Muslims that the experience of the 1990s may be repeated.<sup>12</sup> Besides radical nationalist groups who engage in military parades and committacts of violence, there is also a proclivity of authoritarian politicians to use nationalism to distract from their failures in governance, further deepening the divisions in society and fueling the process of radicalization. It is precisely such perceptions that facilitate jihadist recruitment, as ISIS propaganda targeting the Balkans places the victimhood of Muslims in the 1990s at the center of their campaign. Similarly, some non-violent Salafis build their Muslim followings by pointing to continuing dangers of Serb aggression that will not disappear until Bosnian Muslims embrace “true Islam.”

<sup>5</sup> Vlado Azinovic, Ed. “Between Salvation and Terror: Radicalization and the Foreign Fighter Phenomenon in the Western Balkans.” Atlantic Initiative, 05/25/2017.

<sup>6</sup> Ibid.

<sup>7</sup> Ibid.

<sup>8</sup> Ibid.

<sup>9</sup> For a detailed discussion of Balkan countries’ counterterrorism strategies and approaches see Vlado Azinovic, Ed. “Between Salvation and Terror: Radicalization and the Foreign Fighter Phenomenon in the Western Balkans.” Atlantic Initiative, 05/25/2017

<sup>10</sup> <https://www.klix.ba/vijesti/bih/za-terorizam-u-bih-do-danas-optuzene-42-osobe-izreceno-ukupno-150-godinzatvora/170524029>

<sup>11</sup> Ibid.

<sup>12</sup> The provocative acts which celebrate war criminals or acts of violence include opening of a student center named after Radovan Karadzic by the RS leader Milorad Dodik, parades by “Cetnik” battalions in Visegrad where about 3,000 Muslims were killed by Serb paramilitary brigades, and attacks on the ceremony of laying the groundstone for the reconstruction of a Ferhadija Mosque in Banja Luka.

Therefore, all extremist ideologies, whether Salafism, Jihadism, political manipulation of nationalism, and non-Muslim extremism, drive radicalization and can mobilize to violence. While “Islamist” ideologies act as a pull factors, the continued extremism by non-Muslims against Muslims operates as a push factor.

#### STRUCTURAL PROBLEMS AND FUTURE TRENDS

##### *1. Authoritarian nationalist rule as the single most important domestic driver of future radicalization*

Several structural issues, which foster radicalization in the Balkans need to be urgently addressed to keep this problem from spreading. Domestically, most of these issues can be traced back to one core problem: unaccountable rule by nationalist authoritarian leaders. While this problem is present in all states of Western Balkans, in states divided by ethnic lines it creates a particularly dangerous mix of authoritarianism and nationalism, as unaccountable rulers exploit nationalist discourse to cover up their failures in governance. This produces two mutually reinforcing trends unfolding in parallel: deepening of societal divisions and weakening of democratic institutions. Several examples of how the authoritarian elites increase the prospects of radicalization and cripple the capacity of government institutions to deal with the problem are worth highlighting:

1. Autocratic rulers siphon off public funds, cripple the economy and leave populations disillusioned and susceptible to extremist ideologies. Given that groups promoting radical ideologies fill not just spiritual gaps, but also gaps in health, social services and education, these groups are more likely to gain foothold in societies with weak economies and inadequate medical and social services.
2. The very institutions that are meant to be responsive to society and protect it from criminal and terrorist threats are those being actively undermined by authoritarian leaders, who see them as threats to their own power. The law enforcement institutions in Bosnia were built up through considerable U.S. and EU investment of political capital and funds, in part to fight terrorism in the aftermath of September 11, 2001.<sup>13</sup> These agencies have so far been effective in containing the terrorist threats. However, as they also have jurisdiction over corruption and crime, they have been the object of attacks in places like the Republika Srpska, given several corruption investigations against its political leader Milorad Dodik. The attacks on law enforcement institutions can be seen in the context of a decade long campaign to undo reforms that were built up since 1996 with EU and U.S. assistance, giving the extremely weak BiH government under Dayton a small number of additional competencies.
3. In Macedonia, the authoritarian leaders prevent reconciliation by manipulating societal divisions in order to distract from failures in governance. In parallel, they engage in relentless branding of the opposition as national traitors. While the nationalisms promoted by VMRO-DMPNE leadership in Macedonia and Milorad Dodik in Bosnia are quite different (one is state centric, the other secessionist), in both cases Albanians or Bosniaks (predominantly Muslim groups) are often used to create the image of an enemy, a strategy feeding Muslim victimhood perceptions that may yield dangerous consequences. The recent attack on the Macedonian parliament is a case in point, where an organized mob was let into the parliament by VMRO MPs, attacking members of the opposition and the leader of an Albanian party, who barely survived his injuries. In Bosnia, denial of war crimes, glorification of war criminals feed the Bosniak victim complex. In Serbia, 2017 presidential election campaign has been loaded with Kosovo-related provocative rhetoric and actions, the train-turned-nationalistic billboard being only one example. Furthermore, Bosniak and Albanian nationalisms tend to be reactive, sometimes misusing the narrative of victimhood and in the latter case, promoting the idea of greater Albania.
4. Finally, the authoritarian leaders actively undermine EU membership, currently the only external stabilizing factor in the region. Nationalist parties in several states in the region have a long record of blocking EU-related reforms, dismissing EU integration as only one possible path among others and opposing the NATO membership. Macedonia has just managed to form a new democratic government, in large part due to U.S. diplomatic pressure. While the new government has immediately set the EU and NATO agenda as its priority, they

<sup>13</sup> Key institutions in Bosnia include the State Investigation and Protection Agency with jurisdiction to investigate terrorism, the BiH Prosecutors Office and the BiH Court with jurisdiction to prosecute and adjudicate such cases.

will have to surmount a number of challenges, including the politicized administration and judiciary they have inherited from 11 years of authoritarian rule.

Therefore the greatest threat to U.S. interests is the continuation of radical politics embraced by corrupt politicians in the Balkans who employ divisive nationalist rhetoric to weaken the rule of law, state functionality and fragile agreements brokered under the tutelage of the U.S. and the EU. Given these trends, the threat that urgently needs to be addressed is the prospect of state failure in Bosnia, and possibly renewed violence in the Balkans. This would no doubt fuel radicalization among Muslim populations on a much more serious scale.

## 2. *Foreign Influences: Saudi Arabia and Gulf*

There are many media reports regarding the influence of Middle East based religious institutions and charities spreading a conservative and rigid interpretation of Islam in the Balkans and promoting social norms which run counter to local legislation and tradition. In these reports, the Gulf States, in particular Saudi Arabia, have in the past been singled out as key actors, financing new mosques, educating clerics who are then sent back to promote the Saudi version of Islam, and supporting NGOs and humanitarian organizations addressing social needs while spreading the faith. There is much anecdotal evidence of Gulf money being used to encourage Balkan Muslim communities to convert, leading to radicalization of belief and behavior.<sup>14</sup> It is not easy to establish the exact extent to which Gulf States (rather than individual nationals of those states) have engaged in such activities in the past decade, particularly after 2001. Saudi Arabia has rejected such claims repeatedly. More recently, Riyadh has underlined its determination to work with the U.S. Government in fighting both terrorism and violent extremism. The Saudis can point to a number of deradicalization and counterterrorism measures that have been initiated by the Saudi government over the last decade. These provide a sense on how Saudi Arabia and other Gulf states can be engaged more constructively in working against religious radicalism in the Balkans. The following initiatives are worth highlighting:

- In 2014, a number of anti-terror laws were passed, listing several organizations and groups as terrorist organizations
- Support for and joining jihadist organizations has been criminalized, and the authorities have cracked down on individuals supporting ISIS and AQ, be it financially, ideologically (in particular online support) or preparing to join jihadist groups. The number of convictions for such offenses have gone up.
- Creation of a Media Centre in the Royal Court including the Digital Extremism Observatory (DEO) which monitors online content and utilizes sophisticated software to engage in real time analysis of Jihadist social media content.
- Creation of the Global Center for Combatting Extremist Ideology which was opened during the visit of President Trump to Riyadh in May which has partly incorporated the DEO structure.
- Creation of a Center for Ideological Warfare at the Saudi Ministry of Defense
- Establishment of the Islamic Military Alliance to Fight Terrorism (IMAFIT) along with a multinational CT Center at the Alliance's HQ in Riyadh.

Critics of these efforts assert that these new developments lack substance and are part of a strategic communication campaign designed to highlight Saudi efforts while blaming other countries in the region for supporting radical groups. Taking the Saudis and other Gulf states at their word could open space for concrete initiatives to counter a) radical rhetoric of imams or individuals b) abandon efforts to proselytize an Islam incompatible with local traditions c) assist with digital counter-radicalization initiatives.

### POLICY RECOMMENDATIONS

If we define U.S. interests as creating conditions that will strengthen resilience against radicalization in the Balkans, then these should be pursued through a two-pronged approach.

First, the U.S. is well advised to invest political and diplomatic capital to counter politically motivated challenges to state structures, democratic institutions, and civil society.

<sup>14</sup> Edina Becirevic. Salafism vs. Moderate Islam: A Rhetorical Fight for the Hearts and the Minds of Bosnian Muslims. Atlantic Initiative, 2016.

Second, it should assist where it can to contain the further spread of radical ideas, including those promoted by extremists belonging to other national groups.

Some detailed ideas are outlined below:

1. Countering politically motivated challenges to state structures and democratic institutions requires U.S. and EU political engagement and the willingness to sanction political provocations against the state and radical rhetoric against other ethnic groups, civil society and opposition parties. Here, the U.S. policy should not be to support individual actors, but defending democratic principles and institutions regardless of the party in power. Cooperation and coordination with the EU and its leading member states is of critical importance.
  - Macedonia was—in part due to U.S. engagement—pulled back from the brink of the conflict, mobilized across ethnic lines and regained its democracy. The U.S. should support all initiatives aiming to reestablish rule of law in Macedonia. Furthermore, fast invitation to Macedonia to join NATO will have a calming effect on the region and boost the efforts of the new reform government.
  - In Bosnia, the U.S. and EU should maintain strong focus on consolidating state (national) structures in context of EU integration and encourage the EU, IMF and World Bank to do the same. They should also address the post-war manipulation of nationalism and inter-communal fears in a more direct manner. Politicians should be called out for their behavior (named and shamed). Credible threat of sanctions can sometimes be more useful than sanctions themselves.
  - Support retention of High Representative and EUFOR until significant improvement in functioning of state institutions and political rhetoric aimed at reconciliation.
  - The success of U.S. (or EU) policy objectives will depend on the strategies through which the available tools are used and the skills of the personalities appointed in key positions (for instance, various Special Representatives). As the EU contemplates closing EUSR missions in several Balkan states, it is of utmost importance to communicate that instead of closing these missions, Brussels should devote more attention and resources to appoint personalities with a vision, strategy and skills to negotiate and communicate political messages that back up the EU agenda.
  - Insist on and support better cooperation between law enforcement agencies at all levels of government with state in coordinating role. Ensure that functioning institutions and agencies remain in place and that challenges to these institutions do not go unsanctioned.
  - Keep the three international judges on the BiH Constitutional Court.
2. Containing the spread of radical ideology requires acknowledging and engaging the large majority of moderate Muslims in the region.<sup>15</sup> Building a counter-ideological narrative is crucial to prevent further spread of radical ideology. Rooting Bosnian Muslims in their local customs and traditions can strengthen resilience against external influences, such as Salafism. Moderate imams in Kosovo teach schoolchildren how to anticipate and build a counter-narrative to the arguments extremists may use to entice them. Similar projects should be encouraged elsewhere in the Balkans, constructively engaging local religious leaders and counter terrorism experts. Here, one should keep in mind that there are certain areas where America is not the best “frontline” messenger. An American touch to anti-extremism counter-narrative may in some cases be counterproductive.

