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U.S. ASSISTANCE COMMITMENTS IN SOUTHEAST EUROPE

WEDNESDAY, MARCH 9, 2000

HOUSE OF REPRESENTATIVES,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, DC.

The Committee met, pursuant to notice, at 10:20 a.m., in room 2200, Rayburn House Office Guilding, Hon. Benjamin A. Gilman (Chairman of the Committee) presiding.

Chairman GILMAN. The Committee will come to order.

It is apparent that the region of Southeast Europe, the Balkans region, is not only demanding an increasing amount of attention from policy makers in our government, it is now making a claim on an ever-greater share of our budget resources.

In the next few days we'll be introducing legislation which I hope will help us all to get a handle on just how much of our budget resources will, in fact, be claimed by programs intended to help the countries of that region over the next few years.

Let me point out that during the last decade the United States provided roughly $7 billion in foreign aid and debt forgiveness to the 15 states that now constitute all of Eastern Europe, plus billions of dollars more in funds for peace keeping and military costs in the Balkans region.

Last year we led our NATO allies in a 3-month military operation against Serbia that cost billions more to our defense budget.

Today we find that our foreign aid budget for just the eight states of Southeastern Europe has ballooned up to well over $1 billion in the last fiscal year.

The President has now submitted a supplemental appropriations request asking for more foreign aid that would raise our foreign assistance to the Balkans once again to well over $1 billion.

We are informed that the President is now also asking for roughly $2 billion more for our defense budget for the cost of our military deployments in the Balkans.

Finally, the President last year committed our Nation to participate in the multilateral assistance program for the Balkans, the total cost of which no one seems willing or able to tell the Congress.

All of this comes at a time when the President is asking for large aid increases to fight the flow of illicit drugs in our hemisphere, to support the peace process in the Middle East, to fight the proliferation of technology related to weapons of mass destruction, and to support reforms and protect nuclear materials in nuclear-armed Russia.

Last August our Committee on International Relations held a hearing on our growing American engagement in the Balkans. Many of our Committee Members took the opportunity raised by that hearing to send up some cautionary flags regarding the amount of our taxpayers' money that would be made available for the rapidly growing expenses in the Balkans.

As we all know, the European Union has stated that it will take the lead in carrying the burden in the Balkans. That is, in fact, what many Members here in Congress would agree should happen.

The legislation that I and other Members of the Committee intend to introduce next week would place a flexible cap on what our Nation should contribute over the next 5 years to the multilateral aid program for the Balkans. It is important for our Nation to set its priorities.

We can continue under such a cap to provide generous aid to the region. We can, indeed, be very helpful to the Balkan countries through our continued aid. Our very considerable military costs, which are not covered by the cap in this legislation, will also likely continue for some time in the Balkan region.

We must recognize, however, that the prosperous states of the European Union have taken on the task of leading the multilateral aid effort in Southeast Europe and should fulfill it.

Setting clear policy on the extent of the role our Nation will play with regard to foreign aid for the Balkans region should help us achieve that outcome.

Before I recognize our Ranking Member for his opening remarks, let me say that I believe our hearing today is timely. The daily news reports the continuing ethnic strife that afflicts the Balkans. We now have two U.S. military deployments in that region in support of peace—deployments with no clear end in sight.

Our Reserve and Guard units are being called up for unprecedented, lengthy tours of duty in the Balkans that are having an impact on the morale and lives of our military personnel.

In short, our bills are growing and will continue to grow. Our hearing this morning is intended to help us understand how much those bills might finally total.

I'd now like to recognize our Ranking Member, Mr. Gejdenson, for his opening remarks.

[The prepared statement of Chairman Gilman appears in the appendix.]

Mr. GEJDENSON. Thank you, Mr. Chairman. It does seem a shame that history will be deprived of our collective wisdom opening this hearing, but I am ready to go ahead anyway.

Chairman GILMAN. We'll submit our opening statements for the record, without objection.

Mr. GEJDENSON. Let me just say that I think all of us share the responsibility to make sure that when the taxpayers' money is used, that it is used effectively and that America, while it takes up its share of responsibility as the leading democracy in the world, that we make sure that our European allies and other countries, the developed countries, take on a fair responsibility.

I think it is important to note that when we take a look at American security, we spend about a third of a trillion dollars on defense. That is an important part of our security without any ques-

tion, coming from the arsenal of democracy. Our state's very focused on that part.

We spend about 7 percent of what we spend in the defense budget in the account that deals with the State Department and foreign diplomacy. It is often hard in the short-term to look at the savings and the costs involved in these areas.

I frankly think if there's a place in this budget that the American taxpayers get a great return—not that we do not make mistakes, not that we cannot be more efficient—it is in our foreign diplomatic effort.

We spent over half a century in Germany, we spent over half a century in Korea with hardware, with personnel, with tremendous expense to make sure Americans' interests were defended, that peace in the world was defended. I think we have to recognize, as we sharpen our pencils and make sure the Administration is getting the best return for the taxpayers, that what we do in the Baltics and elsewhere in Europe is of immense importance to American security. Whether those East Bloc countries succeed as Poland and Lithuania, and the Baltic states are succeeding, or whether they become as Belarus is today, another Stalinist state, is of incredible importance to the United States.

We have made most of Eastern Europe our allies and friends. I think we have a great opportunity to expand that and even build a long-term, solid relationship with Russia.

So I think these are important hearings and we ought to make sure that we recognize that this is all part of America's economic and military security.

Chairman GILMAN. Thank you, Mr. Gejdenson.

Is there any other Member seeking recognition?

Mr. Lantos.

Mr. LANTOS. Just a moment, Mr. Chairman, I will not take much time.

This is a region of the world which in many ways is the most complex. The failure over the years of our policy makers to grasp the complexity of Central and Eastern Europe has been an extremely costly enterprise.

At the end of the Persian Gulf War, some of us publicly called on the Administration of President Bush to issue an ultimatum to Milosevic indicating that violence, military action, will not be tolerated. Just as we succeeded for two generations from keeping the mighty Soviet Union from taking military action any place in Europe, tiny Yugoslavia would have heeded such an injunction.

The President, Secretary of State Baker, then Secretary of State Eagleberger, opposed these suggestions. The result has been close to 260,000 innocent people dead, and hatreds which are referred to as historic becoming very current.

It is one thing to be upset about the battle of Kosovo in 1389. It is another thing to be upset about your wife or daughter being raped or your son being killed 3 weeks ago.

So we need to move into these areas in a preventive fashion, and that the Bush Administration failed to do in 1991. Had there been a clear message to Milosevic, none of these issues would be before us now. Not the billions and billions of dollars in cost, and not the quarter million people who are dead. Not the collateral damage of

shipping on the Danube coming to a halt, basically impacting on the economy of Romania and Hungary in a very negative way, and none of the upsurge of anti-American sentiment in Russia because of our Kosovo activity.

When the history books will be written about the last decade of the 20th Century, the failure to act intelligently and preventively in this region will go down as one of the colossal failures of American foreign policy.

Let me just mention in contrast that the initiative taken by my good friend and colleague Congressman Bereuter and myself in recommending that a small American military contingent be placed in Macedonia played an indispensable role in preventing the bloodshed from moving over into that small republic.

So I look forward to the testimony of our friends and guests, but I do so with regret. All of this could have been avoided had the Bush Administration, at the peak of its popularity following the victorious conclusion of the Persian Gulf encounter, moved resolutely in Yugoslavia. That failure is the failure we are dealing with today—the billions we have put into this effort, the vast numbers of people who have been innocently killed, the destruction of a fabric of a functioning society.

I've been going to Kosovo and the region for years on an annual basis. All of this comes from the notion which is still so prevalent in this body that somehow we can look away from a problem and it will solve itself—whether the problem is Colombia today, Kosovo yesterday, East Timor the other day. We need to take preventive action, we need to anticipate events, and we must rise above what are cheap, short-term political considerations of not wanting to get into this conflict.

Secretary of State Jim Baker said, "We have no dog in that fight," Yugoslavia. We had plenty of dogs in that fight, and Jim Baker made one of the most horrendously irresponsible statements when he said that.

We have learned in the following 9 years how many dogs we had in that fight. It is an appalling phenomenon to have a Secretary of State display this degree of a lack of sophistication in dealing with an impending crisis which could have been easily prevented.

Thank you, Mr. Chairman.

Mr. BEREUTER. Will the gentleman yield?

Mr. LANTOS. I will be happy to yield.

Chairman GILMAN. Mr. Bereuter.

Mr. BEREUTER. I thank my colleague for yielding or being recognized on my own time here. I was not going to speak, but first of all, I appreciate the comments of my colleague from California with respect to what we encouraged the Administration to do in Macedonia, and we are, in my judgment so to speak, not out of the woods there yet. We need to focus in our bill upcoming on Macedonia as well as Albania.

The gentleman points very much to the Bush Administration, and frankly, I do not disagree with him in most respects.

It does seem to me that we, the North Atlantic Alliance, were not ready for the end of the Cold War. Our institutions were not ready to cope with what happened in Yugoslavia.

As a Member then of the House Intelligence Committee, I was impressed with the quality of the intelligence and the predictions that we had available to us. We saw the scenario unfold, the disintegration of Yugoslavia and the violence that followed, exactly as predicted. Policy makers in the Bush Administration, and then in the Clinton Administration, were unwilling to act on that intelligence.

I do think we needed to have something like we now have—a Combined Joint Task Force—so that coalitions of the willing could have taken on that problem at its earliest stage in Yugoslavia. We did not have that instrument, and Europeans certainly did not have any stomach for involvement.

In fact, although well-intentioned, the German recognition of Solvenia's independence really precipitated the problem that we saw very shortly in Eastern Croatia between Serbs and Croatians. The Serbs were concerned about the protection of the Serbian ethnics living in that part of Croatia. That, I think, was the time when we should have used force and could have used it effectively.

But we didn't. There's a lesson I think we also need to learn out of that, my colleagues. As difficult as it is for Americans to accept this fact, sometimes there are things that are more important than self-determination. The continued solidarity of the Yugoslavian state was more important than the understandable desire of Slovenians to have independence because ultimately, it precipitated in a matter of days a Croatian demand for a declaration of independence. Then we were off to the violent races.

That's a lesson we need to learn, and it applies in places in Africa as well. Sometimes there are things that are more important than self-determination.

I thank my colleagues for listening, and now I'd like to see if we have something to hear from our witnesses. Thank you.

Chairman GILMAN. Thank you, Mr. Bereuter.

Ms. Lee.

Ms. LEE. I will be very brief.

Thank you, Mr. Chairman.

First let me just say it is no secret where I was in terms of how I viewed the military bombing of Kosovo. However, I do understand that it is our responsibility that when the United States takes military action we must assume a responsibility to help rebuild. That's the price that we must pay.

My concern is at whose expense and in what region of the world. We've got critical needs and issues in Africa, Latin American, and the Caribbean, so I am very anxious to hear from our witnesses to see how this is going to evolve.

Thank you very much.

Chairman GILMAN. Thank you, Ms. Lee.

If there are no other Members seeking recognition I am going to recess our hearing until the vote is over. Hopefully our reporter will get the equipment moving by the time we return.

The Committee stands in recess.

[Recess.]

Mr. ROHRABACHER [presiding]. This hearing is called to order. I will be temporarily in the Chair until Mr. Gilman or Mr. Bereuter returns.

Mr. Radanovich has a short opening statement.

Mr. RADANOVICH. Thank you, Mr. Chairman, for holding this important hearing today.

As we are looking at exit strategies for the U.S. forces in the Balkans, let me make this one point. Democratization of Southeast Europe is one of the most important interests, and maybe even more so for our allies in the European Union and NATO.

Every year U.S. taxpayers see their hard-earned dollars going toward ensuring peace in this region. Without democratization and economic prosperity there, our soldiers will remain perhaps for many years.

By supporting Croatia's membership in NATO's Partnership for Peace program, and its accession into the World Trade Organization, we will not only be making a sound investment in the future stability of Southeast Europe, but we will also be sending a clear message to other countries in the region of the benefits that come from choosing a democratic path.

Toward that end, I recently introduced H. Con. Res. 251, a resolution that both congratulates Croatia on its democratic elections and calls for U.S. support and facilitation of Croatia's goals for membership in the Partnership for Peace and the WTO.

Croatia was so clearly a loyal and valuable ally to the United States during the Kosovo crisis, and I believe it deserves commendation for its stand with the United States and NATO during Operation Allied Force and SFOR.

Croatia also needs direct investments, and I am thrilled about the opening of OPIC's office in Zagreb last week. I am sure this will prove to be beneficial to both sides. It will promote U.S. exports and encourage small business to flourish in Croatia, which will also help reduce unemployment in Croatia considerably.

This year's U.S. assistance for Croatia is also critical for refugee return, and we must make sure that this assistance includes all ethnic groups.

Clearly, if economic prosperity is enhanced and returning refugees see the opportunity to work, they will return more quickly and in greater numbers.

Recently, Secretary of State Madeleine Albright commented on Croatia in an interview to Radio Free Europe. She said the recent democratic changes in Croatia are strong and exciting. She also said that the additional assistance has been announced, and that the U.S. is going to look directly at other ways to help Croatia.

I would like to ask just a couple of questions, and to get the answers in writing would be just fine—that is, if this distinguished panel could comment on what the Administration meant when it said that we are looking at other ways to help Croatia.

I would like to hear in more precise terms what U.S. assistance will consist of. Would you estimate that this is the right moment to reward Croatia's contribution to the success of the U.S.-NATO Operation Allied Force and SFOR? What might be the timeframe for that? Again, answers in writing would be just terrific. I'd appreciate it.

Thank you, Mr. Chairman.

Mr. GEJDENSON. Will the gentleman yield?

Mr. RADANOVICH. Yes.

Mr. GEJDENSON. I'd just be curious to hear from our panelists if they can calculate what would happen to that assistance if, say, a cap was placed at 15 percent on aid to the region, and what that would do to programs like the one in Croatia?

Thank you.

Chairman GILMAN. [Presiding] If we could hold that until we get to our questions.

Thank you, Mr. Radanovich.

Mr. Rohrabacher.

Mr. ROHRABACHER. I will make this very quick, and thank you, Mr. Chairman.

Let me echo the praise of Mr. Radanovich about Croatia. It is something we should not overlook. Croatia had a democratic election during this turmoil, and not only did it have a democratic election, but the opposition party won and power has been transferred. This is a tremendous success for the cause of democracy and something that we should not forget.

Furthermore, Croatia during the time period—this time period when there was this conflict and tensions were high and people were polarized—permitted some of their soldiers who had committed war crimes during the conflict to go and stand trial and to face justice, and several were convicted. That should not be looked at as a negative thing about Croatia, it should be a positive thing.

The fact is that the war criminals are still in power in Serbia. The Croatians had a free and democratic election and sent their people that they thought might have committed crimes to face justice.

So I would put my name on Mr. Radanovich's bill, first of all as a cosponsor.

But with that said, let me note that it took a long time for the United States of America to decide who were the bad guys down there—a long time.

Furthermore, I will just end it with this and say I do not think the United States has to pick up the lion's share of the cost for these type of operations, either ongoing or in the future. I want to know about why we are having to shoulder the military cost, and how much that was; and I want to know how much after the military action it is costing us now.

We were told we were going to get out of the Balkans for just a couple of billion dollars and within a year or two. It has been many years now and it has cost us many billions of dollars. It is not realistic to think the United States and the people of the United States can continue carrying that load after the Cold War is over.

Thank you very much.

Chairman GILMAN. Thank you, Mr. Rohrabacher.

Now that the malfunctioning stenographic equipment has been repaired, I am going to ask the stenographer to make certain that the opening statements are fully recorded.

We'll now turn to our witnesses for their testimony.

Ambassador Larry Napper now serves as Coordinator of Assistance to Eastern Europe after a long career with our State Department.