Some ideas of additional measures are listed below.

- Encourage Islamic Communities in the region to open up to more liberal interpretations of Islam, promote moderate Imams and avoid entering competition with Salafi influences by becoming more conservative.
- The reinvigorated relationship of the U.S. with Saudi Arabia could be used to encourage the GCC governments to undertake several steps in countering any radicalizing influences. In particular, encourage the Saudis and other Gulf states to launch concrete initiatives to counter a) radical rhetoric of imams or individuals b) abandon efforts to proselytize an Islam incompatible with local traditions c) assist with digital counter-radicalization initiatives.

<sup>15</sup> The EU is already entering into cooperation with the Islamic Community in Bosnia to work on deradicalization.

- About half a million Americans are of Bosnian origin. Plenty of IT businesses are run by first generation Bosnian Americans, who are also present on the Bosnian market. These businesses could be incentivized to get engaged in digital initiatives similar to Jigsaw, the Google owned tech incubator that developed programs targeting individuals watching online ISIS propaganda and placing links to Arabic and English language video clips which would counter such propaganda. These included testimonials from former extremists, imams denouncing ISIS's corruption, ultimately dissuading them from responding to the group's calls for violence. Combining the IT expertise of these businesses, their knowledge of the language, and access to moderate Imams in the region could produce a version of such software which could target the populations in the Balkans more effectively than many conferences and workshops that western funds are currently being spent on.
- Support community programs where imams and psychologists could be the first to answer voluntary hotlines to be used family members of those radicalized. In the U.S., in over fifty percent of the cases the family knew that their family member was radicalizing. While they will often not make a call to a security agency, they might call a hotline that provides rapid intervention by a psychologist or an Imam, to talk to their children.
- Draw on lessons learned in the U.S. from projects such as Cure Violence to the field of preventing violent radicalization. Many foreign fighters return disillusioned by what they have seen, these individuals can and should be used to prevent future radicalization.

### Tables

Source [Tables 1, 2, and 3]: Vlado Azinovic, Ed. "Between Salvation and Terror: Radicalization and the Foreign Fighter Phenomenon in the Western Balkans." Atlantic Initiative, 05/25/2017

**Table 1: Western Balkans Foreign Fighters (FF), 2012-2016<sup>2</sup>**

Country	Total FFs 2012-2016	Returnees	Killed	Still in Syria/Iraq
Albania	140	44	20	<b>76</b> (including 12 women & 32 children)
BIH	240	56	70	<b>114</b> (including 53 women & 40+ children)
Macedonia	140-150	72-86	25	up to <b>25</b>
Kosovo	316	117	58	<b>141</b>
Montenegro	20	-	5	<b>15</b>
Serbia	43-100	11	11	<b>21</b>

**Table 2: FF recruitment among general populations in the Western Balkans**

Country	FF per 1,000,000 people	Prevalence of FF in general population
Albania	50	1 in 20,226
Bosnia and Herzegovina	68	1 in 14,713
Macedonia	66	1 in 14,222
Kosovo	175	1 in 5,505
Montenegro	33	1 in 31,000
Serbia	8	1 in 167,136

**Table 3: FF recruitment among Muslim populations in the Western Balkans**

Country	FF per 100,000 Muslims	Prevalence of FF in Muslim population
Albania	9	1 in 11,758
Bosnia and Herzegovina	14	1 in 7,370
Macedonia	21	1 in 4,648
Kosovo	19	1 in 5,285
Montenegro	18	1 in 33,700
Serbia	20	1 in 5,182

Senator JOHNSON. Thank you Dr. Ruge.

Our final witness is Ms. Ivana Bajrovic. Ms. Bajrovic is a senior program officer at the National Endowment for Democracy overseeing the democracy assistance program in Southeast Europe. Prior to joining NED, Ms. Bajrovic trained U.S. soldiers deploying to the Balkans and supported the NATO peacekeeping mission to Bosnia. Ms. Bajrovic?

**STATEMENT OF IVANA CVETKOVIC BAJROVIC, ASSOCIATE DIRECTOR FOR EUROPE, NATIONAL ENDOWMENT FOR DEMOCRACY, WASHINGTON, D.C.**

Ms. BAJROVIC. Thank you, Chairman Johnson, Ranking Member Murphy, for this opportunity to address you today and discuss the challenges facing Southeast Europe and how to best respond to them. And on behalf of the National Endowment for Democracy, I would like to thank you for ongoing support and commitment to the region.

I would like to maybe outline some of the democratic declines that you have already sketched out, as did my distinguished colleagues here, and that have been characterized by weak and compromised institutions, autocratic strongmen, growing media capture, lingering ethnic grievances, and worsening regional relations. All of these conditions unfortunately open a lot of space for external actors to misuse them and exert their influence.

Russia, in particular, is exploiting these weaknesses in an effort to gain greater geopolitical influence, and, even though other authoritarian actors are standing in the wings, I would single out Russia as the most concerning external threat, having expanded its influence to a greater degree here in Southeast Europe, the region that we are discussing today, and more than anywhere else in Europe, save for Ukraine.

Mr. Wilson has already outlined some examples of how far this reach and how extensive this reach is, but I would just like to point out this June 4th article in “The Guardian” which was penned by several NED grantees and alleges that Russia has carried out a decade-long campaign to, “spread propaganda and stroke discord in the region with the goal to create a strip of militarily neutral countries that would include Bosnia and Herzegovina, Macedonia, Montenegro, and Serbia.”

Montenegro's successful bid last week presents a major blow to this plan, and just how big of a blow I think is best illustrated by the Russian Foreign Ministry's tweet in response to the announcement that Montenegro has become a NATO member state, which says that Montenegro's anti-Russian hysteria and hostile policy—in response to it, Russia, “reserves the right to take reciprocal measures.”

I draw your attention to this tweet because such brazen language emboldens illiberal elements and extremist radicals in the region to attack those advancing and defending democratic principles, including civil society groups and media supported by the Endowment.

I will give you one example. In January this year, the Youth Initiative for Human Rights, one of the leading pro-democracy groups in the region and a longtime NED grantee, was attacked by a gang of six men who labeled the group's activists traitors and foreign mercenaries. It will turn out later that at least two of these assailants are identified as being affiliated with a pro-Russian nationalist group and had fought in eastern Ukraine.

Other activists, human rights defenders, and journalists have also come under heavy attack for their work in promoting democracy and fundamental freedoms in their countries, including the grantees I mentioned have contributed to “The Guardian” article. It is precisely this type of groundbreaking investigative work that they are doing that strengthens democracy in the region and presents the best defense against disinformation and malign foreign influence.

Mr. Chairman, as both of my colleagues have mentioned, any extended political crisis, economic downturn, or foreign meddling could easily push the region towards instability and even renewed conflict. The best case scenario we can hope for at this time, without greater Western attention, is the preservation of an illiberal status quo with increasingly autocratic leaders who continue to weaken democratic institutions, restrict media freedoms, and worsen ethnic tensions, while offering the international community short-term deliverables in the name of maintaining stability.

For far too long, stability has been the principal goal of Western policy in the post-conflict Balkans, and lowering the bar on democratic progress has weakened the transformational power of the EU and we need to recognize that. Together with EU disengagement, this has left a vacuum that other external players are eager to exploit.

Therefore, Western governments need to recognize the urgency of the situation and the potential costs of the crisis the region might be facing. They should press for real democratic progress, which is the key to regional security and long-term stability.

In my written testimony, I have provided a more extensive list of recommendations. Here I would like to focus on just three, those that are particularly focused on strengthening democracy through the support of civil society, the type of groups that NED is working with.

One, challenge undemocratic practices and trends especially in direct communications with the region's leaders. Those who are fighting for democracy can and do suffer when the West is incon-

sistent and does not provide political support for the work that they do. They deserve our solidarity and the unwavering support of the American people, for they defend not only their own fundamental values but also ours.

Two, adopt a more pluralistic approach to promoting reform by reaching out to a diversified group of political, civic, and media actors. Self-proclaimed ethnic leaders and factors of stability should not be allowed to monopolize and manipulate important reform processes. We should recognize those pro-democratic opposition leaders, civil society activists, and independent journalists for the contributions they are making. And here I would like to make a personal appeal that when you visit the region, you really make sure, if it is possible, to find some time to meet with some of the brave individuals who are doing this excellent work.

And third, continue to provide democracy support to civil society organizations, independent media, and moderate political parties. And this does not necessarily require increased assistance, but what it does ask for is a rededication to the values that will help to achieve meaningful democratic progress.

Mr. Chairman and Ranking Member Murphy, let me conclude by just noting that as a Bosnia native and a person who was personally affected by the war in the 1990s, I have a special appreciation for the bipartisan support in Congress which helped to end the conflicts in the 1990s. Reinvigorating this support for the region's full democratic progress would leave absolutely no room for interpretation regarding American values—or misinterpretation, rather—and therefore no space for dangerous alternatives that are advocated from the East.

Thank you very much. I look forward to your questions.

[Ms. Bajrovic's prepared statement follows:]

PREPARED STATEMENT OF IVANA CVETKOVIC BAJROVIC

Chairman Johnson, Ranking Member Murphy, distinguished members of the subcommittee:

Thank you very much for holding this timely and important hearing on the challenges facing Southeast Europe. I welcome the opportunity to speak to you today on how to best respond to them. And on behalf of the National Endowment for Democracy (NED), I would like to thank you for your ongoing support and commitment to the region.

With Congressional funding, NED has supported democratic development in Southeast Europe since the early 1990s, providing steadfast support to civil society organizations in their efforts to address difficult post-communist and post-conflict challenges, and advance the region's democratic transition and Euro-Atlantic integration. Today, we work with over 80 civil society and media organizations across the region, from Croatia to Albania.

Thanks in great part to international support, the Western Balkans have made notable progress, especially during the first decade following the U.S.-led intervention to end the war in Bosnia and Herzegovina. The last ten years, however, have witnessed a democratic decline across the region. Despite the region's proximity to the European Union, and some noteworthy progress towards accession, the countries of the Western Balkans have moved away from democratic consolidation. The current situation—characterized by weak and compromised institutions, autocratic strongmen, growing media capture, lingering ethnic grievances, and worsening regional relations—is increasingly perilous.

Russia is exploiting these weaknesses in an effort to gain greater geopolitical influence. The Kremlin seeks to weaken democratic transitions in the region, curtail Euro-Atlantic integration, and undermine NATO and the EU. Other authoritarian actors with interests in the region—Iran, the Gulf States, and China—stand in the wings, though their political influence currently is marginal. Turkey is an exception:

like Russia, it also is using a mix of investment, media influence, and direct support to like-minded political forces to increase its authority.

Still, Russia remains the single most concerning external threat in the region, having expanded its influence to a greater degree there than anywhere else in Europe, save Ukraine. It currently operates a so-called “humanitarian center” in southern Serbia, near the border with Kosovo; and there are rumors that it plans to establish another in the north. Russia may have been involved in the attempted overthrow of the government in Montenegro last year. It recently began including Serbian children in paramilitary camps for youth, which include weapons training.

Just how far Russia’s meddling in the region goes is best captured by the June 4 article in *The Guardian*, which was penned by several NED grantees. Based on leaked intelligence documents, the article alleges that Russia has carried out a decade-long campaign to “spread propaganda and stroke discord” in the region with the goal to “create a strip of militarily neutral countries” that would include Bosnia and Herzegovina, Macedonia, Montenegro, and Serbia.

Montenegro’s successful NATO bid last week presents a major blow to this plan: immediately following the announcement of the transatlantic Alliance’s new member state, the Russian Foreign Ministry’s tweeted that, in response to Montenegro’s “anti-Russian hysteria” and “hostile policy,” Russia “reserves the right to take reciprocal measures.”

Such brazen language emboldens illiberal elements and extremist radicals in the region to attack those advancing and defending democratic principles, including civil society groups and media supported by the Endowment.

In January this year, the Youth Initiative for Human Rights (YIHR)—one of the leading prodemocracy groups in the region and a long-time NED grantee—was attacked by a gang of six men, who plastered the group’s Belgrade offices with messages of hate that labeled the group’s activists “traitors” and “foreign mercenaries.” At least two of the assailants were identified as being affiliated with a pro-Russian nationalist group and had fought in the Russia-fomented war in eastern Ukraine. This attack was preceded by a relentless campaign in the government-controlled media that portrayed the YIHR as a U.S.-funded group and smeared its leader, Anita Mitic.

Unfortunately, Anita is only one of the many brave individuals who have come under heavy attack for their work in promoting democracy and fundamental freedoms in their countries. Civic activists, human rights defenders, and journalists—including the NED grantees who contributed to *The Guardian* article—are being singled out as “foreign agents,” threatened, and even physically attacked.

One of them, Stevan Dojcinovic, is editor-in-chief at Belgrade’s Crime and Corruption Reporting Network (KRIK) and a winner of the Global Shining Light Award for Investigative Journalism. Stevan is regularly vilified in the pro-government media and denounced for instigating instability with assistance from the West. Yet, it is precisely the type of groundbreaking investigative work which Stevan and his colleagues are doing that strengthens democracy and presents the best defense against disinformation and other malign foreign influence.

The ill-advised and dangerous approach by nationalist governments and their proxies not only threatens the activists themselves, but also damages real democracy and, consequently, any lasting stability in these countries. For without strong rule of law, fully transparent and accountable governments, guaranteed fundamental freedoms, and unrestricted political and civic participation, both the security of the region and the stability of Europe and transatlantic relationship will remain at risk.

Homegrown extremist groups are capitalizing on some of the same weaknesses as external actors, especially endemic corruption and a lack of economic prospects. While the number of foreign fighters recruited in the Balkans to fight in Syria and Iraq seems to have plateaued, any extended political crisis, economic downturn, or foreign meddling could easily push the region towards renewed radicalization and even conflict.

This, of course, is the worst case scenario. The large-scale, protracted warfare that the region witnessed in the 1990s is unlikely. However, even an isolated, short-term, or small-scale conflict is likely to spill across borders in region still riddled with post-war grievances.

Without greater Western attention, the best case scenario one could hope for is the preservation of an illiberal status quo, with increasingly autocratic leaders who continue to weaken democratic institutions, restrict media freedoms, and worsen ethnic tensions, while offering the international community short-term deliverables in the name of “maintaining stability”.

For far too long, “stability” has been the principal goal of Western policy in the post-conflict Balkans. Lowering the bar on democratic progress has weakened the

transformational power of EU integration and accession. Looking the other way when alleged aspirants skirt difficult reforms and water down democratic institutions has only served to delegitimize the EU in the eyes of frustrated citizens across the Balkans. Together with U.S. disengagement, this policy of acquiescence has left a vacuum that other external players are eager to exploit.

Mr. Chairman, Western governments need to recognize the urgency of the situation and the potential costs of the crisis the region is facing. They should press for real democratic progress, which is the real key to regional security, long-term stability, and countering malign foreign influence. This can be done in several cost-effective ways:

- Demonstrate a strong and consistent dedication to democratic principles:
  - *Challenge undemocratic practices and trends in progress reports, public appearances and statements, and in direct communications with the region's leaders.* Remember that those who are fighting for democracy can and do suffer from the West's inconsistency and lack of political support. They deserve our solidarity and the unwavering support of the American people, for they defend not only their own, but also our, fundamental values.
  - *Adopt a more pluralistic approach to promoting reform processes, and empower reformers by reaching out to a broader, more diversified group of political, civic, and media actors.* Self-proclaimed ethnic leaders and "factors of stability" should not be allowed to monopolize and manipulate important reform processes. Pro-democratic opposition leaders, as well as civil society activists and independent journalists, should be recognized and encouraged for the contributions they are making, especially in important reform processes such as the security sector reform in Serbia or constitutional reform in Bosnia and Herzegovina.
  - *Insist on regional cooperation and a constructive approach to outstanding issues, especially by countries which are already EU and NATO members.* Civil society groups are leading the way in regional cooperation on sensitive but essential issues like transitional justice; governments should be encouraged to do the same. One important effort is an initiative by over 2,000 organizations and individuals to create the world's first regional truth and fact-finding commission—RECOM—an initiative that NED has been supporting since its 2008 launch. With the process of creating the intergovernmental body stalled by politicking, the NGO coalition has redoubled its effort to gather citizens' signatures in support of RECOM, collecting over 600,000 to date.
  - *Continue to provide democracy support to civil society organizations, independent media, and moderate political parties.* This does not necessarily require increased assistance, but rather a rededication to the values that will help to achieve meaningful democratic progress.
- Rebuild conditionality:
  - *Offer incentives, where possible, such as through the NATO accession process and supporting countries' EU progress.* As NED grantee Center for Euro-Atlantic Studies argues in its upcoming report, "NATO can and should be the leading actor of a sustained and comprehensive process of the region's stabilization and democratization." Montenegro's NATO membership is an important signal—not just to external actors—that the region is safely anchored with the West. It also provides an incentive to others—especially ordinary citizens—to support sometimes painful reform processes for the benefits that integration can bring, including security and prosperity.
  - *Engage European partners to use "sticks" such as cuts in financial assistance or sanctions.* U.S. sanctions on Bosnian Serb nationalist leader Milorad Dodik for obstructing the implementation of the 1995 Dayton Peace Accords had an immediate effect of tampering down his secessionist rhetoric. Similar mechanisms can ensure that those who endanger stability and breach fundamental rights and norms should not and cannot benefit from U.S. or EU assistance and cooperation.
- Boost diplomatic engagement:
  - *Forge a common policy for the region with the EU, and provide the necessary political and technical support to international partners.* It is often said that the Balkans are a "European problem." However, the U.S. still possesses important interests and unrivaled credibility in the region, and should endeavor to help its European partners to formulate a coherent

strategy with the political will needed to see through indispensable reforms. o Provide the Balkan portfolio a higher priority in the new U.S. administration as an area of heightened strategic importance. Increased attention to the region tends to have an immediate effect on the ground. This was recently demonstrated by Deputy Assistant Secretary Hoyt Yee's visit to Macedonia, which resulted in the country's president softening his stance on the formation of a new opposition-led government, thereby possibly paving the way for resolving a prolonged political crisis.

- o *Reinvigorate bipartisan support, which helped to end the conflicts of the 1990s, for the region's full democratic progress.* Such support leaves no room for interpretation regarding American values and, thus, no space for considering dangerous "alternatives" advocated from the East.

Senator JOHNSON. Thank you, Ms. Bajrovic.

Let me start with you being a Bosnian native, and I will ask all three witnesses the same question. You have kind of laid out the current state of play, the current reality. I would like to kind of go back—and maybe you can go back further if you would like to—but really from the signing of the Dayton Accords. Can you lay out the history of what happened? Where was the engagement? When did the engagement by both America and Europe start waning? What brought us to the current situation? Ms. Bajrovic?

Ms. BAJROVIC. I can begin. I think there is no doubt that in the first 10 years following the signing of the Dayton Peace Accords, we have seen progress. The Dayton Peace Accords, inherently in its structure, provides some constraints for a full democratic progress in countries like Bosnia and Herzegovina because they really encourage ethno-politics and not the real pluralism and accountability of the kind that we would like to see in consolidated democracies.

But that being said, things were looking fairly good until probably about, I would say, mid-2000s. And where we definitely noticed a downward spiral is from 2008. And this is where we also noticed a significant U.S. disengagement. Somebody had previously alluded to—I think it was Ranking Member Murphy—this was due to the fact and the recognition that things were fairly stable and that it could be turned over to the European Union because the Balkans has often been seen as the European problem, and by virtue of being in the EU's back yard, it was fairly safe to assume that the anchoring of the region would provide a cure in itself, so to say.

And that has proven not to be the case. I hate to sound as a EU skeptic, but in part I personally believe that this was due to the EU's misguided approach in using conditionality that has worked in Central Europe but has been gambled away for the sake of stability that I mentioned in countries like Bosnia because I think being afraid of any instability and renewed conflict in the Balkans has led primarily EU, but to some extent the U.S. as well, to favor stability over real democratic progress over the last decade. And this is when we really see things backsliding.

Senator JOHNSON. Dr. Ruge, would you like to add to that?

Dr. RUGE. I will answer this question both as a native and someone who wrote a Ph.D. thesis on this question.

Engagement of the U.S. was there from the start. U.S. is a member of the Peace Implementation Council.

I would say that the strongest influence that the U.S., together with EU, has exerted in Bosnia was between 2002 and 2006, which

is when we see a period of best coordination and cooperation between various actors, U.S., EU, and the High Representative, who was back then Lord Ashton. This is the time when in Bosnia the largest numbers of EU reforms have been adopted by politicians in parliament that normally had obstructed even smaller measures. This is a time when Republika Srpska had actually come out with a report on Srbenica, when Serbs, Croats, and Bosniaks had supported reforms at the national level, building up a huge number of institutions in rule of law and law enforcement.

From 2006 on, a new High Representative has arrived, and a new policy was announced very loudly and that was a policy that Bosnians would take over and the EU agenda would take care of the reforms. And from then on, there was much less direct confrontation of obstruction. The U.S. has outsourced Balkans to the Europeans, and due to the lack of political presence and political—or reacting to obstruction, for the past 10 years, the authoritarian politicians have been testing their limits and obstructing a step further each time.

Senator JOHNSON. Mr. Wilson?

Mr. WILSON. I will just add to that. My career began as a student working with refugee projects in the region and seeing the direct connection between—the relationship between U.S. leadership or engagement and what happens on the ground. And I think we have had three markers in the Balkans where each time we have wanted to hand over the baton and we failed.