After serving with the U.S. Army, Ambassador Napper joined the Foreign Service and rose to a number of important positions with our diplomatic corps, including key positions at our Embassy in Moscow, Deputy Chief of Mission at our Embassy in Romania, Director of the Department's Office of Soviet Union Affairs, and Ambassador to Latvia.

Ambassador Napper has also served as a Congressional Fellow with our former colleague Congressman Lee Hamilton in 1983 and 1984.

It is good having you back before the Committee once again, Mr. Ambassador.

Ambassador James Pardew was appointed to his current position last year after having been appointed to the rank of Ambassador in 1997. Ambassador Pardew has a long record of service with our military from which he has a number of decorations.

Among other positions, Ambassador Pardew served with the staff of the Joint Chiefs and the Army General Staff and completed a number of foreign tours of service.

Ambassador Pardew served as a representative of the Secretary of Defense at the 1995 negotiations on the Dayton Accords for Bosnia. Then he served as Director of the military "Train and Equip" program in Bosnia from 1996 to 1999.

Dr. Daniel Hamilton is our country's Special Coordinator for the President's Southeast Europe Initiative and Implementation of the "Stability Pact" multilateral aid program for Southeastern Europe. Having served as Deputy Director of the Aspin Institute in Berlin from 1982 to 1990, and then as Senior Associate for European-American Relations at the Carnegie Endowment for International Peace from 1990 to 1994, Dr. Hamilton took up new responsibilities for the State Department's policy planning staff as an advisor to our U.S. Ambassador to Germany and as an Assistant Secretary for European Affairs starting in 1994.

He now continues to serve as Associate Director of the Policy Planning Staff while fulfilling his responsibilities with regard to Southeast Europe.

Gentlemen, we welcome you and we appreciate your taking the time from your busy schedules to appear before the Committee today. You may summarize your written statements which, without objection, will be included in the record. Please proceed in whichever order you desire.

STATEMENT OF AMBASSADOR JAMES W. PARDEW, JR., PRINCIPAL DEPUTY SPECIAL ADVISOR TO THE PRESIDENT AND SECRETARY OF STATE FOR DAYTON AND KOSOVO IMPLEMENTATION, U.S. DEPARTMENT OF STATE

Ambassador PARDEW. Thank you, Mr. Chairman. I am very pleased today to testify on the U.S. assistance programs for Southeastern Europe. I do have a longer statement which I will submit for the record.

Chairman GILMAN. Without objection, it will be made part of the record.

Ambassador PARDEW. I will briefly summarize our overall policy as a framework for U.S. assistance programs, the goal of our programs, our successes and challenges that we face as we go forward.

Ambassador Napper will speak on the specific aspects of our assistance programs, including the supplemental. Dr. Hamilton will address the Stability Pact for Southeastern Europe.

Our assistance programs in the Balkans are directly linked to our fundamental interests there. As I've testified before this Committee before, that fundamental interest is regional stability.

Military forces are not the solution to long-term stability in the region. They are certainly not the most cost-effective way of providing long-term stability.

Rather, stability requires robust political and economic programs backed by sufficient resources to make the difference.

In pursuit of our interests we've made considerable investments in civilian programs in the Balkans in the past few years. These investments have produced important returns which support our overall goals.

In Croatia we share your enthusiasm and excitement about recent events. Recent elections promise dramatic transition to democratic governance, market reforms, and full partnership with European and international institutions.

It is now possible to quickly open doors that were closed for so long for Croatia. PFP membership, membership in the international organizations, and greater financial assistance are open based on performance and support to the Dayton peace process.

Since 1995, 600,000 refugees have returned to their homes in Bosnia, and last year 800,000 refugees returned in Kosovo. Humanitarian aid helped get them through the winter.

We have caused reductions in many military forces in the area, transformed the Kosovo Liberation Army, held elections in Bosnia, and plan to hold elections in Kosovo this Fall.

Throughout the region, along with our allies, we sponsored democratic processes and institutions, economic reforms, policy and judicial reforms, anti-crime programs, and independent media development.

We also are using assistance to bolster the democratically-elected government in Montenegro against pressures from Belgrade.

In Serbia we are tightening financial sanctions and expanding the visa list, and supporting Serb opposition in an effort to change the regime in Belgrade.

The job of stabilizing the region is not complete, however. We continue to face challenges every day. Hard-line nationalists in Bosnia remain in positions of influence. Kosovo remains an unstable and dangerous place. Milocevic continues to cause difficulties in Montenegro, Kosovo, and Bosnia. The transition to democratic and economic reform is simply not complete.

I must highlight, in summary, the problem of crime and corruption as destructive forces which cross-cut the region and threaten the development of democratic institutions and reform. We have both bilateral and regional initiatives to tackle this serious problem.

In Fiscal Year 2000, our bilateral SEED assistance to Southeast Europe is $516 million to fund political, economic, police and judicial reform, and humanitarian aid—the keys to long-term stability.

Additionally, the Administration has requested supplemental funding for Southeast Europe for this year. This funding is critical

if we are to move our objectives forward in the region and provide adequate and secure facilities for our diplomats who work in difficult and often extremely dangerous conditions.

We are clear and consistent with our European allies that Europe must pay the lion's share of the financial burden in the region, and they have acknowledged this responsibility. In fact, the Europeans have pledged $731 million for Kosovo this year, which amounts to 60 percent of the pledges for Fiscal Year 2000.

The U.S. share of this spending amounts to 13.9 percent.

On police, European and Canadian commitments account for 40 percent of the personnel. The U.S. pledge accounts for a little over 12 percent.

We clearly understand the message from Congress on burden sharing and we will continue to work with you in that regard.

Mr. Chairman, we certainly wish to work with the Congress on burden sharing further, and we look forward to receiving your bill and reviewing it carefully.

The issue of flexibility which you mentioned is extremely important. We believe that restrictive caps which limit our flexibility are not a good idea.

Now, Mr. Chairman, let me turn to Ambassador Napper who will speak to you on the details of the supplemental.

[The prepared statement of Ambassador Pardew appears in the appendix.]

Chairman GILMAN. Thank you, Ambassador Pardew.

Ambassador Napper.

STATEMENT OF AMBASSADOR LARRY C. NAPPER, COORDINATOR FOR EASTERN EUROPEAN ASSISTANCE (SEED), U.S. DEPARTMENT OF STATE

Ambassador NAPPER. Thank you very much, Mr. Chairman. I do appreciate the opportunity to speak with you and the Committee again on the state of the SEED Program in Central and Eastern Europe.

Building upon the success of that program over the past decade, the President has proposed $610 million in SEED funding for Fiscal Year 2001. This request focuses on Southeast Europe, a region which, as Ambassador Pardew has suggested, remains a region in transition where U.S. vital interests are at stake.

In addition, the President has submitted a supplemental request for Fiscal Year 2000 funding in Southeast Europe. Given the urgency of this request, we do ask that Members of Congress support the rapid approval of this vitally needed additional funding.

The supplemental requests $624 million in non defense funds for the following purposes: $194.5 million in SEED funding for Croatia, Montenegro, Kosovo, and Serbia democratization; $22 million in USAID operating expenses; $31 million in foreign military financing to help PFP countries implement reforms to facilitate their cooperation with NATO; $2.875 million in international military education and training; $239 million for the construction of secure diplomatic facilities in Tirane, Sarajevo, and Pristina; $24 million in diplomatic and consular presence funding for the State Department's on-the-ground presence in the region; $107 million in contributions to international peace keeping activities to cover our as-

sessed costs in Kosovo and also in East Timor; $3.622 million in education and cultural exchanges.

Mr. Chairman, the President's supplemental request contains $92.8 million in SEED funds for Kosovo. If approved by Congress, this would bring the total SEED appropriation for Kosovo to $242.8 million in 2000.

In addition to this vital SEED funding, we urge Congress to fully fund the President's request for $107 million to cover our assessed contribution for U.N. peace keeping costs.

The recent events in Mitrovica underscore that both the SEED and peace keeping funds are essential to support UNMIK's efforts to establish public order, assure protection of human rights, and begin the process of economic recovery.

UNMIK's success in these areas is vital to ensure that U.S. forces can accomplish their mission in safety and security.

U.S. commitments in Kosovo represent our fair share of a broader effort in which our European partners play the leading role.

European countries and the European Commission pledged more than 70 percent of the contributions to the Kosovo budget already pledged, and have disbursed more than 70 percent of the voluntary contributions received by UNMIK.

In the broader perspective, our European partners pledged 61 percent of the total amounts pledged up to now for Kosovo reconstruction in Fiscal Year 2000, and other non-U.S. donors pledged another 25 percent of that total.

As Ambassador Pardew has suggested, our own percentages with regard to the Kosovo budgets—13.4 percent for police, 12.1, and the overall for Kosovo reconstruction and recovery 13.9 percent, so that's a very good burden sharing story.

I want to support the remarks by Mr. Radanovich and Mr. Rohrabacher concerning Croatia. The President's request contains $35.7 million in supplemental SEED funding for Croatia, and if approved, this would bring the total funding for that country to $50.8 million in Fiscal Year 2000.

The recent Croatian elections and the subsequent formation of a new government led by the opposition are the most hopeful developments in the Balkans since Dayton.

The initial actions of the new government give us confidence that the change in Zagreb is real and profoundly hopeful.

We have a historic opportunity here. With our support Croatia can go from a problem to a partner in the pursuit of a broad regional peace.

Mr. Chairman, the President's request also contains $34 million in supplemental funding for Montenegro. It is imperative that our assistance in Fiscal Year 2000 keep pace with Montenegro's needs as its democratically-elected government struggles to cope with unrelenting psychological and economic pressure from Belgrade.

With the support of the Congress, the President's supplemental request for Montenegro would allow us to meet both urgent requirements for budget support and essential longer-term developmental needs.

If Congress approves the President's supplemental request, total SEED funding available for Montenegro in Fiscal Year 2000 would be $58 million.

The United States must also continue and broaden its support for the opposition to Milosevic within Serbia. American support encourages the Serbian opposition to come together around common goals of promoting democracy, building a market economy, and establishing the rule of law.

We have allocated $25 million in SEED funds to support this process in Fiscal Year 2000. The President's supplemental budget request of $15 million would enable us to provide robust democratization assistance to Serbia's democratic opposition, and to help that opposition begin to prepare for a Serbia after Milosevic is gone.

The current crack down on the Serbian opposition underscores the fact that those who have the courage to stand up to Milosevic expect and deserve our support.

Finally, the President's supplemental request contains $17 million in supplemental SEED funding for regional programs in Southeast Europe. These funds are needed to support small and medium enterprise, and to increase the effectiveness of our existing efforts to fight organized crime in Bosnia, Kosovo, and Albania, as Ambassador Pardew has suggested.

If approved, the supplemental request would bring total SEED funding for regional programs in Southeast Europe to $106.87 million.

Mr. Chairman, I recently returned from a trip to Southeast Europe, including visits to Kosovo, Croatia and Macedonia.

I had the opportunity to see firsthand how our Embassies and USAID missions are using SEED funds to accomplish vital U.S. foreign policy objectives. Our people in the region often work in difficult and dangerous conditions. We owe them the support that would be provided by full funding of the President's request for State and USAID operating expenses, and the construction of secure diplomatic facilities in Pristina, Tirane, and Sarajevo.

President Clinton's supplemental request for 2000 and budget request for 2001 are essential to implement peace and overcome the terrible legacy of ethnic cleansing in Kosovo and elsewhere in this troubled region.

This funding would enable us and our partners to build a brighter future and to serve U.S. interests by taking full advantage of hopeful new developments, such as the new government in Croatia and the emergence of the Stability Pact. That is why we would welcome early Congressional enactment of the President's proposal for supplemental SEED funding for 2000, as well as the Administration's 2001 budget request.

Mr. Chairman, I do have a longer statement and I would appreciate it being introduced in the record. Thank you.

[The prepared statement of Ambassador Napper appears in the appendix.]

Chairman GILMAN. Without objection, the full statement will be included in the record.

Thank you, Ambassador Napper.

Now we'll turn to Dr. Daniel Hamilton, with regard to the implementation of the Stability Pact.

Dr. Hamilton.

STATEMENT OF DR. DANIEL S. HAMILTON, SPECIAL COORDINATOR FOR IMPLEMENTATION OF THE STABILITY PACT FOR SOUTHEAST EUROPE, U.S. DEPARTMENT OF STATE

Dr. HAMILTON. Thank you, Mr. Chairman and Members of the Committee for the opportunity to testify on our efforts to stabilize Southeastern Europe.

I want to complement the presentations made by Ambassadors Pardew and Napper by focusing on our cooperation with our European partners through a Stability Pact for Southeastern Europe, which we believe is an important vehicle to bring lasting peace and prosperity to the region.

I also have a longer statement which I'd like to submit for the record, and I will simply summarize it here.

Chairman GILMAN. Without objection.

Dr. HAMILTON. Thank you.

Mr. Chairman, over the past decade there has been a bipartisan effort on the part of the United States to create what President Bush called a "Europe whole and free," and President Clinton has called a "peaceful, undivided, democratic Europe." That Europe is truly within our grasp, but it is not there yet because we still need to stabilize Southeastern Europe.

This Europe is within our grasp, however, because 50 years ago we recognized that the strategic challenge facing the United States in Europe was to defend Europe itself and transform Western Europe. Countries that we had talked to having ancient animosities at that time, and that had dragged the United States into successive wars.

Because of our success there, after the Cold War we were able again, in a bipartisan manner, to turn to stabilize Central and Eastern Europe. Through our efforts, through NATO enlargement, through the EU's own efforts, and through such efforts as the U.S.-Baltic Charter, that part of Europe is also on track and is stable.

We would argue that our core strategic challenge again today is to stabilize Southeastern Europe, to do in many ways what we had done previously. Due to our earlier success, we have strong and prosperous partners to help us do the job. Our European allies, particularly the European Union should take on the lion's share of this effort. They have agreed with that. The President and Secretary Albright have insisted upon it. We believe that will, in fact, be the case, and that the Stability Pact for Southeastern Europe can be a vehicle to advance that bargain.

The Stability Pact boil-down is really a bargain between integration and reform.

We and our European allies and other institutions—international institutions, international financial institutions—agree to stabilize, transform, and work on a long-term plan to integrate the countries of this region into the European and trans-Atlantic mainstream.

The countries of the region, in turn, have agreed to work individually and together more than before to create the conditions by which that can be possible—in economic terms, through economic reforms; in security terms, through security cooperation; and by promotion and consolidation of democracy and human rights throughout the region.

We have been working since the Sarajevo Summit, which launched this pact last summer, to work ahead on specific elements of the bargain. As I said, there are three baskets, if you will—security, economics, and democracy/human rights. We have some early signs of success in that area.

Just briefly, on the economic area. The international financial institutions—the World Bank, the European Bank for Reconstruction Development, the European Investment Bank—have all now devised regional strategies for Southeastern Europe which they had not before.

They all support the goals of the Stability Pact, and each of them are committing or are looking at commitments on their part for further financing for projects throughout this region.

All the countries of the region through the Stability Pact have agreed on what we call an investment compact. That is, to commit to country-specific action plans—we have an action plan before that—on what they will do to create a climate conducive to private investment.

In the end, it is private sector, private investment, not assistance that will transform this region. What we are doing through the Stability Pact is creating the conditions conducive to private enterprise, not just foreign investment, but domestic investment as well, and each of the countries in the region have agreed now through this plan and through a mechanism that we have to work on concrete action steps to create that kind of environment.

We have also created a business advisory council for the region which consists of U.S., West European and companies from the region itself, that will work directly with each country in the region on private sector advice and what needs to be done to transform, again, their investment climates.

In the security area, the main issue that is focused on this region has been corruption. As Ambassador Pardew said, we have been very focused on this issue, and that U.S. initiative—all the countries of the region through the Stability Pact have agreed to what we call an Anti-Corruption Initiative. It is not just a piece of paper. It outlines commitments of these countries and has an Action Plan to be implemented country-by-country on what these countries will do to fight corruption. It is tied to specific steps, and we have an implementation mechanism, again, country-by-country to work on that as well.

The countries of the region have also signed a Memorandum of Understanding that has created a regional Customs Directors Association which will facilitate a World Bank loan that's been prepared by the Southeast Europe Cooperative Initiative to upgrade border crossings and revamp the Customs services of the entire region, which I am sure many of the Committee Members know has been an issue in terms of corruption and other elements. We are trying to marry the anti-corruption elements with reform of Customs facilities throughout the region.

The countries of the region, through the Stability Pact, have all agreed on efforts to control, seize, and destroy small arms and light weapons throughout the region. They have agreed to work on aligning their arms export policies with major European and inter-

national standards, and to devise a common end-user certificate through the region so that such exports can be tracked.

They have all signed on to a declaration confirming their commitments to implement conventions against weapons of mass destruction and have all agreed—including I note, the Bosnian Serbs—have all agreed and called on the Federal Republic of Yugoslavia to accede to the chemical weapons convention.

In the area of democracy and human rights, the country's experts from around the region have agreed to examine their history. We think an important development that they have said together, they will stand together and use historians and their education ministries to review textbooks with a view to eliminating bias and prejudice, to have an ongoing series of efforts to review history throughout the region.

We think it is an important development, and we would like to continue to support it.

We are working through the Stability Pact on the promotion of free and independent media through the region as well.

Hungary has taken an important initiative called the "Szeged Process," which is to link efforts to support the Serb opposition by working with Serb opposition mayors in various countries in Serbia. It has been a helpful initiative that we support.

As I mentioned, the President and the Secretary fully expect, and our European colleagues have agreed, that Europe must take on the lion's share of this effort.

The European Union in December took some important steps in that regard by announcing that they would begin, and they have since begun, accession negotiations with Romania and Bulgaria, in addition to Hungary and Slovenia, which were already on track. They have agreed that Turkey is a candidate for European Union membership. They have taken the further steps that are needed to implement their financial commitments.

President Prodi of the European Commission has announced that the European Commission would devote $11.5 billion euros to this region over the next budget cycle of 7 years. We think that's an important pledge. You can believe we are working on holding our colleagues to that.

If you step back just briefly and look at other things that have been achieved, and why the Stability Pact—what's the value added of this effort? Let me give you just two examples.

Bulgaria and Romania had disagreed for 10 years over a bridge over the Danube, which created a 500-kilometer detour for road traffic. They could not agree on the location or the financing.

Through the Stability Pact, they have now agreed on both with no U.S. financial commitments involved. These are totally European commitments. We believe it is a significant development. It helps not only close that 500-kilometer gap, but starts to link these countries again with the European mainstream.

Commission Member Chris Patten recently announced, and we have, I think, an announcement today as well, a resolution of the congestion at the Blace border crossing between Macedonia and Kosovo. Again, through the auspice of the Stability Pact, we have devised a way to relieve that congestion and get a regional cooperation mechanism in place in that area.

The last one I would just mention is that NATO and the World Bank in a unique partnership, have agreed on demobilization and training of retired military officers throughout the region. If you will ask officials from those two institutions, they never would have come together in this kind of partnership if it hadn't been through the good auspices of the Stability Pact.

Our goal now is to take these pledges and these early signs of success and turn them into on-the-ground realities to make a difference in people's lives so that they see that this is not just an abstract international gathering, but something that makes a difference.

We try to aim to advance both parts of our bargain—reforms by the countries and commitments by the international community—at a regional conference scheduled to be held at the end of this month on the region as a whole. We do believe that the international financial institutions and the European Union will pledge significant figures toward what they call a quick-start package of regional infrastructure projects and projects in the areas of democracy and human rights.

They are matching the funding to the projects that have been proposed through the region now, so the exact figures simply are not there, but they should be available very soon. I believe we will certainly be in touch with the Congress as we know that, and certainly, Ambassador Napper and I would like to continue to be in touch with the Committee staff about the details of that as it evolves.

The Stability Pact is really an effort in crisis prevention as was mentioned by a number of Members earlier. Crisis prevention is cost prevention. With the Stability Pact we can transform what has been a primary area of instability throughout this region into a stable and prosperous part of the mainstream of Europe and the trans-Atlantic community.

We are not naive enough to believe this will happen easily or quickly, but we do believe it is a core strategic challenge that we must engage in because we have looked, and as I said, we have learned history's lesson. American failure to invest in defending American vital interests in Europe has always meant we have paid a higher price later. That was the lessons of the last century in Europe, and is one we are trying to avoid and learn from today.

Thank you.

[The prepared statement of Dr. Hamilton appears in the appendix.]

Chairman GILMAN. Thank you, Dr. Hamilton.

We'll now proceed with a few questions.

Gentleman, in a recent meeting with our Committee staff on the issue of aid for Southeast Europe, a State Department representative stated that the President would not provide any statement of intentions as to how much our Nation would pledge or commit to aid in the region over the next 5 or 6 years. Of course after the Dayton Accords and the NATO deployment in Bosnia, the President clearly stated that what the U.S. wanted to pledge and commit as part of a multilateral aid package for that country over a 4-year period.

As representatives for the President's implementation of the multilateral aid package for the Southeast Europe region, an aid package to which the President committed our Nation at the Sarajevo summit last July, can you please tell us why the Congress will not be provided with an outline of just how much the Executive Branch wants to pledge and commit to any multilateral aid package for the Balkans so that the Congress may assess the future pattern of the appropriations challenges in our overall foreign aid program?

Any of our panelists? Ambassador Napper.

Ambassador NAPPER. Mr. Chairman, thank you for the question and I appreciate it. It is a good one. Obviously the Congress would like to know something of the Administration's intentions, and I hope we've laid those out to the degree we can today.

If you look at the 3-year pattern of the last fiscal year, this fiscal year, and the President's budget request for 2001, I think it does give you a sense of where we are headed.

We went from a level of $430 million, for instance, in the SEED program in Fiscal Year 1999 to a budget this year of $533 million. If we did get the supplemental which the President has requested, the level after that supplemental, if we got it fully, would be $727.5 million. For 2001 we've requested $610 million.

So as you can see here, we are not talking about a progression of at least the SEED assistance. I think the SEED Program is something of an accurate barometer for the entire effort in Southeast Europe. We are not talking about a program here which is on an ascending scale off the charts. We are talking about relatively moderate increases which have been necessary because of the events that have transpired on the ground in order to respond, and where possible to anticipate these developments in a very turbulent region.

Precisely because it is a turbulent region and very difficult to read, it is very difficult to project out beyond that 3-year cycle of funding and to begin to talk about exactly where the program will be. To begin to give you figures for 2002, 2003, or 2004 simply seems to us not to be the most responsible behavior for the Administration at this juncture.

I guess that would be my response, Mr. Chairman. We tried to give the lay of the land as we see it to your staff and to the Committee, and I think that would have to be my response at this juncture.

Chairman GILMAN. Thank you, Ambassador Napper.

Any other panelists care to comment on that issue?

Ambassador Pardew.

Ambassador PARDEW. Mr. Chairman, I would only like to add that it has been extremely difficult for us to project the direction that this would go in the out years, but to the degree that we've had success, we've also been very careful to reduce our commitments.

For example, we started in Bosnia with 60,000 NATO and allied troops. I forget the original number of U.S. troops, but it was about 20,000. That number has declined to where we'll have about a total of 20,000 international troops in Bosnia this year. The U.S. commitment will be less than 5,000.

Our SEED and other spending has been on the decline as well as we have achieved some success in implementing the Dayton Agreement. But it is very difficult, we could not see Kosovo coming, so in some cases it is just impossible to project future requirements.

Chairman GILMAN. What's the number of our troops now, Ambassador Pardew?

Ambassador PARDEW. The total number of NATO and allied troops will be around 20,000 this Spring.

Chairman GILMAN. How about U.S. involvement?

Ambassador PARDEW. The U.S. percentage of that is 4,600. Our total percentage of SFOR is 23 percent.

Chairman GILMAN. Are we proposing to reduce our troops——

Ambassador PARDEW. We have reduced them down to those numbers, and we'll reassess from that level, Mr. Chairman, as to whether or not there should be further reductions.

Chairman GILMAN. When will that reassessment take place?

Ambassador PARDEW. There is to be a review in NATO probably in the Fall.

Chairman GILMAN. So until then we'll stay at the 4,600 level?

Ambassador PARDEW. That's the plan. Yes, sir.

Chairman GILMAN. Thank you.

The already-enacted Fiscal Year 2000 Foreign Operations Act requires the Secretary of State to certify that our Nation has pledged no more than 15 percent of the total resources pledged by all donors of assistance to the Kosovo region. The Secretary has, in fact, already provided such a certification to Congress.

Why would a certification that our Nation has pledged no more than 15 percent of all resources pledged by all donors for the entire region of Southeast Europe prove a problem for our Secretary, or would it not be a problem for her ability to provide such a certification for the region?

Ambassador NAPPER. Mr. Chairman, you're exactly correct that the Secretary did certify that, but let me explain the provision and the context.

The provision in the appropriations bill applied to one donor's conference for Kosovo which took place in November of last year. The provision was that the Administration could not expend funds for Kosovo until the Secretary of State had certified that our contribution at that donor's conference was no more than 15 percent, and we did so. That was an event in time which took place once and could be therefore relatively easily certified.

The problem with a cap of this kind that would extend into the future is precisely the uncertainty of the world, and especially that part of the world where you have a constant train of unpredictable, unforeseen events. I would personally be very concerned as the responsible official for at least the SEED part of the account that we would not be able to respond to new challenges such as Kosovo or new opportunities such as Croatia.

A couple of the Members have expressed how important it is to move quickly on Croatia and we agree 100 percent. If we'd been limited by a cap on what we could have put into Croatia immediately, we would not have been able to take care of that opportunity. So that would be my response, Mr. Chairman.

Chairman GILMAN. Thank you Ambassador Napper.

We appear to be suffering from some further technical problems in that our timing system is not working. I've asked our staff to keep track of the time and I will advise Members when their time has expired.

The last question. The European Union has announced that it is going to provide about $12 billion in direct assistance over a 6-year period to the countries of Southeast Europe, which may not be that much of an increase in aid to the region by the EU. Does that $12 billion figure include expected aid donations by the EU member states? If not, how much do you expect might be provided by those individual states over a 5 or 6-year period to aid the countries of Southeast Europe, and what other amounts of aid to the region other than that from EU or U.S. do you expect might become available to that region, such as aid from Japan or the World Bank?

Dr. HAMILTON. Mr. Chairman, the pledge to which you referred is the pledge by President Prodi of the European Commission's next budget cycle to the region, so it is limited to the finances by the Commission itself.

We fully expect that EU member states will add significantly to that figure. They go through their respective budget cycles. Most of them do not do multiyear budgeting, so it is hard to do the same projection for each EU member state as the Commission has done through its cycle.

We do, however, know for instance that the German government, and this has been a public statement, has said that they intend to invest 1.2 billion marks for the region in support of the Stability Pact over the next 4 years. This would translate into $300 million marks a year over this period.

The Dutch government has made similar statements. I hesitate to go into the specifics because they have to go through their own parliamentary processes as well.

What we are trying to do is ascertain the exact levels in advance of this regional conference, so that at the regional conference we fully expect EU member states and the Commission to be able to say what they will pledge over what period of time.

The regional conference is intended for donors to pledge over an envelope of 2 years, and we do anticipate that our EU colleagues, as well as countries such as Japan, and countries such as Switzerland and Norway who are all members of the Stability Pact would also make those pledges known at that time.

Chairman GILMAN. Thank you, Dr. Hamilton.

Let me remind our Members that, at the end of our hearing today, we will have a markup on two items. We hope that our Members will remain after our hearing, so that we can have a quick markup on two very important measures, one concerning Austria and the other one concerning Mozambique. So please bear with us and stand by.

Mr. Lantos.

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

For the sake of moving the process, I will not ask any questions. I'd like to make just a very brief statement because my position was clear from my opening remarks.

We are paying for past mistakes, and as is always the case when we fail to deal with an issue at a point when it is in its embryonic stage, we then pay for it heavily in blood and in treasure later on. That's what we are dealing with.

I think this is a well crafted, serious, responsible proposal and I am in full support of it. I want to commend our witnesses and I want to commend the Administration.

I do want to just make a very brief observation concerning your questions on draw downs of American troops. I think there is a real danger that we fall into the trap of considering draw downs as ipso facto positive. There comes a point where draw downs add to the danger that our troops face. I think it is very important to recognize that in dangerous situations, and certainly the Balkans qualifies, there is a great case to be made for overwhelming force being on the ground——

Chairman GILMAN. Make a comment on procedure.

We'll continue with our hearing. Mr. Bereuter is going down to vote at this time and will come back. We will continue our hearing without any break.

I am sorry for the interruption, Mr. Lantos.

Chairman GILMAN. The vote on the Floor relates to the Hansen Amendment to the airport bill.

Mr. LANTOS. Right.

I think there is a very strong case to be made for having overwhelming force on the ground to deter the kind of violence which we have seen lately from both the Serbian and the Albanian side. I think this ritualistic incantation that draw downs are good contains very serious seeds of danger.

We have had plenty of examples since the end of World War II where adequate U.S. presence, military presence on the ground—both in Europe during the Cold War, in South Korea, continuing as of today—have been successful in deterring violence and military activities. The Balkans are no different.

I am no more inclined to support a U.S. force of 3,000 than I am a U.S. force of 4,600 or 5,900. These have to be military judgments made by competent military commanders on the spot.

I believe strongly in the responsibility of Europeans to carry the bulk of the load, and our role at this stage should be a minor participant role. However, I do not think it is in our national interest to press for further reductions irrespective of the military judgments involved.

General Clark is a uniquely qualified American military commander to make the judgment on the level of our participation, and I think it behooves Congress to support a proven and successful military leader following the conclusion of an incredibly successful military operation without a single American battle casualty, and recognize that some of these troops may be there for a long, long time to come. That is clearly preferable to a reemergence of hostilities in the Balkans, which is obviously the alternative we face.

I thank you, Mr. Chairman.

Chairman GILMAN. Thank you, Mr. Lantos.

Mr. Rohrabacher.

Mr. ROHRABACHER. I agree with Mr. Lantos in terms of making sure that we have adequate forces. We do not want Americans to

die because we are being penny wise and pound foolish, but I also agree, Mr. Lantos, that the Europeans certainly need to carry the bulk of this weight.

As of this time, over the last 6 years, how much money have we spent, and how much have our European allies spent? We are talking about military and all other spending.

Ambassador NAPPER. On the developmental assistance side, Mr. Rohrabacher, the figures would be for the Europeans approximately $10 billion in developmental assistance over the period 1991 to 1999, and for the United States in a comparable period something on the order of $2.1 billion.

Now, on the military side, I am not sure we have the comparable figures.

Ambassador PARDEW. I have some figures here, Mr. Rohrabacher which I will give to you, but I'd also like to take this for the record because I think it is an important question. Let me give you the information I have.

The total figure for military and nonmilitary expenditures for Kosovo in Fiscal Years 1999 and 2000 is $6.3 billion.

Mr. ROHRABACHER. Excuse me. Could you repeat that again, please?

Ambassador PARDEW. The total figure for military and nonmilitary expenditures in Kosovo in Fiscal Years 1999 and 2000 is approximately $6.3 billion. Of that amount, approximately $1.2 billion comes from the Department of State accounts. This sum includes a supplemental appropriation. That's what I have on Kosovo.