First, post-1989, I think you remember Secretary Baker's famous "we do not have a dog in this fight." Post-1989, the sense that now where we were, that this is Europe's moment, could be handed over to Europe. And we saw what led to the succession wars in Yugoslavia. We were very reluctant to get involved. We got involved through the Alliance in Bosnia, later Kosovo.

I think the second era of wanting to hand back over a little bit was around about 2005, as my colleagues mentioned. This was really driven by the pressures the U.S. military was facing in coalition operations, Iraq, Afghanistan, increasingly Iraq, and where it was clear that Secretary Rumsfeld set the debate and the terms each time NATO ministers met. What is the next step of drawdown in our forces? And on the other side of the equation, what is the next step in the drawdown in our assistance? That was the paradigm, how we draw down. Understandable reasons, things at play, but there were consequences to that as the region saw the EU increasingly in a security role being handed the ball.

And then in 2008, where we did succeed at the Bucharest Summit to welcome Albania and Croatia, not Macedonia into the Alliance, but it was a marker because the Alliance failed in this strategy on what to do with Europe's east. And this was again a beginning of an opening where sort of the overall strategy of how we complete a Europe whole and free. Essentially the U.S. stepped back in Bucharest, handed the baton to the EU, and we have seen the Russians use and leverage that moment—the Georgia war followed, but obviously, I think this is connected—and opening a strategic vacuum that it could exploit.

So we have had three moments, three markers where I think the United States has explicitly sort of handed off. And I think it

drives home the message that clearly the EU is a big player in the Balkans. It does not work without EU resources, political capital, vision. But the United States has a special role here, and it is the partnership of U.S. leadership in terms of vision with the EU, a common vision which has been eroded as being credible, a strategy that backs it up, and the tools the United States can bring on a security side to match the EU.

Senator JOHNSON. So let us talk about specifically those tools, that cooperation, that coordination, not necessarily a whole lot of relative investment, but it is really diplomatic engagement. Right? It is being kind of the big dog on the block and doing everything we can to pressure anti-corruption efforts. I mean, just describe those. I do not want to put words in your mouth. But talk about what we actually did. Obviously, we are \$20 trillion in debt. Money is an issue. But if it is diplomatic efforts, that is far more feasible. I guess we will start with the same order and then I will turn it over to Senator Murphy.

Ms. BAJROVIC. It sounds good. I would definitely agree with you that diplomatic engagement is just as important as the resources. I think one can definitely cannot go without the other.

If I started giving you examples of when U.S. engagement made a difference, we could be here almost all day. I mean, certainly starting from the 1995 intervention, the 1999 intervention.

Most recently, I really would like to actually commend Deputy Secretary Hoyt Yee's reinvigoration of engagement in the region and his frequent visits there. And I think somebody had mentioned earlier that his visit in Macedonia really almost immediately resulted in our country's presence and taking a stance on the formation of the new government, and this could be paving the way of resolving this very prolonged crisis in Macedonia. And I think seeing more of such engagement from the U.S. side is going to be absolutely necessary.

There are other examples, more recent examples, if you will allow me to focus on those. For example, the U.S. sanctions on the Bosnian Serb nationalist leader, Milorad Dodik, that Dr. Ruge had already mentioned, for obstructing the implementation of the 1995 Dayton Peace Accords had an immediate effect on tampering down his secessionist rhetoric.

And I think that similar mechanisms should be encouraged on behalf of the United States to be used by our European colleagues because they were not reciprocated on the European side, and they should have been. I think that they would have had much greater effect if there was more coordination and agreement with our European colleagues on using such instruments or other targeted measures that do not have to be personal sanctions but could ensure that those who endanger stability and breach fundamental rights and norms should not and cannot benefit from either the U.S. or the EU assistance.

Those would be just some of the examples of U.S. leadership that I could see.

Senator JOHNSON. Thank you.

Dr. Ruge?

Dr. RUGE. Thank you, Senator.

When we talk about tools, I guess we have to think about tools for what, and there are two issues here. One issue is countering obstruction and countering political behavior which undermines everything that the U.S. and the EU have helped to achieve in the Balkans. These tools are mostly political. There are all different sorts of sticks and carrots. And threat of sanctions behind the closed doors has, in my experience, proven to be more effective than sometimes sanctions themselves.

Senator JOHNSON. What are the best sanctions to threaten? Travel to the leaders?

Dr. RUGE. Personal wealth, personal and informal opportunity structures. And this is something that has been done from 2002 to 2006 extensively.

Senator JOHNSON. So really targeting the leaders, not the population.

Dr. RUGE. Not the population. Targeting leaders, targeting their informal networks, which are very often linked to war criminals and organized crime, targeting their informal financial and enterprise networks. So targeting their interests.

In terms of political tools, obviously there are carrots and sticks, and the U.S. should rely more heavily on the international financial institutions. IMF has a huge role in the Balkans. So does World Bank. EU as well. And so one of the things that we have seen in this time period was also better coordination of conditionalities, better coordination of what these conditionalities are used to back up. And I have provided some of the recommendations in my written testimony on that.

Then the tools for a different sort of objective, which is long-term, is obviously rule of law. How do you kind of transition from just sanctioning corrupt leaders to actually building up states that are based on respect of rule of law? And as a friend of mine from the U.S. Institute of Peace reminded me recently by quoting Gordon Brown, the problem with rule of law is the first 400 years.

However, what is good news I think is that we are dealing with countries with relatively small populations. Some of the countries have populations that are smaller than Walmart employees. And we are dealing with countries that have tradition and experience and legal systems that existed before and they do not require as much, I would say, effort as in certain places around the world. And there I think both, again, EU programs have been very valuable. AID has done a lot on building up the rule of law, and I think it is good to rely on these agencies.

Senator JOHNSON. Mr. Wilson?

Mr. WILSON. Senator, if I may, I think the premise of your question is right, that this is not really just about more money, resources certainly from our side. And I would say four quick things.

One is that we have lost the North Star. What is the clarity of our goal? I mean, if you are sitting the region, the Balkans, you look and you see uncertainty about the future of the European Union itself and you see the United States having a debate about its own commitment to NATO. So I think we begin with the clarity of our goal, that as reforms succeed in this region, that we will welcome these countries as part of the transatlantic community, period, and to help reestablish that sense of North Star.

Second, the security presence, which is where the U.S. comes into play, and it is almost as much perception as reality. If we simply stated, Secretary Mattis stated that our presence at Camp Bondsteel was not just a part of KFOR and part of the perspective on how we maintain peace in Kosovo, but just like our deployment of enhanced forward deployment in Europe's east, that our presence there was actually part of an enduring presence to project stability, provide guaranty for the region, I think that immediately would send a signal, a calming signal, in the region.

Third, it is balancing this no free pass for the current leaders that we are not just invested in their stability with the reality of still competing for these countries and their leaders. In many respects, a leader like President Vucic of Serbia—he knows where his bread is buttered. Five percent of their exports go to Russia; 66 percent to the EU. That is an inevitable future. And yet, it is Putin that lavishes him with praise and banquets, and we send in our ambassador to tell him what he is doing wrong. I think there is an ability for some of these leaders, some of them who have a populist bent, to compete with their people and with them.

And the final point is the private sector. One of the most powerful things that I have watched at a micro level has been the entry of players like Uber into the market in the Balkans, a dramatically disruptive private sector force that provides jobs outside of patronage networks and provides opportunities. While Uber may be involved in corporate leadership controversy here, the issue of how you stimulate an entrepreneurship for folks to actually make their own futures rather than depend on patronage networks is something that we could lend a hand in.

Senator JOHNSON. Just to underscore that point, I was in Montenegro. I guess a survey provided by one of the private sector guys I was talking to said that 50 percent of Montenegrin youth wanted to be employed by the government, which is not exactly a real entrepreneurial spirit.

Senator Murphy?

Senator MURPHY. Thank you very much, Mr. Chairman. Those are fantastic questions to set the stage here. Let me key off of the direction that Mr. Wilson took this and maybe run the question back down the panel.

So I completely buy into the idea that a big piece of the story line here is a withdrawal of American leadership. You have all plotted that case very clearly and talked a little bit about the tools. But it is insufficient as a complete explanation. I think Mr. Wilson started to give us the other pieces of this.

So if you are looking at the key time period of 2002, as Ms. Ruge put it, to 2007 or 2005, whenever it is, there were a couple of other things that were happening at that point too. The world economy in about 2007–2008 starts to fall apart, and people start questioning the future of Europe and its ability to deal with its problems and the period after Dayton. That is sort of the golden moment in many ways for Europe. Everybody sees this as a path. They are watching the Polish economic renaissance explode. Everybody wants in on a piece of that. At that time period you are talking about, people's faith in Europe starts to wane, faith in it starts to pull apart. And Russia is back on the scene. All of a sudden,

there is another suitor again. In the years after Dayton, as you are making lots of progress, Russia is weak. Russia is not interested in being involved in the way they are today in other people's affairs. Today they are.

I think Mr. Wilson was starting to talk about this, but just I would love to have the two of you talk about those other two components, which is that ultimately if Europe is not confident about their future direction, can U.S. leadership or U.S. reengagement make up for that fact? I mean, I can argue that the primary driver of all of that reform was a belief that they were going to be a big future part of Europe. If they do not believe that, then it is not clear that the U.S. can make up for it.

And two, inside the President's budget is massive cuts in the programs that we use to counter Russian propaganda and the money that we use to counter Russian energy influence. If we are not providing real answers for Balkan nations with respect to Russian interference, are we going to get anywhere?

Those two questions to both of you and then maybe Mr. Wilson can finish it up.

Ms. BAJROVIC. Let me first start just by noting that in Bosnia—the number that Chairman Johnson mentions in Montenegro was 50 percent. In Bosnia, it is 70 percent of youth who consider government employment the only employment.

This question, Senator Murphy, on plan B is something that we at NED ask ourselves quite a bit. We have also framed a lot of the assistance that we have been providing to the region for the past 20 years in EU terms because it is a very useful tool. It is the one that touches both the leaders and the citizens themselves. And for a number of reasons, some of which have been outlined, the pull effect of the EU is definitely waning. Part of it was this, as I was mentioning, gambled conditionality. Part of it is the ailments of the EU itself, both economic and political. The third one, which I think is a very important one, is these are a series of important signals that place in doubt the EU's readiness to accept these countries as full members. And then finally, the fourth question and the one that is an elephant in the room is the future of EU itself and does it exist X number of years from now.

And so it is becoming increasingly more difficult to incur democratic assistance and democratic processes from this region even though, yes, this is the most logical and natural thing to do because, as I was mentioning earlier, the Southeast European region is right there in the EU's back yard.

If I had the answer to this big question, I would gladly offer it. But I think for lack of a better one, I would turn to NATO and I think a very important signal that the Montenegrin membership has sent. Our grantee from Belgrade, Center for Euro-Atlantic Studies, someone that I also know the Atlantic Council very closely works with, argues in their upcoming report that because of all of these issues with the EU that I just mentioned, NATO can—and I am quoting this—NATO can and should be the leading actor of a sustained and comprehensive process of the region's stabilization and democratization. There are tools there. There is a potential there, not to replace the EU accession process, for sure, but certainly to supplement it and potentially—it will send an important

signal and not just to external actors, for example, as NATO membership has done, that the region is safely anchored in the West for as long as the EU accession process itself has stalled, but it also provides incentives to citizens because it demonstrates to them what some of these integration processes—what kind of benefits they come with. And in this case it is certainly a security prospect when it comes to Montenegro.