Mr. ROHRABACHER. I have a figure in front of me that says the U.S. has expended about $12.95 billion—so $13 billion on peace keeping and military operations in former Yugoslavia since 1991. Is that an incorrect figure?

Ambassador PARDEW. I cannot say if it is correct or incorrect, sir.

Mr. ROHRABACHER. OK.

Our European allies have spent $10 billion in assistance to that area. Is that right? Is that what you testified?

Ambassador NAPPER. That would be our estimate on the developmental assistance side. Yes.

Mr. ROHRABACHER. It seems to me that we are spending more than 50 percent, frankly, of what's going on down there. My guesstimate, from what you've said and what I am reading here, I think we are spending 50 percent. I think we are carrying the load at 50 percent. My guess is on the military side we are carrying. During the actual fighting that took place, we carried maybe much more than that.

Ambassador PARDEW. Let me give you a couple more numbers. I want to give you a Bosnia number. I think you said Bosnia too, right?

Mr. ROHRABACHER. OK.

Ambassador PARDEW. Let me just make a general comment and then we will, I think, get some numbers for the record.

We are talking here largely about civil implementation programs, and we are working very hard to stay within the guidance that the Congress has sent to us.

I cannot speak to military spending. However, to me, military spending is based on what it takes to prevail. If our military commanders believe that the forces are required—be they American or European or whatever—we need to prevail there.

Mr. ROHRABACHER. That makes sense if you were doing it on your own, what you just said makes all the sense in the world if you're doing it on your own. If you're not doing it on your own, then it could mean that we are being treated as a bunch of suckers by Europeans who are letting us fly all the missions, take all the risks, and then, of course, give us no gratitude in the end.

I sat next to some Europeans here for a NATO meeting just a moment ago, and they were trying to tell me how the United States was actually at fault for World War II because we had gone in and helped in World War I, which prevented a compromise from happening, and of course because they didn't have a compromise from World War I, that led to World War II. That gave them a good reason not to be grateful for all the hundreds of thousands of Americans that gave their lives over there to save their hide. The Europeans are not going to be grateful to us.

We have to do what's right, and we have to figure out what our role is in the post-Cold War world. It is not to bear the burden for people who are richer than us and have the capabilities of keeping peace in their backyard. We'll see. The Balkans is the first major operation after the close of the Cold War, and we'll see when all the accounting is done whether the American people feel that that's the appropriate role and the appropriate level of investment for the United States of America.

I've got some questions on that obviously myself, but that does not reflect on you guys. You're trying to do your job in the executive branch with the President. Over here in the Congress, we are trying to make the right decision.

Ambassador PARDEW. My only point was that we cannot speak for military spending. You make some excellent points here.

I would just say that within the civil side of this we are making every effort to ensure that we pay our fair share, but nothing more than that.

Ambassador NAPPER. If I could just make one further comment——

Mr. ROHRABACHER. Could you hold on, I am worried I am going to miss this vote.

Chairman GILMAN. We have about 4 minutes remaining on the vote.

Mr. ROHRABACHER. I've got to run, I am sorry.

Chairman GILMAN. The Committee will stand in recess. Mr. Bereuter is on his way back and will reconvene our hearing as soon as he returns.

Mr. BEREUTER. [Presiding] Ambassador Napper, I understand you wanted to respond further to a point that was made or an issue that was raised just before the temporary recess?

Ambassador NAPPER. Thank you, Mr. Bereuter, I appreciate that opportunity.

Mr. Rohrabacher did refer to some figures, but I thought it might be useful just to review a couple of figures that we put on the table earlier and reflect the Administration's commitment to burden

sharing and our success in achieving burden sharing, particularly in Kosovo at this juncture.

What I would call the key benchmark, the yardsticks at this point, are the contributions to the Kosovo consolidated budget, which is the budget that runs the territory, contributions to police deployments, and overall contributions to recovery and reconstruction in Kosovo. On each of those we have an excellent burden sharing story to tell.

With regard to the Kosovo budget, we have contributed approximately 13.4 percent of the total contributions made for 1999 and 2000. Of the number of police now deployed in the territory, a critical factor for maintenance of stability and the creation of order there, we are at about 12.1 percent of total police deployed.

Mr. BEREUTER. Which country is that?

Ambassador NAPPER. The United States.

Mr. BEREUTER. In Bosnia or——

Ambassador NAPPER. Kosovo.

If we look at costs overall for reconstruction, economic revitalization, our percent is at 13.9 percent. Those are the best calculations we have right now. We've worked very hard on these numbers, and we feel that they are accurate.

With regard to Bosnia, over time, over the 4 or 5-year period of the economic reconstruction and revitalization effort in Bosnia, our percentage has been pretty consistently at 18 percent of the total international community effort there.

So I do think we have good burden sharing. We work very hard at it, we take it seriously. It is a matter of discussion at the highest levels whenever Europeans and Americans meet on the Balkans.

Thank you.

Mr. BEREUTER. Thank you.

I'd like to proceed with some comments and questions. I thank you gentlemen for your testimony and for what you're doing to oversee our resources and to bring coordination to the area.

I do have to tell you that I am very unsatisfied with what's happening in Kosovo and Bosnia, and ask for redoubled efforts in certain areas.

One thing that is notable in your presentations is there is no focus on Macedonia. Macedonia has borne a higher cost for what has happened in the region, particularly in Kosovo, than any other country. You should address that issue, and Congress should be responsive to those concerns. They have a government headed by a prime minister who is a small "d" democrat, elected in 1998. They deserve our assistance and we are not giving it to them in any substantial way.

Dr. Hamilton, I noticed your comments about that border crossing. I have seen it from the air. I understand we have, or will have, examples of road rage there with people waiting in line for up to 2 days. Undoubtedly, there are examples of corruption there as well. We have to solve that problem.

I'd like to know who is blocking the progress on East/West rail service from Albania to Macedonia to Bulgaria. I'd like to know why that's not moving through the international financial institutions.

I notice that the SACEUR Wesley Clark has called for more troops in Kosovo. I understand why he's made that call but it is the wrong call. It is international police that are not there, so military personnel are doing things that should be handled by the international police force.

Having been in Kosovo 2 weeks ago, I am distressed to see the slaughter of Serbs by the Albanian Kosovars in those communities, despite the fact we are trying to give them 24-hour-a-day protection. Across the border in Presevo you have ethnic cleansing by the Serbs of those Albanian ethnic communities.

I noticed the tanks of the 1st Infantry Division deploying on high ground overlooking that border, and I hope they'll be given the order to fire if necessary to stop inappropriate conduct on the Serbian side of the border.

I am concerned that the Europeans and other countries committed to providing civilian resources in Bosnia and in Kosovo are failing to deliver those resources, especially, of course, police.

I notice the calls for additional funds for peace keeping in the Balkans and in East Timor. I hope you are living with what you should understand by now is a limitation, and that we are providing no more than 25 percent of peace keeping forces' cost to the United Nations. We are not providing 31.7 percent. Previous democratically-controlled and Republican-controlled Congresses have said we are providing no more than 25 percent. That's part of the reason we had the dispute regarding the size of our arrearages to the U.N.

I know Ambassador Holbrooke is committed to trying to get those changes, but I am hoping that these figures are not intentionally or inadvertently taking us over the 25 percent level. If necessary, I will add an amendment to legislation to ensure that no more than 25 percent is provided.

I intend to vote against the supplemental. If I vote against it, not that I am so powerful, you're not going to get it passed because a lot of people of the same view are not going to vote for that supplemental.

We need to re-orient; we need to get a lot tougher on corruption. Somehow you've got to get a tough on corruption in Bosnia.

We are getting no direct foreign investment there. I've never thought the Dayton plan was implementable, but it certainly is not implementable as long as we have this level of corruption from all parties in Bosnia.

So unless you can provide us some assurance that you are going to provide some assistance, or be willing to take Congressional initiatives on Macedonia, and that we are going to get international police comprised of people from the European Union countries and other European nations, we are not going to pay more than 25 percent. I do not know why we should support the supplemental.

Other than that, I am happy with things.

Ambassador PARDEW. Mr. Bereuter, you covered a lot of territory there. I cannot write fast enough to get all your points down.

Let me just hit some high points if I could.

First, on Macedonia, we agree that progress has been significant there. I will let my colleagues speak to what is in the works for them.

On the Blace border crossing point, we hope that construction can begin on off site facilities which will allow these trucks to pool before they travel to the site and we can clear that up.

Mr. BEREUTER. Do you think you can move them across the border more quickly?

Ambassador PARDEW. Yes. Part of this is processing. There needs to be an offset place where they can go and be processed and then they can move through the border crossing site. There's just a limited road space to Blace, and to widen the roads and so forth is a huge investment, so we are trying to do it other ways.

Mr. BEREUTER. You know this is a major lifeline to the rest of the world. This is the Thesaloniki port connection.

Ambassador PARDEW. Yes, sir. Unfortunately the lifeline also goes through Serbia. One of the real problems here is the main four-lane highway through that region goes not through Kosovo, but actually through Serbia. We cannot use that route, of course. It is the lifeline to Kosovo.

Now, there are two things to help the transportation system. Blace is one initiative we are working on, and we expect construction to start right away to fix it. The railroad connection there also has to be improved. The Germans have provided additional locomotives, and we are doing some things there to help as well.

Mr. BEREUTER. What about the East/West corridor?

Ambassador PARDEW. I cannot answer that. I wrote that down. Maybe Larry can speak to that.

Ambassador NAPPER. Mr. Bereuter, we agree with you entirely about the importance of Macedonia. For that reason, in the Fiscal Year 2000 assistance budget, we are doubling the base assistance program for Macedonia.

We began in Fiscal Year 1999 with a base assistance program there of $16 million. We are increasing that to $30 million in Fiscal Year 2000. So it is roughly doubling it. We intend to try to maintain that level provided for Macedonia because we do believe it is important and a vital country for the stability of the region.

We want to support the multiethnic government that's been formed there. I was just in Macedonia, had good talks with the government about how we would use this assistance. I think we are trying to move vigorously to support them.

Mr. BEREUTER. I was there about 12 days ago with 12 Members of Congress. I do not know if that was before or after your visit.

Ambassador NAPPER. It was just about the same time, as a matter of fact, because you had just been in there, I think, the day before.

Mr. BEREUTER. I noticed the French would not let us keep our airplane on the apron while we were there for 1 day, but that's a side issue with the French. We had to fly it all the way back to Italy, and then it came back to pick us up 6 hours later.

Ambassador NAPPER. With regard to the East/West transport corridor which you mentioned, under our South Balkan Development Initiative, the United States has provided $30 million over the last 4 years for the development of that East/West corridor that links Albania, Macedonia and Bulgaria. We have been providing considerable assistance there.

What we want to do now is to move that assistance into a multilateral framework under the Stability Pact. Dr. Hamilton can address that in a moment.

Mr. BEREUTER. Ambassador Napper, I thought there was a request pending before the World Bank, and it's been blocked in the World Bank. It seems to me the World Bank has a role in this and this would be a multilateralization of that assistance.

Ambassador NAPPER. That's exactly what we are trying to do. We are trying to take a bilateral program, which we have been funding for the past 4 years, in advance of the international community, rally support for Macedonia and the other two countries, and trying to put it in and develop greater international assistance for it. I agree with that, and that's the clear direction that we are headed.

Mr. BEREUTER. International police?

Ambassador NAPPER. On international police, yes. We agree with you that international police are, in fact, in many ways the key to the problem of maintaining public order. Here the story frankly is not—I agree with you, it is not as good as we would have perhaps hoped by this juncture.

The total number of the police authorized for the Kosovo mission at this point is 4,718.

Mr. BEREUTER. The original request was 6,000 and cut back to that, I believe.

Ambassador NAPPER. Actually——

Ambassador PARDEW. The new requirement now is about 4,800.

Ambassador NAPPER. Right.

Mr. BEREUTER. The original request, a suggestion from the international people, was 6,000 and we are at, about 2,000?

Ambassador NAPPER. The Security Council of the United Nations is the body that makes the decision as to how many police are authorized for the mission. They started out with an authorization of just over 3,000 police. That authorization was then increased at the suggestion of the people on the ground to this 4,718 figure.

Mr. BEREUTER. Is it true that we actually have a reduction in people there now? Are forces leaving and not being replaced?

Ambassador NAPPER. No, I think the reverse is true. There is an increase in the number of police deployed. There are 2,375 police deployed, that's the figures we have today, which leaves you with 52.3 percent of those authorized deployed.

Now that is not adequate, and we are trying to get that figure up. That's one of the things we have in the request for the supplemental, which I hope you will reconsider your views of that and help us.

Mr. BEREUTER. It depends on how good you can make the Southeast Balkan ones, because my problem is throwing the money away in Colombia.

Ambassador NAPPER. I would not be able to address that, Mr. Bereuter.

But I do hope that at least the Southeast Europe part of it could earn your support. Part of that is to provide some additional U.S. police, and we are pressing very hard with our European allies to get their police number up.

It has improved somewhat. They're now at 64 percent of their pledges for police and moving up in the right direction. So the po-

lice situation is not adequate there, we agree with that, but we are increasing our own commitments and we are urging others and having some success in getting them to increase.

Ambassador PARDEW. Let me just add a point, please. There are really three elements on police. First there's the international police, and those numbers are not adequate—2,300 of 3,700 required.

Then there's the Multinational Support Unit (MSU). These are units in Kosovo for riot control and so forth. We have three units that have volunteered so far, three countries that have volunteered. They have not yet arrived. It is an issue of facilities, but we are hopeful that facilities will be available, soon.

The third element is the local police. We had to start from scratch creating local Kosovo police, creating from scratch a police training academy, recruiting people, and so forth.

Mr. BEREUTER. It is very difficult, I know.

Ambassador PARDEW. We've had two classes graduate. We are trying to increase the output to 500 every 8 weeks, and to find an additional facility outside of Kosovo, in Europe, where we could double the number of local police this coming year.

Mr. BEREUTER. Can they be trained in Budapest at the center there?

Ambassador PARDEW. The Hungarians have made an offer. The Swiss have made an offer, and other countries are looking at possibilities of using their facilities for off site training.

Mr. BEREUTER. I was told there are 173 graduates out there today, 8 of whom are Serbs.

Ambassador PARDEW. There are two classes of about 175 each. One just graduated before you got your number. A very, very small number of Serbs participate in this program and there are many reasons for that. The Serbs in the north are simply not promoting participation. Second, some Serbs are fearful of working with the Kosovars. We are encouraging Serbs to participate——

Mr. BEREUTER. We are trying to employ them at Bondsteel. A very small number said they are willing, as Kosovar Serbs, to be employed, but that Kosovar Serbs have been killed in a couple of instances or intimidated in others so they do not show up anymore.

Ambassador PARDEW. Intimidation is a major problem throughout Kosovo. That's true. We are doing everything we can to prevent that, and to work with the moderates, but the influence of extremists is still significant and it is a problem.

Ambassador NAPPER. Just one other question that you had, Mr. Bereuter, was about the assessed U.N. peace keeping costs. I wanted to assure you that the level of peace keeping funding that we've requested in the President's supplemental would not exceed 25 percent of the U.N. assessment, so if we got supplemental, we would not exceed 25 percent.

Mr. BEREUTER. I am glad to hear it.

Ambassador NAPPER. A couple of points briefly on the question of the Europeans.

As I said, every time Americans and Europeans meet to discuss this issue—the Secretary will do so again tomorrow when she meets Patten and others in Brussels—we've had discussions continually on the question of European commitments and fulfilling those. We've seen some success on this.

The budget cycles are different. They only begin their budget cycle at the beginning of January, and so disbursements come later than ours because we have a budget cycle that begins a bit earlier. But we have, for instance, seen considerable European commitments fulfilled on the Kosovo consolidated budget. They've just deposited $10 million in that and another $20 million is due at the middle of March. So these commitments are beginning to be fulfilled.