On the second part, on the Russian propaganda, I think that the tackling of the malign foreign influence in this particular case of Russia and strengthening democracy have to go hand in hand because I think as all three of us have outlined, it is really these democratic weaknesses and backsliding that have opened up the space for malign foreign influence because strong rule of law, complete accountability, and transparency—all of these are tools that are going to provide the groundwork for institutions. I mean, the most important thing here is to strengthen the institutions that would provide adequate responses.

I am very well aware of the assistance that is now in the works to particularly target this Russian disinformation, and I understand you were crucial in passing this legislation. And I want to thank you for that. At NED we have used some assistance that was provided to us by the Congress last year to strategically tackle this problem of what we call the defending the integrity of information space. And I could probably go at length in what types of programs these include.

I have to say that the Southeast Europe region, in terms of responses to these malign foreign influences and disinformation, are lagging behind a little bit in comparison to their counterparts in Central Europe and the Baltic States. But there is a lot to be learned, and I think that in the months to come, we will see more work being done on this in our region.

Senator MURPHY. Did you have any thoughts on this?

Dr. RUGE. I have to say this is the question that I ask myself a lot as well. I can just add to the number of issues that you have just named by adding Brexit as one further complicating factor for the EU policy in the Balkans.

The time period that I was talking about was also the time period when one discussed EU as a non-actor, not able to act unified on foreign policy. And it was always a couple of driving EU states, UK having played a particular role in that time period together with the backing of the U.S. and NATO.

I think what we can say is that given these additional challenges at an international level, it is even more important to look at comparative advantages that Europe and the U.S. have. If we are talking about U.S. slashing the budget of these sorts of assistances, EU is continuing to support the institutions in the rule of law sector, and perhaps that should be outsourced to the EU. But the U.S. political engagement has always been the most important and determining factor even during the time period I was talking about. And that, again, regardless of what we have described or maybe because of all of these factors, is becoming even more important now.

Senator MURPHY. Mr. Wilson, let me ask you to pick up on two of these points as part of developing this answer. Part of the solution here can be the United States providing real support for the

continuity of the European experiment. We spent a lot of time on this subcommittee over the last 4 years talking about a U.S.-EU trade agreement that would have increased the attraction of the remaining part of the EU and increased the attraction of joining it. So there are things that the United States can do. You mentioned making a clear argument that NATO is maybe one of the easiest things, but there are other pieces of U.S. foreign policy that could add to the attraction and the cohesiveness of the EU.

And then on an ancillary point, I know you said it is not all about funding, but here are the numbers in the President's budget. He targets this region for specific pain. You can only read it as intentional. So here is the governance funding cuts. Albania gets an 89 percent cut; Bosnia, in crisis as we speak, a 40 percent cut; Bulgaria, a 75 percent cut; Croatia, 60 percent cut; Kosovo, 48; Macedonia, 40; Montenegro, 34; Serbia, 31.

I know it is not all about funding, but if you are an ambassador or assistant secretary walking around the region in 2018 trying to get people to listen to you, and your government just cut 60 percent of the money that you have to fund these efforts, it is a little bit hard to pull water out of a stone. So talk about those two pieces.

Mr. WILSON. Thank you very much, Senator Murphy.

A couple points on this. Absolutely it is an expression of further disengagement if we were to go through with budget cuts of that scale. That would, I think, directly harm our interests of what we are trying to achieve in this region. And I think if they were to stand in that form, that would cause problems for U.S. influence in the region in support of our own interests.

We are not here to make the case that there needs to be a massive new political commitment, a massive new sort of security, political, diplomatic, and financial commitments. Our case is that with a little bit of effort here, we can go a long way in protecting our interests. We just cannot leave it simply to excellent ambassadors. We need to give them a little bit of backup. And so there is a unique opportunity to use what we have to make an impact, I would say, in the western Balkans.

The big picture is if the EU is no longer attractive or no longer committed to the idea of its future expansion, it is no longer the driver for the transformation you need in the region.

I think it is important for us to go back again to our role. It was always, as we have discussed, U.S. strategy. And we have just celebrated the 70th anniversary of the Marshall Plan. The brilliance of the Marshall Plan was not the money, although that was relevant. The brilliance of the Marshall Plan was an American strategy that incentivized in order to get American taxpayers' money, these countries had to work together, cooperate economically because we wanted them to not fight each other again so that we would not have to come back. Their security meant we would not come back, our security. Their prosperity meant they were buying American goods, our prosperity.

This is at stake right now. Is the United States going to be a driver of European integration? We should have a concerted effort between Washington and Berlin that is sending a clear message to the Western Balkans, not an ambivalent one. And that is lacking right now. I think that is one of the formidable challenges that we

have to get right on the messaging of U.S. support for an integration process that is in our interest to see the Western Balkans be part of that narrative.

The last thing I would say is that you mentioned the TTIP issue. I am reassured that TTIP had not formally had a stake driven through their heart. We certainly need to get through German elections. But I would make the case that as we think about a deal focused on American jobs, growth, prosperity, given the extent of trade investment, supply chain, they are doing well with the European Union, which is a bilateral deal, after all. It is profoundly in our interests. But in this region, if we would negotiate it in such a way that we say we are negotiating some kind of new name trade deal, regulatory deal with Europe, premised on the fact that those countries in Europe with which the EU has these deep and comprehensive free trade agreements, that we are negotiating it such that they would be part of it. And so with the stroke of that negotiating tactic, we are making our negotiations with Europe about including both the Western Balkans and countries like Ukraine, Georgia in our trade strategy.

Senator JOHNSON. Let me just kind of close out this panel and make a couple comments.

First of all, we do have co-equal branches, and we are supposed to have the power of the purse. And this is one fiscal conservative. The reason I am holding this hearing is to point out this unique moment in time. This is no time to abandon Southeastern Europe. Let us not be pennywise and pound foolish. I mean, that is kind of the whole purpose.

But also, my guess is there may be citizens of these nations watching this hearing. And I want to give them that assurance as well. The reason I went to the Brussels Forum, the reason I went to GLOBESET, the reason I went to Montenegro was to underscore the support—and I would say it is bipartisan support. Look what we did in Ukraine, the fact that we had bipartisan delegations going to Ukraine to provide the kind of support we did unambiguously for Ukraine. We do understand in Congress here how important our relationship with Europe is. You know, from my standpoint, I am all for free and fair trade, and we have worked together in terms of certainly promoting TTIP as well.

So I want to thank the witnesses for your testimony, for your support of the region. And I certainly want to assure the region that they do have a great deal of support in Congress for not only the funding but I think the leadership and the reengagement to do everything we can to provide what I would consider the three pillars—help them provide the three pillars of economic progress. And it is security, and it is both national and defense security, but also security from the standpoint of lack of corruption and the rule of law. And then everything we can to try and provide the example of entrepreneurial spirit so you have a lower percentage of young people in those nations that actually want to get involved in companies like Uber, the real things that drive an economy. And then capital. The only way you are going to have capital flowing to the West is if, for example, American companies realize there is no corruption, we can follow the law, and you can actually make those investments and realize there is going to be some certainty there.

So, again, this hearing is really all about, first of all, understanding what the issue is, what the problems are, what we need to do in terms of reengagement, but also hopefully to signal to Southeast Europe you got support. We want to reengage, and we know that it is important that we do reengage.

So with that, I want to thank the witnesses, and we will call our final witness on our next panel.

Well, it looks like our next panel of one is seated and all supplied up. So I want to welcome Mr. Hoyt Yee. Mr. Yee is the Deputy Assistant Secretary for European and Eurasian Affairs at the Department of State. Mr. Yee is a career member of the Senior Foreign Service and has served as the Deputy Chief of Mission at the U.S. embassy in Croatia, Counsel General in—you can say that name of the city in Greece—and Principal Officer in Montenegro, amongst other assignments. Mr. Yee, welcome.

**STATEMENT OF HOYT BRIAN YEE, DEPUTY ASSISTANT SECRETARY, BUREAU OF EUROPEAN AND EURASIAN AFFAIRS, U.S. DEPARTMENT OF STATE, WASHINGTON, DC**

Mr. YEE. Thank you very much, Mr. Chairman.

Let me begin by just expressing, on behalf of my colleagues at the State Department, our sympathies, our best wishes to your colleagues who were injured in the incident in Alexandria this morning. Our hearts go out to the members and also the law enforcement officials who were injured, and we wish them a speedy recovery.

Thank you much for inviting me to appear before you today to discuss the challenges we see in the Western Balkans and our strategy for mitigating them.

The region is facing its most serious challenges since the 1990s which, left unchecked, could have grave consequences for the Western Balkans, wider Europe, and the United States.

The Western Balkans face a number of threats. Fragile institutions, shortcomings in the rule of law, and unfree media have facilitated endemic corruption. This corruption endangers these young democracies and opens pathways for destabilizing actors, including violent extremists, organized criminal groups, and countries seeking to exert malign influence. We believe much more needs to be done to mitigate these dangerous vulnerabilities.

Internal problems such as systemic corruption have opened the door to external threats such as Russia, which is intent on thwarting efforts by countries in the region to pursue a Euro-Atlantic path. Moscow exploits the region's heavy dependence on Russian gas and hydrocarbons, endemic corruption, feeble rule of law, a weak media sector, and unresolved political or territorial disputes to pressure governments and political parties and discourage Western-oriented reform.

Compounding the external threat posed by Russia is the potential growth of violent extremism. According to open source reporting, 750 to perhaps as many as 950 foreign fighters have traveled from the region to Syria and Iraq since 2012. While the number of departing foreign terrorist fighters has significantly declined, it is clear that the Balkans remain a focus for ISIS recruitment efforts.

These continued challenges are formidable, but we have been active in helping the countries of the region confront them. We are taking steps to shore up rule of law and stamp out corruption by assisting our partners to accelerate their needed reforms. With our assistance, Albania is implementing wide-ranging judicial reforms. Montenegro is cracking down on corruption, and Serbia is closing loopholes that allow for public graft.

Across the Balkans, we are working to spur economic growth with programs aimed at integrating and harmonizing regional markets and increasing access to capital. We are also urging political leaders and criminal justice institutions to show the will and courage to aggressively investigate, prosecute, and punish corrupt actors and the organized crime groups they protect.

At the same time, we have developed a full-spectrum approach to push back against Russian malign influence. To combat Russia's aggressive propaganda machine, we are amplifying our messages, correcting false narratives, and supporting independent media and investigative journalists.

To make the region more independent, we are promoting projects such as the Trans-Adriatic Pipeline, the KrK Island liquid natural gas terminal, and the Bulgaria-Serbia Interconnector. Through these projects, we will help enable Balkan countries to import gas from multiple sources, limiting an important source of Russian influence. Additionally, we are using our military assistance programs to build up the human capital of militaries of the region and offering options that allow these countries to move away from overdependence on Russian military equipment.