Mr. BEREUTER. What do you feel about their response to the need to keep their commitments on police?

Ambassador NAPPER. I think they——

Mr. BEREUTER. I know the Danes are, but who else is?

Ambassador NAPPER. I think there are a number of European governments that have begun to increase their commitments on police. For instance, the Austrians have deployed 49 out of 50 of the ones that they had promised. Denmark is 26 out of 26. Finland is 20 out of 20. France is current with their deployment. Others are lagging. In fact, there are other—because this is a worldwide police effort, there are other countries that are not European countries that, in fact, are the ones that are, if you will, lagging a bit behind.

Mr. BEREUTER. The Europeans provide about 40 percent? Is that correct—only 40 percent of the total police force?

Ambassador NAPPER. They have provided——

Mr. BEREUTER. Pledged, I mean.

Ambassador NAPPER. They have provided 64 percent of their total pledge.

Mr. BEREUTER. Overall, of the total police force, their commitment is only about 40 percent? Is that roughly correct?

Ambassador NAPPER. If you take the European Union countries and the other OSCE countries, it is about 40.8 percent, yes.

Mr. BEREUTER. The OSCE countries enlarge dramatically beyond the EU countries.

Ambassador NAPPER. Yes.

Mr. BEREUTER. It seems to me that the Europeans are playing a pretty small role if their overall commitment, even though they haven't met it, is only 40 percent.

Ambassador NAPPER. They could be doing more, we are urging that they do so, and it is improving. The numbers are improving on the European commitment.

Mr. BEREUTER. The problem with having peace keeping forces from the rest of the world, in many cases, is that outside people are not culturally attuned at all to that environment. It is bad enough for a European or an American to go into that area, but forces from Southeast Asia or from Africa have problems from the beginning. They, in fact, create problems at times, unfortunately.

If the Europeans cannot pick up a much larger role of the international police keeping force, I do not think you're ever going to get an effective police force there that meets the 4,000-plus requirement.

Ambassador NAPPER. We are certainly trying to. The police effort there certainly involves an effort to keep a certain standard, to have a certain standard in terms of the capabilities of the individual policeman to do his job. That applies across the board.

It is not an ideal situation. We are relying on a multilateral force to be organized, and in part, as we do want to keep our commitment to a relatively small part, we have to encourage others to deploy. It is not to our satisfaction at this juncture, but there has been improvement.

Mr. BEREUTER. I will just look for what you can do through the Administration to increase the European commitment. You're stuck with me because I have no colleagues here, so you're suffering through my questions, but I haven't heard yet anyone address, and maybe I haven't given you a chance, the problems of corruption, particularly in Bosnia.

Ambassador PARDEW. Let me address what we are doing to solve the international police problem.

The President is personally involved in this, making phone calls, discussing the issue with his counterparts. He's directly engaged and encouraging our European colleagues to contribute more police.

Secretary Albright is meeting tonight with her colleague. This will be a major topic of discussion in that meeting.

We are working this at every level because we recognize this is a critical issue holding us back.

Mr. BEREUTER. I would like to strengthen your hand, so I hope you will recognize that when you see my handiwork.

Ambassador PARDEW. On the issue of corruption in Bosnia, we are working this at two levels. First, there's the criminal element of this. In that regard we are improving the quality of our assistance there by providing FBI and other expertise. We are working, again, with our European allies, to create an armed international police element to participate in the investigative process of corruption at a high level.

The second element of the anti-corruption program is economic reform. We have to break the link of the nationalist parties controlling economic enterprises. We are working with the World Bank, the IMF, and others to take a tough position on conditionality to force privatization and reform. We are not happy with the level of privatization in Bosnia at this point to get these companies out of the hands of these parties and——

Mr. BEREUTER. I think you understand the problem, and I just think you're going to have to do something really dramatic to break through here. Otherwise we are just not going to get direct foreign investment in there. You're not going to see a willingness for countries to put resources into Bosnia.

Ambassador PARDEW. We have passed that message to the leadership there as late as yesterday when Secretary Albright met with the presidents. We have told them there's no international commercial bank in Bosnia. We are hopeful that one will be there in the next couple of months.

Our Ambassador to Bosnia, Tom Miller, has withdrawn assistance on privatization, specifically to make the point. I have worked through Treasury with the IMF and the World Bank to toughen the conditionality to force the issue on privatization.

Congressman, this is one we are taking extremely seriously, and we are building in some very tough conditions to make it happen.

We want the payment bureau taken down and we've got a schedule to do so. The payments bureau is a holdover from the old com-

munist system, the system they used to move money through a government. We plan to have it dismantled by the end of the year, and we are going to take a very hard line with it.

Mr. BEREUTER. It may be helpful to you to provide some detail on that before we go to debate on these issues, and I'd be interested in seeing it.

Ambassador PARDEW. I'd be happy to.

Mr. BEREUTER. I need to go vote but I want to give Dr. Hamilton a chance.

Dr. HAMILTON. Just briefly, on Macedonia in particular. On Blace, part of the arrangement, the deal that's coming together, is a one-stop process, so that instead of stopping along the border they just go right through it one time.

The construction would facilitate the off-road, and then when they're ready to go they'd just go across. As Ambassador Pardew said, the construction of that should start right away.

On your issue on the rail, the Committee has made clear our effort here is to leverage European and IFI funding. Through the Stability Pact, what we have done is provide a package on energy, on transportation, and on environment and water. At this regional conference we expect that the Europeans and the international financial institutions will approve a solid package for Macedonia in these three areas which connects the Macedonians to their neighbors in energy, transportation and water, and that these projects would be able to start.

The project you mentioned has been part of the vetting process by the international financial institutions so that they would hopefully be able to fund that. That is what is underway.

The other part we have made clear to our European counterparts is the need for the European Union to open its market further to access for not only Macedonia, but the other countries in the region. As Secretary Albright made that point as recently as yesterday, she will be seeing President Prodi tomorrow and making the same point.

We are working very carefully with the Macedonians right now because they are the Co-chair of the economic table for the Stability Pact. The international community met in Skopje about a month ago, and the government pledged good things in that area. But they have signed this investment compact which pledges them to work on specific reforms in the economic area.

We have created a country team mechanism by which the donor community works with key decisionmakers in each country government, including Macedonia. The team just met on Tuesday with the senior levels of the Macedonian government on their next steps on economic reform. It is a supportive group. It includes all the donors, and it is proceeding.

So there are a number of things that are focused on Macedonia. We hope to have more.

Mr. BEREUTER. Thank you. I have an educational initiative that I will offer. I hope you will look kindly on if you can.

Does the gentleman from California have questions? Otherwise I am going to dismiss the witnesses.

Mr. SHERMAN. Yes, I do.

Mr. BEREUTER. Just let me say a couple of things here first.

The Committee will submit questions for answers in writing to our witnesses, and I want to say before I leave that I appreciate your testimony and your responses.

I am going to turn the chair over to Mr. Lantos and hope for the best here. The other gentleman from California, Mr. Sherman, can ask his questions after which time, if Chairman Gilman is not back, Mr. Lantos is free to dismiss the witnesses. Then we'll have a short break, pending Mr. Gilman's return, at which time the Committee will markup the two bills.

Thank you very much.

Mr. Lantos.

Mr. LANTOS. Mr. Sherman.

Mr. SHERMAN. Japan is physically closer to Bosnia and Kosovo than my district in California. How much money, how many troops, how many lives have been put on the line by the Japanese to defend peace and security in Southeast Europe?

Ambassador PARDEW. First of all, as you know, Congressman, Japan, I think, has some restrictions on that. Their military——

Mr. SHERMAN. So they benefit economically by having restrictions—Is there any restriction in the Japanese constitution that would prevent them from sending money to pay for the American troops?

Ambassador PARDEW. The Japanese are contributors to the Kosovo——

Mr. SHERMAN. How much money have they sent?

Dr. HAMILTON. Japanese contributions and disbursements to UNMIK, the total pledged is $7.3 million, which is 4.1 percent of the total pledged.

Mr. SHERMAN. That's of that particular agency. But when you look at the cost of establishing peace, first in Bosnia then in Kosovo, when you look at putting American lives on the line, you would not say that the Japanese effort is 4 percent of the American effort in terms of the total cost, including the cost of maintaining military presence there.

I realize that's comparing apples and oranges. I am just bringing this question up to illustrate the fact that other rich countries are shirking their responsibilities. It is absolutely absurd that we still have peace keeping troops doing the job that Europeans should be doing, and that we are still incurring a cost to do that. I think historians are going to have to compare this to our reaction in southern Sudan where neither Europe nor the United States is doing anything. A Europe that cannot keep peace in Europe obviously makes it more difficult for us to do anything in southern Sudan.

Ambassador, I can see that you wish to respond.

Ambassador NAPPER. I just wanted to add one other fact for the record, Mr. Sherman. For our calculations with regard to the overall burden sharing effort in Kosovo, Dr. Hamilton has mentioned the contributions to the consolidated Kosovo budget, but taken as a whole, the Japanese contribution thus far is $88.7 million out of a total of $1,210,000,000. So it is a little over 7 percent.

Mr. SHERMAN. It is tough enough that the foreign services of Europe and Japan do everything possible to overstate their effort and to understate ours. My fear is that our own foreign policy establishment does likewise. If anyone thinks that the total effort in Kosovo

was a $1.5 billion effort, that the total effort in Kosovo of all countries was less than it costs to build a freeway interchange, then they must have been sleeping through the entire war.

I do not know what figure you used, but to look at what was the primary focus of American military power for many months and to attribute less than one-half of 1 percent of our military budget during the period of hostilities toward what was the focus of our entire military establishment illustrates the fact that our own foreign policy establishment is working hard to explain, to understate the fact that American taxpayers, American men and women in the military are bearing a very disproportionate share of the load. Even today, George Bush, Governor of Texas, is able to say quite poignantly that even if we are forced by circumstances to be the peacemakers, why are we stuck being the peace keepers?

What especially concerns me is we were told to get involved in Kosovo because Europe was so much more important to us than Africa, because Europe was so economically powerful and significant, yet this powerful European continent cannot patrol a tiny area, an area where less than two million people live.

It strikes me as odd that we are told that Europe is so important that we must go and defend them, that they are so powerful that they deserve our help, and yet so powerless that they need it. It is disappointing, to say the least, that we are still carrying European responsibilities at the cost of the American taxpayer. To try to claim that Japan is doing 5 or 10 percent of the load-carrying in Kosovo and Bosnia, I think strains all of our understanding of the situation.

I will yield back the balance of my time.

Ambassador PARDEW. I just wanted to say, Congressman, that of course our engagement in this region—as I said in my opening statement—is based on our interests there. We do think the European interest is greater than ours. It is their continent. But we are a partner with Europe. We are partner in NATO. This is a NATO-led operation, and we should participate in that partnership.

Mr. SHERMAN. We have deliberately structured this situation. We could have formed a new organization, including Japan, and invited Japan to contribute more money. We could have invited the European exclusive organizations to participate. We are a partner of every nation in the world, virtually. We've even told we have a strategic partnership with China. Certainly we are members of the United Nations. So simply by picking which organization will intervene here or there, we can declare that any corner of the world is a place where America must bear a disproportionate share of the burden.

The fact remains that 5 and 10 years from now the Japanese will be selling more manufactured product in Kosovo than we are. That 10 and 20 years from now Europe will continue to engage in trade practices that show that they are indeed powerful diplomatically when they want to be—powerful in fighting for their own economic interests and powerful in twisting American policy to meet their economic objectives.

You have a variety of different hats and flags that can be flown over different trouble spots, and we've chosen the words NATO to try to imply that the people of Los Angeles have a greater responsi-

bility for assuring peace in Pristina than the people of Tokyo. That's a conclusion that we reached only because we wanted to. Geographically, that is not the way God designed the planet.

Ambassador PARDEW. I would only like to assure you that the foreign policy establishment is making every effort to ensure that others pay their share. As Ambassador Napper and others have mentioned this morning——

Mr. SHERMAN. I believe I still have time, and I will say that every effort possible means every effort that doesn't unduly trouble, inconvenience or anger those who are foisting their responsibilities on us. Every effort possible would be announcing that it is up to Europe to carry this and that we are leaving except for perhaps some technical assistance that they're unable to do.

We were told during the war that we had to do all the bombing because their planes didn't work. Of course they were unwilling to buy any of ours before then or in the future. Now we are told we have to patrol because every effort possible means everything that doesn't make them too angry.

I believe my time is expired.

Mr. ROHRABACHER. As much as the Chairman appreciates the comments of my friend, we have to move on.

Does any other Member have——

Ms. LEE. Yes, Mr. Chairman. I will be very quick.

As to what our policy is now this year with regard to the reconstruction efforts, the infrastructure-building—I know last year the President made statements that we were reluctant to do that because of the fact that Milosevic was still there. But given that the bombing, of course the bridge and all of the other buildings that were damaged, what are we doing, if anything? Does any of this money go toward that? Or do we still have a kind of hands-off approach on actual reconstruction efforts?

Dr. HAMILTON. Do you mean for Serbia particularly or for the region?

Ms. LEE. In Kosovo specifically.

Ambassador NAPPER. With regard to Kosovo, the appropriations bill that was passed last fall precludes an American involvement in large-scale physical reconstruction in Kosovo. That was a prescription in the law, so we are not doing that. We are undertaking a number of programs to promote the economic revitalization of Kosovo, and this goes across a whole gamut of activities, from encouraging the growth of small and medium enterprises, to a revival of agriculture in Kosovo, to providing assistance to the authorities there and those authorities that will be elected later in the year, local municipal governments, in structuring their finances and taxes, technical assistance in that regard. So across a whole gamut of activities we are trying to promote the economic revitalization of Kosovo, but we are precluded by law from engaging in large-scale reconstruction of, for instance, rebuilding power plants or the airport or roads or things of that nature.

With regard to Serbia, fundamentally the guidelines are still as we discussed them with you the last time we were here. That is, as long as Milosevic is in power, we will not be doing any reconstruction assistance in Serbia.

Ms. LEE. Thank you.

Mr. ROHRABACHER. Any other Member have questions?

Seeing none, the Chair will indulge in one question.

I understand there are reports that the communist Chinese government has invested big sums of money in Serbia. Do you have any indication of that?

Ambassador PARDEW. There were reports some months ago that there was some investment, some financial dealings between the Chinese and Milosevic. We have discussed this with the Chinese and have been assured that it had stopped, but let me get you an answer for the record on that.

Mr. ROHRABACHER. As far as all the witnesses, do you know of any communist Chinese investment in Serbia?

Ambassador NAPPER. I know of nothing more than what Ambassador Pardew has just stated, Mr. Rohrabacher.

Mr. ROHRABACHER. All right. That would be a matter of concern, obviously.

I would ask any Members of the Committee who would like to ask further questions to submit them in writing for our witnesses. We do appreciate our witnesses and thank you very much for spending this time. We've had to run in and out here.

We will now excuse you, and the Committee stands adjourned pending the Chairman's return.

Without objection, written questions for witnesses will be submitted within 1 week.

[Whereupon, at 12:14 p.m. the Committee was adjourned.

A P P E N D I X

March 9, 2000

Chairman Benjamin A. Gilman
Opening Statement
International Relations Committee
Hearing: "U.S. Assistance Commitments in Southeast Europe"
Thursday, March 9, 2000
10 A.M. 2200 Rayburn Building

The Committee will come to order.

It is apparent that the region of Southeast Europe – the Balkans region – is not only demanding an increasing amount of attention from policy-makers in our government, it is now making a claim on an ever-greater share of our budget resources.

In the next few days, I intend to introduce legislation which, I hope, will help us all to get a handle on how much of our budget resources will, in fact, be claimed by programs intended to help the countries of that region over the next few years.

Let me point out that during the last decade the United States provided roughly $7 billion in foreign aid and debt forgiveness to the fifteen states that constitute all of Eastern Europe, plus billions of dollars more in funds for peacekeeping and military costs in the Balkans region. Last year we led our NATO allies in a three-month military operation against Serbia that cost billions more to our defense budget.

Today we find that our foreign aid budget for just the eight states of Southeastern Europe has ballooned up to well over $1 billion in the last fiscal year. The President has now submitted a supplemental appropriations request asking for more foreign aid that would again raise our foreign aid to the Balkans once again to well over $1 billion. I am informed that the President is now also asking for roughly $2 billion -- from our defense budget – for the costs of our military's deployments in the Balkans.

Finally, the President last year committed the United States to participate in the multilateral assistance program for the Balkans – the total cost of which no one seems willing or able to tell the Congress.

All of this comes at a time when the President is asking for large aid increases: to fight the flow of illicit drugs in our hemisphere; to support the peace process in the Middle East; to fight the proliferation of technology related to weapons of mass destruction; and to support reforms and protect nuclear materials in nuclear-armed Russia.

Last August, our Committee on International Relations held a hearing on our growing American engagement in the Balkans. Many of our Committee Members took the opportunity raised by that hearing to send up some cautionary flags regarding the amounts of our taxpayers' money that should be made available for the rapidly-growing expenses in the Balkans.

As we all know, the European Union has stated that it will take the lead in carrying the burden in the Balkans. That is, in fact, what many Members here in the Congress would agree should happen.

The legislation that I and other Members of the Committee intend to introduce next week would place a flexible "cap" on what the United States could contribute over the next five years to the multilateral aid program for the Balkans.

It is important for our nation to set its priorities. We can continue, under such a cap, to provide generous aid. We can indeed be very helpful to the Balkans countries through our continued aid -- and our military costs, which are not covered by this legislation, will likely continue for some time in that region.

We must recognize, however, that the prosperous states of the European Union have taken on this task in Southeast Europe and should fulfill it. Setting clear policy on the extent of the role the United States is willing to play with regard to foreign aid for the Balkans region should help us achieve that outcome.

Before I recognize our Ranking Member for his opening statement, let me say that I believe our hearing today is timely. The daily news reports the continuing ethnic strife that afflicts the Balkans. We now have two U.S. military deployments in that region in support of peace – deployments with no clear end in sight. Our National Guard units are being called up for unprecedented, lengthy tours of duty in the Balkans that are having an impact on the morale and lives of our military personnel.

In short, our bills are growing – and will continue to grow. Our hearing this morning is intended to help us understand how much those bills might total.

STATEMENT BY CONGRESSMAN GEORGE RADANOVICH
HOUSE INTERNATIONAL RELATIONS COMMITTEE
HEARING ON U.S. ASSISTANCE COMMITMENTS IN SOUTHEAST EUROPE
MARCH 9, 2000

As we are looking at exit strategies for U.S forces in the Balkans let me make this point...Democratization of Southeast Europe is one of our most important interests, and maybe even more so for our allies in the European Union and NATO. Every year, US taxpayers see their hard earned dollars go toward ensuring peace in this region, and without democratization and economic prosperity there, our soldiers will remain -- perhaps for many years.

By supporting Croatia's membership in NATO's Partnership for Peace program and its accession into the World Trade Organization we will not only be making a sound investment in the future stability of Southeast Europe -- but we will also be sending a clear message to other countries in the region of the benefits that come from choosing a democratic path. Toward that end, I recently introduced H.Con.Res.251, a resolution that both congratulates Croatia on its democratic elections, and calls for U.S. support and facilitation of Croatia's goals for membership in PfP and the WTO.

Croatia was so clearly a loyal and valuable ally of the United States during the Kosovo crisis, and I believe it deserves commendation for its overt desire to stand with the United States and NATO during the Operation Allied Force and SFOR.

Recently, Secretary of State Madeleine Albright commented on Croatia in an interview to Radio Free Europe. She said the recent democratic changes in Croatia are "strong and exciting." She also said that additional assistance has been announced, and that the U.S. is going to be looking at ***other ways*** to help Croatia. I hope that what the Secretary meant was that the Administration will also be facilitating Croatia's membership in PfP and its accession to the WTO.

Two more points I want to make to this distinguished panel include Croatia's need for direct investments and our assistance as it relates to refugee return...

I'm thrilled about the opening of OPIC's (Overseas Private Investment Corporation) office in Zagreb last week. I'm sure that this will prove to be beneficial to both sides. It will promote U.S. exports and will encourage small businesses to flourish in Croatia -- which will also help reduce unemployment in Croatia considerably.

And finally, this year's U.S. assistance for Croatia is also critical for refugee return, and we must make sure this assistance includes all ethnic groups. Clearly if economic prosperity is enhanced and returning refugees see the opportunity to work they will return more quickly and in greater numbers.

Thank you for your time.

HIRC TESTIMONY
AMBASSADOR LARRY C. NAPPER
MARCH 9, 2000

Mr. Chairman, I wish to thank you and the committee for the opportunity to testify on the state of the SEED Assistance program in Central and Eastern Europe. I will review briefly the major developments of the past year and then outline the President's budget request for SEED in 2001. In addition, the President has submitted to Congress a supplemental request for SEED funding in Southeast Europe. Given the urgency of this supplemental request, I will devote most of my testimony to a description of the President's proposal and an appeal that Members of Congress support the rapid approval of this vitally needed additional funding.

Since I last appeared before this committee, there have been important positive developments in the SEED program. We are well along in our preparations for the graduation of three countries from SEED bilateral programs at the end of FY 2000. The graduation of Poland, Lithuania, and Slovakia reflects our considered judgment that these countries have made substantial and durable progress toward democracy, implementation of market economic reforms, and establishment of the rule of law. By the end of FY 2000 eight SEED countries will have graduated,

allowing us to focus our assistance on the needs of Southeast Europe. The graduation of all the countries of Central Europe and the Baltics validates the vision of successive Administrations and Congresses that have supported SEED as a vital tool to promote democratic and market transition, not a prescription for long-term dependency on foreign assistance. Graduation is also our eventual goal for the countries of Southeast Europe, but these countries began the transition later and will need our help longer than originally anticipated.

While we are committed to a strategy of graduation from bilateral assistance programs, we must maintain the partnerships that have been built during the first decade. We are continuing regional programs to sustain these partnerships with the SEED graduate countries. Our regional support will consolidate reforms in the graduate countries themselves and empower them to offer their experience and expertise to countries that are still in earlier phases of the transition. We are particularly mindful of the special needs of Slovakia. Our decision to proceed with the graduation of Slovakia from bilateral assistance underscores our confidence in the current Slovak government and in the commitment of the Slovak people to reform. At the same time, we know that Slovakia continues to

need our support. We intend to provide an appropriate mix of assistance for Slovakia in the framework of regional SEED programs in order to consolidate reform in that country.

One of the most hopeful and encouraging developments of the past year was the implementation of our proposal to wind up the affairs of the highly successful Polish-American Enterprise Fund and to establish the successor Polish-American Freedom Foundation. The Polish-American Enterprise Fund was so successful that it is committed to making unprecedented payments to the U.S. Treasury totaling $120 million by the end of FY 2001. The remaining assets of the enterprise fund will endow the new Polish-American Freedom Foundation to continue to foster the development of the private sector in Poland.

Building upon the SEED success story of the past decade, President Clinton has requested $610 million in SEED funding for FY 2001. This request focuses almost entirely on Southeast Europe - a region in transition where vital American interests are at stake. Our assistance funds support American military forces deployed in Kosovo and Bosnia to implement peace agreements that brought an end to war, ethnic cleansing, and major human rights abuses. The President's budget request will allow us to support the newly elected government in Croatia as

it works to overcome the pernicious authoritarian legacy of the previous Croatian regime. This request will also enable us to continue essential support for Montenegro as it struggles to maintain its democratic orientation and establish economic self-sufficiency in the face of relentless political and economic pressure from Belgrade. Our assistance will support efforts by the Serbian opposition to offer the Serbian people a credible alternative to the dictatorship of Slobodan Milosevic and his fellow indicted war criminals. The President's budget requests the resources we need to support our partners in Bulgaria, Romania, Albania, and Macedonia and to do our part in the European-led effort to realize the promise of the Stability Pact for Southeast Europe.

Mr. Chairman, in addition to his 2001 budget request, the President on February 7 sent to Congress a request for supplemental FY 2000 appropriations for Southeast Europe. The supplemental requests a total of $624 million in non-defense funds, $609 million of which would fund urgent requirements in Southeast Europe. The supplemental request contains:

- $194.5 million in SEED funding for Croatia, Montenegro, Kosovo and Serbia democratization;
- $22 million in USAID operating expenses;

- $31 million Foreign Military Financing (FMF), to help PFP countries implement reforms to facilitate NATO candidacy and to bolster Serbia's neighbors;
- $2.875 million in International Military Education and Training (IMET), to promote more professional militaries in Southeastern Europe;
- $239 million for the construction of diplomatic facilities in Tirana, Sarajevo and Pristina (SMUSM);
- $24 million in Diplomatic and Consular Presence (D&CP) funding for the State Department's on-the-ground presence in the region;
- $107 million in Contributions to International Peacekeeping Activities (CIPA) to cover US assessed contributions to peacekeeping operations in Kosovo (UNMIK) and East Timor (UNTAET),
- $3.622 million in Education and Cultural Exchanges (ECE) to establish a Fulbright program for Kosovo and expand existing programs in Southeast European states.

With your permission, Mr. Chairman, I would like to focus the remainder of my statement on an appeal for the support of Members of Congress for the $194.5 million in supplemental SEED funding requested by the President for FY

2000. The President's request contains $92.8 million in supplemental SEED funds for Kosovo. If approved by Congress, this would bring total SEED appropriations for Kosovo to $242.8 million in FY 2000. The President also requests $107 million in contributions to international peacekeeping operations, including in Kosovo. The recent events in Mitrovica underscore that both the SEED and peacekeeping funds are essential to support UNMIK's efforts to establish public order, assure protection of human rights, and begin the process of economic recovery in Kosovo. UNMIK's success in these areas is vital to enable U.S. forces to accomplish their mission and ensure their security. The supplemental funds requested for Kosovo include $11 million in new support for the UNMIK budget for Kosovo. UNMIK has made substantial progress in establishing a budget that meets essential expenditures for education, health care, and other essential public services. While progress has been made in raising revenues to meet these expenditures, there remains a gap that must be met through donor support. In FY 2000 the United States has to date contributed $12 million of more than $116 million pledged by the international community. The additional $11 million requested by the President would enable the United States to do its fair share to support the Kosovo budget and close the remaining funding gap for 2000.

The Administration's FY 2000 supplemental request for Kosovo also contains funds to raise the U.S. contribution of police for the international police contingent in Kosovo from 550 to 685. The U.S. pledged to supply 14.4% (450) of the original complement of 3,110 international police authorized by the UN Security Council. When the Security Council raised its authorized level of international police to 4,718, the U.S. contribution dropped to only 9.5%. We subsequently pledged an additional 100 civilian police, which brought our share up to 12.4% of the total. The supplemental request would allow us to restore the original U.S. share of the new authorized level of police. The events of recent days in Mitrovica underscore the vital importance of international police deployments, so that KFOR does not have to bear the full responsibility for maintaining public order.

The remaining $58.10 million of the Administration's supplemental request for Kosovo would allow us to implement urgently needed programs to begin economic recovery, stimulate market reform, prepare for elections, and promote the rule of law. These longer-term programs are essential to build sustained stability, promote tolerance, and provide hope to ordinary Kosovars. Funding this Kosovo supplemental now will make it less likely that U.S. and other KFOR troops will

confront future disorders like those that have plagued Mitrovica.

As our contribution to police forces shows, our commitments in Kosovo are only a minor share of a broader effort in which our European partners play a key role. European countries and the European Commission pledged more than 70% of the contributions to the Kosovo budget already pledged and have disbursed more than 70% of the voluntary contributions received by UNMIK. On a broader perspective, our European partners pledged 61% of the total amounts pledged up to now for Kosovo reconstruction in FY 2000 (other non U.S. donors pledged 25% of the total).

The President's request also contains $35.7 million in supplemental funding for Croatia; if approved, this would bring total SEED funding for Croatia to $50.8 million in FY 2000, in addition to $5.0m of FY 99 SEED funds allocated to Croatia after the elections. The recent Croatian elections and subsequent formation of a new government led by the opposition are the most hopeful developments in the Balkans since Dayton. In a peaceful democratic election the Croatian people rejected the previous authoritarian government in favor of new leaders committed to democracy, market economic reform, the rule of

law, and human rights. Since the elections, Secretary Albright has twice visited Croatia for talks with the country's new leaders. These conversations and the initial actions of the new government give us confidence that the change in Zagreb is real and profoundly hopeful.

Croatia's new leaders have pledged to implement faithfully the Dayton Agreements, including in neighboring Bosnia. They have underscored their intention to work constructively with the International Criminal Tribunal for the former Yugslavia. In addition, Croatia has signaled a desire for closer cooperation with NATO and formally applied for membership in PFP. The new government has also stressed its commitment to real market reform and has urgently requested the assistance of the international community to overcome the legacy of the failed economic policies of the Tudjman era.

Mr. Chairman, Croatia deserves our urgent assistance. We have an historic opportunity to consolidate a major gain in the Balkans. With our help, Croatia can go from "a problem to be managed" to "a partner in pursuit of a regional peace." The President's supplemental request for 2000 would allow us to offer the new government a comprehensive package of technical assistance to help in the formulation of the government's new

economic strategy. This assistance is needed now so that no time is lost in formulating a new economic plan that can win the confidence of the Croatian people and the international community. The President's request also contains funding to support a major new effort to repatriate and resettle minority refugees (primarily Serbs) in Croatia. This proposal has been formulated by the new government with the full support and approval of the UNHCR and OSCE. If this proposal could be implemented successfully, it could stimulate the return of minority refugees throughout the former Yugoslavia. It could be a key to unblocking the situation in Bosnia, where some 40,000 Croatian Serbs are occupying homes of Bosnian Bosniaks.

Mr. Chairman, the president's request also contains $34 million in supplemental SEED funding for Montenegro. Last year the U.S. provided a total of $35 million in flexible assistance to Montenegro, all but $3 million in support of Montenegro's budget. Food aid, refugee assistance, and other non-SEED assistance brought our total support for Montenegro to more than $55 million. It is imperative that our assistance in FY 2000 keep pace with Montenegro's needs as its democratically elected government struggles to cope with unrelenting psychological and economic pressure from Belgrade. Slightly over $11 million in ESF funds are available, leaving a gap of

$24 million if we are to meet last year's total of $35 million in flexible budget assistance. Without this supplemental funding we would be forced to meet this need by allocating the entire $24 million in FY 2000 SEED funding currently available for Montenegro to meet its immediate budget requirements, leaving us with no resources to support vital long-term economic development and democratization programs. With the support of Congress, the President's supplemental request for Montenegro would allow us to meet both urgent requirements for budget support and essential longer-term developmental needs. If Congress approves the President's supplemental request, total SEED funding available for Montenegro in FY 2000 would be $58 million.

Montenegro stands as a vital alternative within the Yugoslav Federation to the authoritarian rule, failed economic policies, and gross human rights abuses of the Milosevic regime. President Djukanovic has maintained Montenegro's democratic course despite escalating economic pressure and the threat of hyperinflation exported from Belgrade. Montenegro has clearly signaled its eagerness to participate fully in the Stability Pact and to cooperate constructively with the international community to help stabilize and transform Southeast Europe. President Djukanovic needs and deserves our

support. The most effective tangible sign of American resolve to support Montenegro would be rapid congressional approval of President Clinton's request for supplemental SEED funding for Montenegro in FY 2000.