We are also working to counter the spread of violent extremism and end ISIS' influence in the Western Balkans. As Secretary Tillerson has said, ISIS is not more powerful than we are when we stand together. Our partners recognize this, which is why every country in the region has joined the Defeat-ISIS Coalition, criminalized foreign terrorist fighting, and established dedicated counterterrorism units. Due to these efforts and in part because of our capacity building assistance, the flow of foreign terrorist fighters to Syria and Iraq has significantly decreased over the past 2 years. As we continue to strengthen our law enforcement relationships, our partners are also arresting foreign terrorist fighters and breaking up ISIS plots in the region.

In conclusion, creating stability and progress in the Western Balkans is not an impossible task. With our and Europe's active engagement, over the past month, we have seen some real successes as Montenegro has joined NATO with the help of the Senate, of course, Macedonian leaders have come together to form a new government, the Albanian opposition agreed to end its boycott and participate in elections on June 25, and Serbia is on track to open two new EU accession chapters this month. However, we also know there is much work to be done.

A stable, prosperous Western Balkans that is integrated into Europe and serves as a strong partner on counterterrorism will help make America more safe, provide opportunities for U.S. businesses, and ensure peace in the region. To accomplish this goal, the countries of the Western Balkans need to commit themselves to the

deep reforms needed to join Euro-Atlantic institutions and resist foreign malign influence, terrorism, and other external threats.

Thank you very much.

[Mr. Yee's prepared statement follows:]

PREPARED STATEMENT OF HOYT YEE

Chairman Johnson, Ranking Member Murphy, and members of the committee, thank you for inviting me to appear before you today to discuss the challenges that we see in the Western Balkans and our strategy for mitigating them. I would like to express my sincere gratitude to the Senate and this committee for your interest in the Western Balkans, where the United States is focused on seeing through our shared vision of a Europe that is whole, free, and at peace.

We have a long history of good relations with the countries of the Western Balkans. Each country in the region is a member of the Defeat-ISIS Coalition, a strong partner on counter-terrorism, and a reliable counterpart in efforts to limit the spread of violent extremism. However, the region is facing its most serious challenges since the 1990s, as countries confront both external and internal threats that, left unchecked, could have serious consequences for the Western Balkans, Europe, and the United States.

*Challenges*

The Western Balkans faces a number of threats, as internal weaknesses have led to external vulnerabilities. Fragile institutions, shortcomings in the rule of law, poor governance, and unfree media have facilitated endemic corruption that taints nearly every aspect of society. This endangers these young democracies and opens pathways for potentially destabilizing actors - including violent extremists, organized criminal groups, and countries exerting malign influence, like Russia.

Countries across the region score poorly on Transparency International's corruption perceptions index, ranging from a low of 36, in the case of Kosovo, to a high of 49, in the case of Croatia - out of 100. The OECD average is 68. Macedonia is perhaps the best example of how weak institutions can breed corruption-in Macedonia's case, political corruption resulted in a 2015 wiretapping scandal that was the genesis of a two-year long political crisis. Bosnia provides another example. Nationalist leaders in Republika Srpska have tried to exploit weak state-level institutions in order to advance divisive policies that could lead to a return to violence. Bosniak and Bosnian-Croat leaders often exhibit similarly provocative or unhelpful behavior. We believe Bosnia-Herzegovina needs much more political and economic reform to mitigate this dangerous vulnerability.

Internal problems in the Western Balkans open the door to external threats, such as Russia, which is intent on thwarting efforts by countries in the region to pursue their Euro-Atlantic path. A particular concern is Russian malign influence, or RMI, in Europe - the covert or semi-covert support for political parties, the use of front groups, and low-profile investments meant to build political influence non-transparently - all under an umbrella of propaganda and disinformation. Some of this is straight from the old Soviet playbook, but updated for the digital age, and taking full advantage of new technologies. RMI is a key part of Moscow's efforts in the Balkans, alongside more conventional diplomatic tools.

Moscow exploits the region's heavy dependence on Russian gas, endemic corruption and feeble rule of law, a weak media sector, cyber-security vulnerabilities, ongoing reliance on Russian-spec military equipment, ethnic differences and unresolved political or territorial disputes to pressure governments and political parties and discourage Western-oriented reform. Unfortunately, Russia seems less interested in promoting economic development and good governance in the Western Balkans than in holding back or weakening a region still in a precarious state following years of strife.

Compounding the external threat posed by Russian meddling in the region, the Western Balkans faces the challenge of dealing with the potential growth of violent extremism. According to open source reporting, 750 to perhaps as many as 950 foreign fighters, mostly from Bosnia and Herzegovina, Albania, Kosovo and Macedonia, have traveled from the region to Syria and Iraq since 2012. While the number of departing foreign terrorist fighters has significantly decreased over the last two years, it is clear that the Balkans remains a focus for ISIS recruitment efforts. ISIS, which, as President Trump has said, represents one of the "most vicious and aggressive" threats we face, has implemented a propaganda campaign in the region and has encouraged those who cannot travel to Syria and Iraq to carry out attacks in their home countries or Western Europe.

The governments of the region are often not fully equipped to deal with this challenge on their own. For example, law enforcement and border security officials, intelligence experts, and prosecutors struggle to work together to identify and disrupt ISIS and terrorist plotting. Borders in the region remain porous, and the transit of foreign fighters both north to Western Europe and south to Iraq and Syria continues to pose a significant vulnerability to our security interests in the region, wider Europe, and to the homeland. Several countries lack the cyber expertise to analyze seized electronics and monitor online activities. Once terrorists are put in prison, many countries lack the training and resources needed to rehabilitate them and prevent the spread of radicalization to violence. It is also critical to identify vulnerable populations and directly address the root-causes of extremist ideologies. Finally, many countries also lack capacity to counter and prevent terrorist messaging, or to identify vulnerable individuals and intervene in recruitment process.

#### *Addressing Internal Challenges*

These continued challenges are formidable, but we have been active in helping the countries of the region to confront them. Perhaps most importantly, we are taking steps to shore up rule of law and stamp out corruption in the region by pressing our partners to accelerate needed reforms and providing targeted assistance. For example, with our assistance, Albania is implementing wide-ranging judicial reforms that will dramatically strengthen the rule of law and reduce wide-spread corruption. Montenegro's new Office of the Special Prosecutor has cracked down on corruption within the government, bringing charges against nine senior officials and opening investigations against several dozen more. In Serbia, a USAID program has helped streamline business inspections and automate the building permit process, a reform that was partially responsible for Serbia moving up 44 spots in the World Bank's Ease of Doing Business survey over the past two years, to number 47 in the world. We are urging political leaders and criminal justice institutions to show the will and courage to far more aggressively investigate, prosecute, and punish corrupt actors and the organized crime groups they protect.

Across the Balkans, we are working to spur economic growth by improving the business climate. We are fostering communication between the business community and the government, leading to improved regulatory systems, decreased red tape, and a more level playing field for foreign investors. We are also helping the countries of the western Balkans to develop more competitive economies through both regional and bilateral assistance. Our assistance is aimed at integrating and harmonizing regional markets, with a special focus on bolstering linkages with the EU. This will increase private sector competitiveness by targeting key regional value chains, such as IT, tourism, and agribusiness, and improve financial sector stability and growth, notably by expanding capital market integration and increasing access to capital for small- and medium-sized enterprises.

We are also pushing the region to make the needed reforms that will transform their countries into stable, prosperous societies. In Montenegro, we worked with the government to help it make the reforms needed to join NATO. Though Bosnia's political institutions are still deeply dysfunctional, we are working with leaders there and with some of our European partners to encourage much-needed political reforms before the 2018 election. And we have been a strong backer of the EU-led Serbia-Kosovo Dialogue, with the goal of normalizing and advancing each country's progress on their respective European paths.

#### *Mitigating Russian Malign Influence*

We have developed a full-spectrum approach to push back against Russian malign influence. To combat Russia's wide-spread propaganda machine, we are amplifying our messages, correcting false statements, and supporting independent media and investigative journalists.

In order to make the countries of the region more independent, we are supporting projects and promoting policies focused on energy security and diversity. Currently, the Western Balkans is almost entirely dependent on Russia for natural gas. This dominance of the natural gas market leaves the region vulnerable to exploitation. Without alternate energy sources and a more diversified energy infrastructure, Russia will continue to hold this powerful lever. By supporting projects such as the Trans-Adriatic Pipeline, the Krk Island Liquid Natural Gas terminal, and the Bulgaria-Serbia Interconnector, we will help enable Balkan countries to import gas from multiple sources, limiting an important source of Russian influence. Taking full advantage of these investments will require regulatory reforms and the construction of regional interconnectors. This will completely transform the market, allowing countries to import gas efficiently from a variety of sources. Our support toward greater economic integration with Europe helps strengthen the relationship of

Western Balkan countries with the West and limits Russia's ability to manipulate them through economic levers. Strengthening the financial sector, improving regulation and supervision, and increasing the adherence to international standards builds resilience and improves access to finance, thus minimizing weaknesses Russia can exploit. We are also using our military assistance programs to counteract Russian influence by building up the human capital of militaries of the region and offering options that allow countries to move away from over-dependence on Russian military equipment.

*Counterterrorism and Countering Violent Extremism*

We are also working to counter the spread of violent extremism and end ISIS's influence in the Western Balkans. The countries of the region recognize, as Secretary Tillerson has said, that "ISIS is not more powerful than we are when we stand together." That is why every country in the Western Balkans has joined the Defeat-ISIS Coalition. Each has also criminalized foreign terrorist fighting, developed or is in the process of developing national countering violent extremism strategies, and established dedicated counterterrorism units. As a result of these efforts, and, in part, because of our capacity building assistance, the flow of foreign terrorist fighters to Syria and Iraq has significantly decreased over the past two years. As we continue to strengthen our law enforcement relationships, our partners are also arresting foreign terrorist fighters and breaking up ISIS plots in the region.

We appreciate Congress' continued support in providing resources for these programs, which enhance our national security interests, and help our partners to address today's evolving transnational threats. This is a long-term project with no "one-size fits all" strategy. However, we are committed to the task, and expect to see continued progress in this area.

*Conclusion*

It is clear that the countries in the Western Balkans face serious challenges. However, creating stability and progress in the region is not an impossible task. In fact, with our and Europe's active engagement, over the past month Montenegro has joined NATO, Macedonian leaders have come together to form a new government, the Albanian opposition agreed to end its boycott and participate in elections on June 25, and Serbia is on track to open two new EU accession chapters this month. Yet, we also understand that there is much work to be done.

A stable, prosperous Western Balkans that is integrated into Europe and a strong partner on counter-terrorism will help make America more safe, provide opportunities for U.S. businesses, and ensure peace in the region. To accomplish this goal, the countries of the region need to commit themselves to the deep reforms needed to make their societies a success. But we also need to help them make the necessary reforms and push back against foreign malign influence, terrorism, and other external threats. Our goals in the Balkans are ambitious, but we are committed to seeing the region integrated into the European family of democratic, prosperous nations and partnered with the United States in advancing our common interests.

Senator JOHNSON. Thank you, Secretary Yee.