The United States must also continue and broaden its support for the opposition to Milosevic within Serbia. American support encourages the Serbian opposition to come together around common goals of promoting democracy, building a market economy, and establishing the rule of law. The Serbian opposition needs to make further progress toward unity in order to offer the Serbian people a credible alternative to rule by the war criminals currently at the top of the regime in Belgrade. We have allocated $25 million in SEED funds to support for this process in FY 2000. The President's supplemental budget request of $15 million would enable us to provide robust democratization assistance to Serbia's opposition political parties, independent media and trade unions, and emerging NGO sector. With additional funding, we could offer expanded support to the opposition in developing a strong market economic reform plan as the alternative to the failed communist style management of Serbia's economy by the Milosevic regime. Additional funding would allow us to accelerate efforts already under way to diversify delivery

mechanisms for humanitarian assistance to at-risk populations within Serbia, in order to bypass structures controlled by the Belgrade regime.

We have no illusions that it will be easy to increase American assistance to Milosevic's opponents within Serbia. Milosevic will certainly seek to divide the opposition and impede delivery of our assistance. But we are determined to continue our efforts and succeed. Those who have the courage to stand-up to Milosevic expect and deserve our support. We urge the Congress to support President Clinton's request for supplemental funding for the Serbian opposition.

The President's supplemental request also contains $17 million in additional funding for regional programs in Southeast Europe. These funds are needed to support small and medium enterprise development in the region through a new U.S. Trust Fund at the European Bank for Reconstruction and Development. This funding would also support concerted new initiatives to increase the effectiveness of our existing efforts to fight organized crime in Bosnia, Kosovo, and Albania. Organized crime and corruption remain major impediments to economic development, as well as peace and stability, in Southeast Europe. Our partners in the region

want and need our help in countering well-armed and financed international criminals who operate across the borders of the region. If approved, the supplemental request would bring total funding for regional programs in Southeast Europe to $106.87 million. A further $22 million requested in the supplemental for USAID operating expenses will help ensure the effectiveness and safeguard the integrity of our assistance programs in the region.

Mr. Chairman, I recently returned from a trip to Southeast Europe including visits to Kosovo, Croatia, and Macedonia. In each of these countries, I had the opportunity to see at first hand how our embassies and USAID missions are using SEED funds to achieve vital U.S. foreign policy objectives. Our people in the region often work in difficult and dangerous conditions; we owe them the support that would be provided by full funding of the President's request for State and USAID operating expenses and the construction of secure diplomatic facilities in Pristina, Tirana, and Sarajevo. President Clinton's supplemental request for FY 2000 and budget request for FY 2001 will help us to implement peace and overcome the terrible legacy of ethnic cleansing in Kosovo and elsewhere in this troubled region. This funding will also enable us and our partners in the region to build a brighter future and serve

U.S. interests, by taking full advantage of hopeful new developments such as the new government in Croatia. That is why we would welcome early Congressional enactment of the President's proposal for supplemental funding for 2000, as well as the Administration's 2001 budget request.

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Statement of James W. Pardew, Jr.
Principal Deputy Special Adviser to the President and Secretary of State
for Dayton and Kosovo Implementation
U.S. Department of State
March 9, 2000
House Committee on International Relations

Mr. Chairman, I am pleased today to testify on U.S. assistance programs in Southeast Europe, particularly U.S. programs in the former Yugoslavia. I will describe our overall policy as a framework for decisions on U.S. assistance, the goals of our programs, policy successes, and the challenges we face as we go forward.

My colleague, Ambassador Napper, will then brief the committee on specific aspects of our program commitments, followed by Mr. Hamilton, who will address policy aspects of the Stability Pact for Southeast Europe.

The most fundamental interest of the United States in the Balkans -- the one that has required our intensive involvement in the region -- is our interest in regional stability. After all, history has proven that America is not secure without a stable Europe, and Europe is not stable if its southeastern corner is not at peace. The exploitation of ethnic rivalries in this part of Europe

sparked World War I and led to three conflicts in the past decade, including the recent crisis in Kosovo. So far, we have successfully contained, then subdued, conflicts in Croatia, Bosnia and Kosovo as the former Yugoslavia broke apart. However, the area remains volatile, and will continue to be so as long as the Milosevic regime is in power in Belgrade.

NATO and its allies have done a superb job of stopping the killing in the Balkans and of establishing secure environments. But military forces are not the key to long-term stability. Democratic governments with viable market economies that are fully integrated into Europe offer the best hope for long-term stability in the Balkans. Our interests are therefore best served by promoting the transition to democratic, self-sustaining government and the vibrant economy and civil society that goes along with it.

Success in achieving long-term stability requires active and robust political and economic development programs supported with sufficient resources to make a difference. In Bosnia and Kosovo in particular, military efforts must be supported by adequate civilian programs that build the

type of democratic, stable, self-governing societies that are necessary in the region. Real resources are required, as is a commitment to reform from the people and politicians of the region. However, we have seen repeatedly in the past that not making the necessary investments of time and money can end up being much more costly for everyone.

For fiscal year 2000, our bilateral Support for East European Democracy (SEED) assistance to all of Southeast Europe is $516 million, taken from SEED funds in this fiscal year's regular appropriation. This funding supports all manner of programs, including the economic, political and judicial reform and humanitarian assistance, on both the regional and the bilateral level, required to meet our goals. And we are making progress in many areas. Most recently, we watched with pride as Croatian citizens went to the polls and began a transition to a new, democratic and independent state and worthy partner for Western democracies. These elections and this transformation are the promise of more to come in the region, and we are confident that these events will resonate all over the Balkans.

Before I turn to a more specific discussion of our efforts in the former Yugoslavia, I wish to first raise one crosscutting regional issue that I know is of interest to you and your committee, Mr. Chairman. That issue is the destructive effects that crime and corruption have in the region and the necessity of continued work to fight against them. Corruption and organized crime threaten the stability of the legitimate democratic institutions we are working to establish across the region, and we have, therefore, committed to helping the region's governments deal with these problems. In this context, we have adopted both bilateral and regional approaches.

Bilaterally, we are providing organized crime experts as part of our civilian police contingents in Kosovo and Bosnia. Also in Kosovo, the U.S. and its European allies are engaged in an assessment of organized criminal activity and what is needed to address it. In Bosnia and Albania, we are helping to establish special professional units within the police forces to enforce ethical standards and deter corruption. We expect to undertake a similar effort in Kosovo in the future.

Regionally, the State Department is providing financial assistance to the government of Romania to host a regional conference of central and east European nations on fighting corruption among justice and security officials. The conference, which will be held March 30-31, 2000, in Bucharest, will include presentations on the new Southeast Europe Cooperation Initiative (SECI) center for fighting transnational crime. The SECI Center also will be a mechanism for member countries to share intelligence, identify targets for investigation, and coordinate with INTERPOL and other international law enforcement agencies. We will continue these and any other efforts necessary to fight crime and corruption in Southeast Europe.

Fighting corruption requires parallel efforts of aggressive policing and fundamental reform. Again, long-term success in fighting corruption requires adequate assistance programs for economic, political and judicial reform.

Mr. Chairman, I would like to take a moment to present a brief summary of our goals and accomplishments and the challenges we face in key countries and areas of the former Yugoslavia.

I'll start with Serbia because our efforts there have a great impact on the rest of the region. Our objective is to pressure the Milosevic regime and compel President Milosevic to call early free and fair elections, or otherwise convince him to leave power. There can be no long-term stability in Serbia and indeed in the Balkans as long as Milosevic is in power, and this is why we have focused our assistance efforts on advancing the process of democratization in Serbia.

Working with Congress, we have increased our democratization assistance to Serbia's democratic forces from $11.8 million in fiscal year 1999 to $25 million this year. We are encouraging opposition forces to unify and pool their efforts in upcoming elections, are providing assistance on grass roots democracy training, are moving to establish alternative humanitarian assistance channels, and are going forward with technical assistance for post-Milosevic macroeconomic planning. We are also promoting independent media and encouraging democratically-oriented NGOs, labor unions and youth groups.

We are keeping the pressure on Milosevic and his cronies by working with the European Union (EU) to stiffen financial

sanctions and to expand the visa ban list, while reducing the flight ban in parallel to provide relief to the Serb people. Through our leadership on this issue, we have further isolated the Milosevic regime and stimulated international efforts at assisting the Serb opposition, including a EU-U.S.-Serb opposition dialogue.

In Bosnia and Herzegovina, we continue to press for implementation of key elements of the Dayton Peace Accords, including privatization and economic, political, military and judicial reform. The trend in U.S. assistance to Bosnia is downward. Recall that in 1996, the U.S. government gave $232 million in SEED funding for Bosnia and had 20,000 troops stationed there. By contrast, we directed $180 million in SEED funds in support of economic development and reform and democratization in fiscal year 1999, anticipate spending $100 million for these purposes in fiscal year 2000, and our troop levels will be at 4,600 by July of this year.

In addition to ending the war, our successes in Bosnia so far include a single currency, a customs regime, passport, and flag, and joint institutions. Over 600,000 displaced persons and refugees have returned to their homes since the

Dayton Accords in 1995, 80,000 of them to areas in which they are part of the ethnic minority. Elections have been held at every level of government, and the Constitutional Court is functioning and has issued significant rulings.

As we look to the future, however, it is clear that many challenges remain for the international community. We can expect resistance to further implementation of the Dayton Peace Agreement from nationalist parties who now see their survival under threat by plans to privatize business and take away the levers of control that they have possessed for so long.

Two variables in the success of our efforts will be political developments in Zagreb and Belgrade. The recent election of a moderate regime in Croatia is generating dramatic reverberations in the Muslim-Croat Federation of Bosnia and Herzegovina. If the new Croatian government is able to carry out its plan of economic and political reform, including fulfillment of its commitment to end support to Bosnian Croat separatists, there will be significant advances in the Federation. In Republika Srpska, however, there is less cause for optimism, as the anti-Dayton influence and activities of President Milosevic

continue to destabilize the relatively pro-Dayton government of the coalition led by Prime Minister Dodik. Dayton implementation in Republika Srpska will continue to be slow and difficult until Milosevic is unable to wield power in Bosnia.

In Croatia, our goal is to build upon the significant turning point represented by its recent elections. With the proper encouragement, Croatia can develop into an anchor of stability and an economic engine for the region. As I noted earlier, the first major steps were taken by the Croatian people in the parliamentary and presidential elections earlier this year. The new government itself has taken further steps with its pledges to faithfully implement the Dayton Accords. Concrete steps to implement these commitments will provide a firm basis for NATO to respond to Croatia's request to join the Partnership for Peace. We look forward to working with the Croatian government in its effort to fulfil these commitments.

The real work has just begun and we must engage vigorously with the new government to ensure that refugees return to their homes and that promised and long-overdue legal, commercial and economic reforms are implemented as soon as

possible. These reforms may well prove to be painful in the short- and medium-term, which makes our assistance all that much more important. The $35.7 million we are seeking to supplement the $20 million we have already identified for fiscal year 2000 ($15.1 million of fiscal year 2000 funds and $4.9 million of fiscal year 1999 funding) will be used to facilitate these changes and will also demonstrate to Croatia's neighbors the benefits of democratic change.

In Kosovo, our goal is to work with UNMIK and KFOR to stabilize Kosovo and to develop and begin a transition to provisional, democratic institutions. As I have shared with you in previous testimony, we have had many successes in Kosovo. Over 800,000 refugees and internally displaced persons have returned to their homes since the air campaign ended, a UN mission with an exceptionally strong mandate has been established, and no one has been without food or shelter during the critical winter months.

Together with UNMIK, Kosovars have been engaged in a collaborative governing process that builds their self-governing capacity for the first time in more than ten years. The Kosovo Liberation Army has been demilitarized and its members are being integrated into civilian

organizations. Elections will be held this year, police are being trained, and a judicial process is being reconstituted. We have begun to redress the deprivations and injustices of more than ten years of mismanagement under a Serb regime. Our programs in Kosovo received $77.2 million in SEED funding in fiscal year 1999, and we anticipate spending $150 million in fiscal year 2000. The President's request for supplemental funding also includes $92.8 million in further SEED support for Kosovo programs.

There is much left to do. Kosovo remains unstable and dangerous. The city of Mitrovica is particularly explosive and we must establish UNMIK and KFOR authority there. Tolerance and acceptance do not happen overnight, and extremists on both sides use every opportunity to promote their agenda and disrupt the efforts of UNMIK and KFOR to establish peace and security. Resources remain a problem, both in terms of personnel and in terms of prompt delivery of pledged contributions. International police are an absolute priority, and major reconstruction programs will be needed this spring to repair heavily damaged housing stock and infrastructure. We are working with our allies, UNMIK and KFOR to meet these challenges.

In Montenegro, our goals are to reduce pressure on President Djukanovic to take unilateral steps toward independence, to keep Montenegro strong enough to resist Belgrade's provocations, and to maintain Montenegro as a model, platform, and stimulus for democratic change in Serbia.

In pursuit of these goals, we have persuaded President Djukanovic to defer plans for a referendum on independence so as to avoid provoking Milosevic to use force in Montenegro. The government of Montenegro is also committed to implementing economic reforms recommended by a technical assistance team that we provided. Other technical assistance programs are focusing on macro-financial policy support, tax administration, budget management, and promoting democratic reforms. We have provided $55 million in total aid in fiscal year 1999, and are committing almost $55 million in fiscal year 2000.

We remain alert, however, to the constant threat of conflict between Serbia and Montenegro, and President Milosevic continues to provoke the Montenegrins. The most recent examples of this provocation are the Yugoslav Army's closure of the Montenegrin-Albanian border and closures of

the Podgorica (in December 1999) and Tivat (in February 2000) airports.

The successes I have outlined above represent the culmination of many years of effort by the U.S. and its allies, and breakthroughs such as the one we have seen in Croatia are creating a momentum upon which we must continue to build. As I have said, however, we continue to face new challenges to this momentum every day. This is why the President's supplemental funding request is vital to the achievement of our goals in the region, and why I urge you to support this request.

I would like to interject one last note before turning the floor over to my colleagues. Just as we look to stabilize Southeast Europe through our assistance programs, so too do our European allies, who recognize their unique responsibility to ensure stability in the region. Burdensharing is a commitment that makes sense on many levels. The U.S. cannot and should not stand alone in facing demands for assistance, and in places such as Kosovo, Europe is taking the lead. In fact, the Europeans have pledged $731 million for the stability and revitalization of Kosovo, which amounts to 60% of total

pledges for fiscal year 2000. The U.S. share of this spending amounts to 13.9%. On police, European and Canadian pledges account for 40% of the pledged 4,433 personnel; the U.S. pledge accounts for a little over 12%.

From 1991-99, the European Union and its member states reported $10 billion in development assistance to Balkan countries. The U.S. provided about $2.1 billion in development assistance to the same countries during a longer period, from 1990-99. The European Union has also pledged $11.5 billion of support for reform and economic development over the next six years, and member states' contributions should raise that figure significantly. Burdensharing is not just a concept, it is a reality -- one that we and our allies develop and deepen every day.

With your permission, Mr. Chairman, I would now like to turn the floor over to my colleague, Ambassador Larry Napper, to discuss the details of the SEED budget request for 2001 and to describe the President's supplemental request for SEED funding. Thank you.

Statement of Daniel S. Hamilton
Special Coordinator for Implementation of the Stability Pact for Southeastern Europe
Associate Director, Policy Planning Staff
U.S. Department of State

March 8, 2000
House Committee on International Relations

Mr. Chairman, I wish to thank you and the committee for the opportunity to testify on U.S. efforts to stabilize Southeastern Europe. I will complement the presentations by Ambassadors Pardew and Napper by focusing on our cooperation with our European partners through the Stability Pact for Southeastern Europe, which we believe is important to our efforts to bring lasting peace and prosperity to the region.