When I was in the region, all the meetings I have been taking here in Washington, D.C., the theme is very consistent. We really are at a moment in time here because of the lack of engagement or the reduced engagement, they really are concerned. These countries are concerned that you could be at a tipping point here.

I know you were just in the region. Are you hearing the exact same thing? Is this something the State Department recognizes? Is it something the Secretary and the President recognize that we have a moment in time? We cannot allow Southeast Europe, the Balkans to slip into the wrong category.

Mr. YEE. Thank you, Mr. Chairman, for that question.

Yes, we do hear the same thing, and I hear the same. When I was in the region recently, the countries of the Western Balkans are very eager for more engagement from America, more from the European Union. They believe very strongly in the need for additional help in terms of assistance but also political support for what they are trying to achieve, which is reform in the majority of the

countries and also progress towards reaching integration with the European Union and NATO.

As the Secretary mentioned yesterday in his testimony, he is aware of a need for engagement in the Baltics and in the Balkans particularly with relation to Russian malign influence. But in general, the State Department is committed, remains committed to helping the Balkans move forward on the goals that he has set forward and we are supporting.

Senator JOHNSON. Traveling in the region, obviously I was concerned about the foreign fighters and influence of ISIS. I was actually comforted by—I do not want to minimize the problem, but it was not as great a concern to those countries. They really think they have it pretty well under control. Do you share that assessment?

Mr. YEE. I believe that most of the countries of the Western Balkans still need significant assistance from the West, particularly the European Union and the United States. One example is in the area of foreign terrorist fighters where the region has been successful in reducing the number over the last couple of years. But what I tell interlocutors in the governments in Bosnia-Herzegovina and Kosovo, for example, is that it is no time to be complacent. The problem, the origins, the sources of violent extremism and therefore the possibility of foreign terrorist fighters still exist and need to be addressed. So I think while there is some room for not celebrating but I think recognizing the progress made, it is no time to be complacent. We need to continue to be vigilant, but also active in strengthening the institutions which will push back against violent extremism, against Russian malign influence, against other actors who are acting against what the countries of the region in the Western Balkans are trying to achieve.

Senator JOHNSON. I think probably the best way to counter violent extremism in any of its forms is through economic opportunity. When I was in Montenegro—I do not believe you were here when I said it—a private survey showed that 50 percent of young Montenegrins want to work for the government. We had a witness, Ms. Bajrovic, who said that in her home country, Bosnia, the percentage is 70 percent. To a guy from the private sector, an entrepreneur myself, that is shocking. It is actually kind of depressing, and it does, to a certain extent, point to the lure of what Russia's propaganda is all about. They promise falsely some sense of security.

Can you speak to me? What can we possibly do to help really change that dynamic?

Mr. YEE. Well, Mr. Chairman, I agree the wish of the youth of the countries in the Western Balkans for working in the public sector, for the government in particular, is not sustainable economically. The governments simply cannot have the kind of public administrations and state-run enterprises that would be able to sustain that many young people. And it also, of course, retards innovation and entrepreneurship, which is necessary to improve the economies.

I think the types of remedies, the types of alternatives that need to be explored are in opening up the economies to the kinds of open markets and economic policies that we see in Central Europe and

Western Europe where it is possible to start a business without being politically connected or having to pay a bribe, where young people can get jobs based on merit not on affiliation with a particular party. And that is, unfortunately, the prevalent basis for getting employment in many of the countries of the Western Balkans. It is political connections or affiliation.

So once the standards that the EU requires and NATO, to a certain extent, also requires for open democratic-based economies and systems of governance, there can be greater opportunity. So I think we need to continue the kind of assistance we are providing to open up the markets, to bring Western standards whether it is judiciary—as you know as a business person, it is absolutely essential for businesses to know they can have legal redress. In many countries of the Western Balkans, it is very difficult. So the level of foreign investment, while slowly increasing, is not increasing fast enough to create jobs for the young people who are now seeking jobs in the public sector. So if we can attract more foreign investment, that will address a large part of the problem.

Senator JOHNSON. To what extent does the State Department sponsor things like trade missions, but also just mentoring opportunities? In Montenegro, for example, they produce cheese. And I have actually talked to some cheese producers, some retired executives who say you want a really nice couple months in a beautiful country mentoring young potential entrepreneurs and basically conveying your analogy of what it takes to start a business. Is the State Department engaged in any of those types of activities at all?

Mr. YEE. Yes, Mr. Chairman. The State Department and the Commerce Department are both very interested in attracting potential American businesses to do either direct investments or ventures with countries in the Western Balkans.

However, I would say we always inject a note of caution when we speak to American businesses because in many cases, the environment, the conditions for foreign investment are not up to the standards that we feel comfortable promoting. So, quite frankly, in some of the countries, our emphasis now is not in attracting American companies, but in working with the governments to improve the conditions, whether it is rule of law, independent judiciary, law enforcement, just basic regulation or lack thereof that is necessary for companies to succeed.

In some countries, there is a great deal of foreign investment. In Serbia, recently a large investment. In Bosnia-Herzegovina, there are some slow increases in interest from American companies. But these tend to be some of the more adventuresome or risk non-averse companies. We would like to see the conditions improve so we can attract companies from Wisconsin and other States that may be able to do some good business in places like the Balkans.

Senator JOHNSON. I completely agree with you. The first step is you have to make a country an attractive place for investing their risk capital.

Senator Murphy?

Senator MURPHY. Thank you very much, Mr. Chairman.

Good to see you, Mr. Secretary.

There is a total disconnect between the case you are making and the array of challenges that need increased resources in the budget

that has been submitted. Before you got here, I laid out the cuts that target the Balkans that would effectively shut down the State Department's non-consular operations. I do not imagine you support those cuts, and I think they are dead on arrival. So it is not necessarily worth spending time asking you about it. I would just make the point.

Let me ask you about the trend lines you are seeing in Russian interest in the region. I think I have met with a representative of every country in the region. And when they come to my office, they want to talk about one story line, which is rapid U.S. disengagement from the region. You are doing yeoman's work, but they are worried that we are sending a signal with these budget cuts with our lack of support for NATO, with our criticism of our EU allies that we are not interested in the region any longer, and a response by the Russians to jump in. In every single country, they have very concrete examples of places in which the Russians just in the last 6 months—in the last 8 months are much more involved in message development, in support for opposition groups than they were even last year. And they were involved at a very pretty fevered pitch the last year.

Are you seeing increased Russian involvement in media, in political activities in many of these countries? Have you seen a difference this year compared to last year? What is the trend line?

Mr. YEE. Thank you, Senator Murphy, for the question.

The answer is yes. We do see increasing Russian interest and activity in the Western Balkans. The most obvious example—I am not sure if other witnesses mentioned it—was in Montenegro where October 16th, the election day in Montenegro, was severely marred by an attempt, which was foiled, by Russian or Russian-supported actors who tried to undermine the elections and probably undermine the government, if not actually overthrow the government or even assassinate the prime minister.

This is, I think, consistent with where we have seen Russia trying to interfere in elections around the world, around Europe, including our own country. It is consistent with Russia's attempts to prevent countries of the Western Balkans from joining NATO, from integrating further with the Euro-Atlantic institutions. We are seeing through rhetoric, through misinformation, through the media supported by Russian attempts to spread the kind of ideology or policies that are directed against NATO, directed against the West. And I think all the countries that are striving to join EU and NATO are aware of this. It is not something that anyone is protected from or cloistered from.

So we are working together with the countries of the Western Balkans to address the malign influence from Russia. This is a wide-spectrum approach to addressing the false narratives, addressing the lies that are being spread by Russian or pro-Russian media, addressing the kinds of attempts with direct attempts to influence the governments through either bribery or other means.

We have to be present, as you said, Senator. Our diplomats, our ambassadors and their staffs need to be present with meetings with all the members of the government, but also the opposition. We need to be present in the media. We need to be providing advice, best practices, which we are doing.

So I think the trend is concerning. I do not think we are necessarily losing because I think the Russians are also finding that countries are resilient. Montenegro was able to resist with assistance from its partners, its friends, and now allies. Other countries where Russia is attempting—Macedonia, for example, I think is a country that was facing a very difficult situation only a few weeks ago, but the political parties made the right decision I think with a lot of help from us and from the European Union, reached an agreement to form a new government.

Senator MURPHY. Let me turn to the question of radicalization for a moment from a very widely read “New York Times” article from last year. That article made the case that Saudi Arabia and other conservative Gulf States, “use an obscure labyrinth network of donations from charities, private individuals, and government ministries to fund extremist clerics and associations in the Balkans.” Frequent visitors to the Balkans will tell you that just visually you can see a change in the type of Islam that is being practiced as more and more women, for instance, are walking around the streets wearing head covering.

Do you share the concern about funds flowing from the Gulf into the Balkans? Do you share a concern about the story line that connects the Wahabi influence inside the region to the increased radicalization and flow of foreign fighters out of the region?

Mr. YEE. Senator, yes, I am concerned by the presence of funding of representatives from countries in the Gulf who appear to be supporting their religious schools or actors with extremist ideologies. I think it is important for us to be vigilant to see what actual effects this achieves. As I mentioned, we have to monitor the level of foreign fighters, which currently is on the decline and at a low level, but with the number of actors, influences from countries that have a more radical or extremist ideology, we can expect that there will be some challenges.

What is important I think on the positive side is that governments, whether it is Bosnia-Herzegovina or Kosovo or Albania, are aware of the risks that extremism places on them, on their societies, and they are working with us, with European partners as well, to try to mitigate these influences.

I would mention that in Bosnia-Herzegovina where I was last week, many of the interlocutors I spoke to made the distinction between a rise in a kind of middle class tourism from Gulf States that visit Bosnia-Herzegovina. It is a country they feel comfortable in. They are investing in real estate. They come for vacation. They are not necessarily engaged in any kind of extremism. So there are, I think, some benign trends as well that we need to distinguish from the extremists.

Senator MURPHY. Just one last quick question on a specific issue. Should we be concerned—this is in Serbia—about the Russian-funded humanitarian base in Nis, Serbia? Is this a humanitarian base or is this a military base that the Russians now have inside Serbia?

Mr. YEE. Senator Murphy, yes, I am concerned by this so-called humanitarian center not so much what it is now but what it might become if it receives what Russia has been asking from Serbia,

which is some kind of special status, protected diplomatic status, or other immunity.

We do not believe that Russia has good intentions from our standpoint in our context which is trying to help the Balkans move closer to its goal of integration with Europe. We believe Russia is trying to prevent that path, progress on that path. So the creation of some kind of center in Nis, very close to the border with Kosovo where we still have over 600 U.S. troops—there is a large, over 4,000 NATO-led peacekeeping force—would not be a positive development, especially if individuals or the facility itself had special immunity. We believe it is important—we have shared this with the Government of Serbia—for Serbia to be in full control of its territory and facilities on its territory. If it allows Russia to create some kind of special center for espionage or other nefarious activities, it will lose control over part of its territory.

Senator MURPHY. I hope all of our friends in the region understand that it is in Russia's interest to see conflict in that region, to test alliances, to test NATO, to test America and Europe's commitment to that region. That ultimately is not in our interest or not in our partners' interest there, but it unfortunately is in Russia's interest.

Thank you, Mr. Chairman.

Senator JOHNSON. Senator Shaheen?

Senator SHAHEEN. Thank you, Mr. Chairman, and thank you to you and Ranking Member Murphy for holding the hearing today. I am sorry I was not able to get to the first panel because of a conflict, but I very much appreciate your being here, Mr. Yee, and your personal commitment to the Western Balkans and everything that you have done to address what is happening there.

I think you were probably very humble about your role in the recent political stalemate in Macedonia. I understand that you personally helped to bring about a peaceful resolution. And I wonder if you could give us a sense of how the crisis there was ultimately resolved and whether there are lessons for future situations in Macedonia that we can apply both there and other countries in the Western Balkans.

Mr. YEE. Thank you for that question, Senator Shaheen, and your kind words.

I think there are some lessons that we can draw from the Macedonia experience, and I think the lessons begin from the beginning of the political crisis in that country back over 2 years ago, early 2015, when the revelations through leaked wiretaps came out of widespread apparent government corruption.

I think one of the first lessons is one of the most serious and prevalent problems in the Western Balkans is lack of strong rule of law and systemic corruption. And that needs to be addressed because it prevents so many other things from developing.

Secondly, I think the lesson that we can draw is how the crisis was resolved. It was done in very close partnership between the European Union and the United States in helping the parties reach an agreement on how to move forward. And this was the July 2015 Przino Accord which the four major parties agreed as a way forward of how to get out of the crisis, how to hold accountable the persons implicated in the wiretapping scandal, and also how to

hold elections to create a new government. It was a cooperative approach with the international community, the stakeholders who had the most to lose or to gain, and the parties themselves, including the party that was in power during the scandal's beginning.

I think the transatlantic link, the cooperation between both sides of the Atlantic was critical, and that is an important lesson I think that applies everywhere. Where the U.S. and Europe are together, we usually do pretty well in handling problems. When we are not together, we have problems.

Thirdly, I think the lesson I think we can draw from the Macedonia experience is that accountability is something that is lacking, unfortunately, and needs to be more prominent in our approach and I think the approach of the Western Balkan governments. And that is to say that not enough times where people who are committing crimes, whether it is corruption or otherwise, or governments and leaders who are not meeting their commitments to the international community, are not held responsible.

And I think this is very important, and this addresses somewhat our approach, a new approach, what I believe our new approach should be in the Balkans is in ensuring that if leaders are violating the law or they are not meeting their commitments, whether it is the Dayton Accords or the Ohrid Agreement in Macedonia, that there will be consequences. And I think we made that clear, both the Europeans and we did, that we would not accept crisis lasting forever, that if leaders were going to obstruct the agreement, whether the conclusion of the agreement or the implementation, they would be held accountable. And that was very important in reaching I think what ended up being a good outcome.

And lastly, I think the lesson that we can draw from that experience is the importance of standards. We, as you probably know, Senator, were faced with a difficult situation last year when the Macedonians wanted to have elections. They organized elections for April of last year that did not, in the international community's view, meet the standards necessary to say they were credible. And there were many voices saying just let them have the elections anyway. It is important to have the elections. And the United States and Europe insisted that the conditions be sufficiently credible so that we could afterwards say they were credible elections.

The government backed down and postponed the elections until June. And in June, again the same problem because of still a lack of transparency, problems with voters lists, other issues with the elections. Conditions were not sufficient, and the international community held its ground and said the standards are not there yet.

So one of the lessons I think we have drawn is—and eventually, of course, in December we had elections that have produced now what is a government, which was formed again with the help of the European Union and the United States, that it was worth waiting until the conditions were met.

And as we help countries to resolve their political difficulties, get closer to NATO or the European Union, it is important that we continue to hold them accountable to standards. It is important they make the reforms necessary, they solve the problems that we all know exist so that they will, in the end, be ready to integrate with the West.

Senator SHAHEEN. Well, and one of the places where we are trying to hold people accountable is in the Republika Srpska where the Treasury Department imposed sanctions on Dodik for defying Bosnian law and obstructing the Dayton Accords.

Can you talk about or do we know—I know that his leadership in the Republika Srpska has been an issue for a very long time in terms of trying sometimes to inflame ethnic tensions and talking about separating Srpska from the rest of Bosnia-Herzegovina. But are there others encouraging him at this point to be even more strident in his efforts to do that?

Mr. YEE. Thank you, Senator.

I think one of the major encouragers of the president of the Republika Srpska is Russia. I think Russia, along the lines I mentioned earlier about trying to prevent countries from integrating further with the West, with NATO, the European Union, would like to see a situation in Bosnia-Herzegovina in which the country cannot move forward. I do not know whether Russia would actually like to see Republika Srpska secede from Bosnia-Herzegovina because that would probably be a violent, disruptive, highly destabilizing event. But I think it is in Russia's interest to see the country stagnate and to remain more or less where it is right now, which is not moving very quickly towards the European Union or NATO.

But the politicians have to take responsibility. They are being encouraged by some outside factors, but I think leaders of the Republika Srpska, of the federation in Bosnia-Herzegovina do have it within their power, within their authority, within their capabilities to make the reforms necessary to get to the next stage of European Union membership. And I think one of the sad facts in Bosnia-Herzegovina is that many of the leaders, not all of them, but many of the leaders do not actually want to join the European Union because that would mean, unfortunately, for them an end to their way of doing business, of staying in power. So, unfortunately, Bosnia-Herzegovina is a bit of a captured state in the hands of corrupt politicians who do not want to give up power. And what we will need to do I think, so the situation does not drag on forever, is to hold accountable the leadership to work even more closely with the European Union in applying standards, to ensure that the reforms are done, that we are providing sufficient assistance because that is essential, but that it is used in the right way.

And one of the highlights, I would say, one of the positive developments we have seen in Bosnia-Herzegovina is that the International Monetary Fund, with our strong support, has insisted that the Bosnian-Herzegovinan leadership make certain reforms before the country receives the next tranche of assistance. So for the last several months now, Bosnia has not received the tranche of IMF assistance because it has not been able to agree on the reforms. This is how, I think, we can get results if we have conditionality, if we hold the leadership accountable.

Senator SHAHEEN. Are you going to do another round, Mr. Chairman? Can I continue to ask a few more questions?

Senator JOHNSON. Go ahead.

Senator SHAHEEN. What role has Serbia played with the Republika Srpska in terms of what is currently happening there?

Mr. YEE. Well, Prime Minister Vucic, who was recently elected to be President—Prime Minister Vucic did intervene and express both publicly and privately to the President of Republika Srpska that it was not in Serbia's interest. Serbia did not want to see a referendum, an illegal referendum, that Republika Srpska did hold last September. It was a referendum that was illegal because it was against a constitutional court ruling directly, blatantly in violation of the constitutional court. But the leadership of Republika Srpska went ahead anyway.

So I think we had assistance support from Prime Minister Vucic to try to deter this act from occurring, and I believe it is based on interests. It is certainly not in Serbia's interest to see a breakaway state and a weak Bosnia-Herzegovina as Serbia is trying to join the European Union to attract tourism, to attract foreign investment.

Senator SHAHEEN. But that kind of effort to help with what is going on there is helpful. Would you not agree? I remember being in Croatia as they were finishing their accession to the EU, and they were talking about ways in which they were trying to help some of their neighbors as they were looking at the challenges they were facing with accession efforts. And I got a very strong sense from others that I visited with at the time that that was very helpful to have countries in the region trying to support each other.

Mr. YEE. Thank you, Senator.

Absolutely the countries of the region and Serbia especially I would say, as the largest country in the region, need to play a constructive role in trying to mend fences with neighbors, resolve bilateral differences, whether it is over war crimes or with Kosovo, for example, resolving the status or the normalization, as we call it, between the two countries. It is vital that Serbia be firmly on the path towards European Union membership, closer integration with the West, looking forward not backwards. We understand it will always have ties, historical, cultural ties, with Russia, but that should not preclude it from moving in the direction of where already by nature of its trade, all of its commerce, foreign direct investment coming from Europe, not from Russia, a difference of an order of magnitude more is with Europe. Clearly Serbia's future is in Europe.

It is in our interest for Serbia not only to integrate with Europe but also to help resolve problems with neighbors. Already with Montenegro now—it separated with Montenegro in 2006 with Montenegro becoming independent. Croatia now is a member of the European Union, in a position to help Serbia we hope, as you mentioned, get closer to meeting the standards necessary. And in particular, I want to emphasize how important it is for Serbia to continue its work with Pristina, with Kosovo to find a way to normalize relations so the two countries can both move forward on their accession paths to the European Union.

Senator SHAHEEN. Well, thank you very much. I certainly agree with that.

And I agree with the views expressed by Senator Murphy that continued American leadership in the Western Balkans is very important and support for what the countries there are trying to do and that it is not beneficial in those efforts for us to be looking at a budget that would cut dramatically our support for those efforts.

One of the pieces of legislation that I have proposed with Senator Wicker is establishing an enterprise fund in Bosnia to help leverage our funding to promote private investment. Do you think that this is an effort that is helpful as we look at how we can contribute to other economic activity in some of the countries in the region?

Mr. YEE. Thank you, Senator, for asking that and also for supporting this initiative.

We believe that Bosnia-Herzegovina desperately needs assistance in developing a stronger economy based on a private sector as opposed to the public sector. And any initiative, including the one that you mentioned, Senator, would be welcomed.

What is particularly important is, as I mentioned earlier, that Bosnia-Herzegovina understand that regardless of how much assistance we are able to provide, whether EU or U.S., if they do not have the conditions, if there is not a functioning judiciary—the judiciary is highly flawed now—if there is not bureaucratic regulation that permits businesses to open or for businesses to function normally, if there is not support from the government for businesses to function normally, if there are 13 or 12 ministries for every important function in the state, it will be extremely difficult to attract enterprises.

So we welcome this initiative, Senator, and at the same time, we urge you to continue interactions with leaders from Bosnia-Herzegovina and other countries of the region to remind them that if they build the conditions, our businesses will come.

Senator SHAHEEN. Well, thank you very much again for your commitment, for your testimony today.

And, Mr. Chair and Senator Murphy, thank you both for holding this hearing. I think it is very important and it is important for us to continue to stay engaged in the region.

Senator JOHNSON. I agree, Senator Shaheen. And I appreciate you being so supportive of us holding this hearing.

Secretary Yee, thank you for your testimony. Thank you for acknowledging at the onset the event that is beyond disturbing at the practice field today. I was remiss in not doing so. I opened up my hearing in Homeland Security earlier today acknowledging it, offering our prayers to Congressman Scalise and the aide and staff member, as well as the two members of the Capitol Police who are part of his security detail. It is probably not a bad way to close this thing out, an area of completely non-partisan support. What law enforcement officials, what government officials do for us is so incredibly important. So we thank you for their service. We thank the Capitol Police and the heroism that truly saved lives today. So, again, thank you so much for that.

The hearing record will remain open for 48 hours until Friday, June 16th, at 6:00 p.m. for the submission of statements and questions for the record.

This hearing is adjourned.

[Whereupon, at 4:40 p.m., the hearing was adjourned.]