Ensuring long-term stability in Europe as a whole means doing for Southeastern Europe after the conflicts in the former Yugoslavia what we helped to do for Western Europe after World War II and for Central Europe after the Cold War: work with our allies and partners to build multiethnic democracies, uphold common standards of human rights, open borders to trade and investment, give people reason to hope for a better life, and create a spirit of common security that can make war unthinkable. And because of our earlier successes, we do not have to do this alone. The European Union, our other partners in Europe and elsewhere, the international financial institutions, other international organizations, and the private sector can and should carry the largest share of this effort.

The transformation of the region is not likely to be either quick or easy, as anyone familiar with the Balkans will testify. It will be a multi-year, multi-institutional process. It will require resources and sustained engagement. But the alternative is continued tragedy and conflict that threatens the successful investment generations of Americans and Europeans have made to the peaceful resolution of the Cold War and to a stable European continent.

This is the background to the creation of the Stability Pact for Southeastern Europe, which was adopted by Secretary Albright and her fellow Ministers last June and launched last July in Sarajevo by President Clinton and other world leaders. Initiated by the European Union with firm U.S. support, and placed under the auspices of the Organization for Security and Cooperation in Europe (OSCE), the Stability Pact aims to strengthen democracy and respect for human rights, economic development and security in Southeastern Europe and give the people of this region a real perspective for integration into the European and transatlantic mainstream.

The guiding principle behind the Stability Pact is a bargain between integration and reform: the international community will work to stabilize, transform and integrate the countries of this region into the European and transatlantic mainstream; they, in turn, will work individually and together to create the political,

economic and security conditions by which this can be possible. This bargain is already having an impact on countries in the region. For example, for close to ten years Bulgaria and Romania have been unable to agree on a second Danube bridge, creating a 500 km detour for road traffic. Through the good offices of Stability Pact Coordinator Hombach and EU Enlargement Commissioner Verheugen, the two countries have now agreed both on the location and on the funding for such a bridge. This will make a positive difference in the economies of the two countries and close a key gap in a main European transport corridor.

The Stability Pact is not designed to create new bureaucracies or to duplicate efforts. Rather, it is designed to bring synergy to the many different efforts already under way and project them toward the common goal of stabilizing and transforming the region and facilitating its integration into the European and transatlantic mainstream. Our goal is to mobilize the energies and resources of the European Union, other major donors such as Switzerland, Japan, Norway and Canada, as well as the international financial institutions, other international organizations, NGOs and the private sector to attract capital, raise living standards, reconcile ethnic and religious tensions, promote the rule of law, and motivate political will for reform in southeastern Europe. Russia is also supportive and engaged, and we seek to draw on key "lessons learned" from such successful young democracies as Poland, Hungary, the Czech Republic and

Slovakia.

Taken together, such efforts have the potential to create the kinds of perspectives, cooperative working habits, and concrete successes that can transform the region, act as a magnet for the people of Serbia, and help us deal with the aftermath of Milosevic's brutality.

In the months since the Sarajevo Summit we have made a respectable start on this bargain. Stability Pact nations have agreed to an Anti-Corruption Initiative and Action Plan that commits each country in the region to specific efforts to fight corruption and provides for a international monitoring process to accompany such efforts. Similarly, Stability Pact nations have agreed to a region-wide Investment Compact and accompanying Action Plan committing each country in the region to specific steps that can create a climate conducive to private enterprise. Country Economic Teams, composed of the key economic decision-makers in each host government in the region and economic experts from the key donor countries and international financial institutions, are beginning to meet regularly to advance these commitments country by country.

In the end it will be trade and investment, and not assistance, that will do the most to catalyze economic development, reform and growth. A Business Advisory Council has been created, composed of leading business executives from U.S., west European and southeast European companies. It also includes representation from the

Transatlantic Business Dialogue (TABD). This Council will provide direct private sector advice to economic decision-makers in each country on what is needed to attract investment. Macedonia is also chairing a Working Group of countries throughout the region who have pledged to identify and eliminate barriers to trade both in the region and with the European Union, the United States and other countries.

The countries of the region have also all agreed to control and destroy illicit stocks of small arms and light weapons. Together with other Europeans, we will provide expertise to the countries of the region to help them implement their commitment. Together, the countries of the region have underscored their commitment to implement WMD conventions and have called on the Federal Republic of Yugoslavia to accede to the Chemical Weapons Convention. Together; the countries of the region have agreed to align their arms export procedures to international standards and to track such exports through a common end-user certificate.

Cooperative efforts are under way under the Stability Pact to promote free and independent media. Historians and education experts throughout the region have agreed to joint efforts to examine the teaching of history, including through joint textbook commissions and examination of texts with a view to eliminating bias and prejudice.

Our efforts through the Stability Pact also send a straightforward message to the Serbian people. There is a better future. A democratic Serbia can be part of it, but the Milosevic regime continues to prevent Serbia from taking its rightful place among the European family of nations. We and our EU partners have intensified our cooperation with the Yugoslav opposition. Representatives of Montenegro and the Serbian opposition participate in Stability Pact efforts as special guests of Stability Pact Coordinator Bodo Hombach. Contacts with Serb opposition mayors have been intensified through the so-called "Szeged process" launched by Hungary under the Stability Pact.

Through the Southeast European Cooperative Initiative (SECI) the countries of the region are working with us and other European partners on a long-term plan to upgrade customs facilities, improve border access and fight cross-border crime and corruption. SECI's efforts have laid the practical foundation for broader Stability Pact cooperation in these and other areas. In a recently signed Memorandum of Understanding with the World Bank, the countries of the region have made a commitment to concrete steps to combat corruption, create more favorable conditions for commerce as part of a $64 million World Bank loan package to improve customs and border facilities. The SECI initiated regional Anti-Crime Center in Bucharest will serve as a locus for active cooperation among regional law enforcement officials against organized crime and corruption. It should be open for

business on June 1. Romania is hosting a Regional Anti-corruption conference in Bucharest at the end of this month that builds on the Global Anti-Corruption Initiative launched by Vice President Gore last year.

Through SECI, the countries of the region have also come together to propose joint projects to the Stability Pact in transport infrastructure, energy, and the environment. The international financial institutions have been reviewing these projects.

President Clinton and Secretary Albright have been very clear about our expectation that our European partners, the international financial institutions, and the private sector provide the lion's share of the financial resources required for recovery in the region, and that the European Union accelerate its efforts to associate and incorporate Europe's young democracies into the Union.

Our EU partners have been taking some important steps in this regard. We congratulate the EU on its decision in December to invite Romania and Bulgaria to join Hungary and Slovenia, among others, in accession negotiations; its offer to include Turkey as a membership candidate; and its announcement that as of 2003 it would be able to take in further new members. For the non-accession candidates in the western Balkans the EU is also developing a new type of contractual relationship, termed

"Stabilization and Association Agreements," which provide for a closer association with the Union and a perspective of eventual integration. We encourage the EU to accelerate these efforts.

We also applaud the European Commission's intention to devote 11.5 billion Euros to the region over the next seven years. Individual EU member state contributions should raise that figure substantially. Non-EU members such as Switzerland, Norway, Canada and Japan are also preparing new financial commitments as part of the Stability Pact effort. The key will be timely disbursements of such pledges.

Moreover, the World Bank, the European Investment Bank (EIB), and the European Bank for Reconstruction and Development (EBRD) have each outlined new regional strategies fully supportive of the Stability Pact. EBRD representatives have specific examples of private investment flowing to the region because of the Stability Pact. They are extending the range of their products available to the private sector. The EBRD projects a 15-20% growth in annual commitments to the region in 2000 and 2001 by the EBRD and the International Finance Corporation, which would raise their total annual commitments to the region to $650 million. The World Bank and the EIB are also preparing new financial commitments to the countries of the region.

The countries of the region are getting ready to deliver on their commitments to reform by concrete implementation in such key areas as fighting corruption, improving the investment climate, reducing trade barriers, strengthening democracy and respect for human rights, and protecting a free and independent media. And our partners in the international community must be prepared to turn pledges into on-the-ground realities to help make a visible and real improvement in people's lives.

We plan to advance both of these aspects at a Regional Conference, co-hosted by the European Commission and the World Bank, which is scheduled to be held in Brussels on March 29 and 30. The Regional Conference should advance a number of specific goals. First, the countries of the region will report on reforms they have undertaken since Sarajevo and outline their reform plans over the coming year. Second, the Conference should launch a "Quick Start" package of priority projects promoting economic infrastructure development, internal and external security, and democracy and human rights. It should also outline a next tier of "First Priority" projects -- initiatives we deem viable and for which we will identify funding during the course of this year. For the more ambitious "Medium Term" projects being advanced, such as work on the major European Transport Corridors, the Conference should outline a transparent process for further preparatory work. Let me underscore once again our expectation that these projects must be funded primarily by other donors, the international financial

institutions and the private sector.

Mr. Chairman, it is appropriate that the EU and the international financial institutions contribute the lion's share to this overall effort. But the U.S. must do its part. We have expanded the work of the Overseas Private Investment Corporation (OPIC) with $350 million in credit lines and investment funds that can attract new business to the region. We are working with the multilateral financial institutions to mobilize other private and public financing to promote business investment in Southeastern Europe. New trade legislation that we have proposed to Congress, entitled the Southeast Europe Trade Preferences Act, will give regional businesses greater duty-free access to the U.S. market for five years and encourage our EU partners to further open their market to southeastern Europe. Commerce Secretary Daley took our approach to stimulating U.S. trade and investment directly to the region when he headed a delegation of more than 100 U.S. companies to host the October 31-November 2 Conference on Commercial Opportunities and Partnerships in Sofia, Bulgaria. That conference accomplished three goals: it provided U.S. companies with the most current information about business opportunities in the region, identified economic reforms needed in Southeast Europe and ways to improve the region's business environment, and arranged more than 250 matchmaking meetings between 76 American and 66 regional companies.

Our broader commitment to the region also includes separate NATO/EAPC initiatives agreed to at the Washington NATO Summit, and our continuing cooperation through the Southeast Europe Defense Ministers (SEDM) process, both of which are strengthening regional security cooperation.

We are actively encouraging countries in the region to take the steps necessary to integrate into the global economic system, including the WTO. We view the disciplines imposed by the WTO accession process and the various WTO agreements as important factors contributing to the stabilization and eventual growth of the economies of the region. The United States and Hungary are hosting a regional conference on southeastern Europe and the WTO in Budapest on April 5 and 6. This conference will provide current and prospective WTO members an opportunity to exchange views on how to benefit fully from WTO membership and to discuss current WTO issues in the context of economic reform.

Mr. Chairman, we've made a good start on the Stability Pact. But much remains to be done in the months ahead to give life to the initial promise. We fully expect our EU colleagues to translate their commitments into concrete projects that can make a difference in people's lives. And we fully expect our partners in the region to deliver on their commitments to key reforms. Fortunately, we are starting from a strong base of democratic leadership. Hungary has joined NATO and together with Slovenia is

well along in accession negotiations with the EU. Bulgaria and Romania have also initiated EU accession negotiations and together with Macedonia, Albania, and the people of Montenegro have demonstrated that they want their societies to grow, prosper, and live in peace. Croatia's vote for democratic change provides further reason for hope.

Our European partners, in turn, rely on the continuing commitment of the United States. There are no easy, gimmicky solutions. Resources, energy, and sustained engagement will be required to prevent this region from becoming hostage to the ghosts of its own history and setting it on track to be a fully integrated part of our transatlantic community.

Mr. Chairman, successful crisis prevention is successful cost prevention. The Stability Pact is a large-scale experiment in mobilizing the energies and commitments of the international community and the countries of southeastern Europe to transform a war-torn region into a stable, peaceful, democratic and increasingly prosperous part of the European and transatlantic mainstream. A year ago, this policy consensus was unimaginable. A year from now, the opportunity could be lost -- unless we and our partners make good on the Stability Pact bargain. The investments we make now promise to be far cheaper than the alternative of continued instability and war. We hope to be able to count on the Committee's support for our efforts.

Thank you Mr. Chairman.

Cleared by: S/SA: JF Dobbins OK
EUR: J Swigert OK
EUR/EEA: L Napper OK
EUR/SCE: T Countryman OK
EUR/KI: JK Menzies OK
EUR/BI: D Dlouhy OK
EUR/NCE: JB Rabens OK
EUR/SP: DS Hamilton OK
S/RPP: AC Richard OK
H: JJ Hamilton OK
S/P: JC O'Brien OK
INL/PC: BM Darby OK
P: GR Doty OK
OMB: R Kyle OK
NSC: MSapiro OK

QUESTION SUBMITTED FOR RESPONSE BY THE ADMINISTRATION

1. In a recent meeting with our Committee staff on the issue of or aid for Southeast Europe, a State Department representative stated that the President would not provide any statement of intentions as to how much the United States would pledge or commit to aid to the region over the next five or six years.

Of course, after the "Dayton Accords" and the NATO deployment in Bosnia, the President clearly stated what the U.S. wanted to pledge and commit as part of a multilateral aid package for that country over a four-year period.

As his representatives for our participation and implementation of the multilateral aid package for the entire Southeast Europe region – an aid package that the President committed the U.S. to at the Sarajevo summit last July – please tell us why the Congress will not be provided with an outline of how much the Executive Branch hopes to pledge and commit to any multilateral aid package for the Balkans so that the Congress may assess the future pattern of its appropriations challenge in our overall foreign aid program.

2. The already-enacted Fiscal Year 2000 foreign aid appropriations act requires that the Secretary of State certify that the United States has pledged no more than 15% of the total resources pledged by all donors of assistance to the region of Kosovo.

The Secretary has, in fact, already provided such a certification to the Congress.

Why would a certification that the United States has pledged no more than 15% of all resources pledged by all donors of aid for the entire region of Southeast Europe – the Balkans – prove a problem for the Secretary, or would it not be any problem given her ability to provide such a certification for the region of Kosovo?

3. According to the State Department's calculations, the United States has provided roughly 17.5% of all donations pledged or committed by all donors of aid for the entire region of Southeast Europe in Fiscal Year 1999.

Should the President's Fiscal Year 2000 supplemental appropriation request for such aid to the entire region of Southeast Europe be approved by the Congress, what percentage of total aid to that region would the U.S. then provide in Fiscal Year 2000? (State Department calculations show that our current United States percentage is 10.5% in light of the regular Fiscal Year appropriation for the region already enacted.)

4. The European Union has announced that it will provide about $12 billion in direct assistance over a six-year period to the countries of Southeast Europe, which may not be that much of an increase in aid to the region by the EU.

Does this $12 billion figure include expected aid donations by the individual EU member-states? If not, how much do you expect might be provided by those individual states over a five or six-year period to aid the countries of Southeast Europe?

What other amounts of aid to the region -- other than those from the EU and the U.S. -- do you expect will become available to the states of Southeastern Europe from donors such as Japan, the World Bank and other international financial institutions?

5. In an article in the "Washington Times" of January 29th, it was reported that Mr. Bernard Kouchner, the head of the United Nations civilian administration in Kosovo who has been frustrated by the failure of many aid donors to provide aid they have pledged to assist Kosovo, had described the United States as "the only solid factor" in the area.

Why are other donors not meeting their commitments of aid for Kosovo?

6. In an article in the "Washington Post" of January 23rd, it was reported that unemployment in Bosnia reaches 50%, more than one million of those people displaced from their homes by the conflict have still not been allowed to return home four years after the "Dayton Accords," "...criminals have forged partnerships with virtually every municipal government," Bosnia still has three ethnically-based armies, and that "the only thing that unites the three factions is their involvement in crime." All of this is after the United States has provided roughly $1 billion of a $4 billion aid package over the last four years and deployed thousands of U.S. troops as part of the peacekeeping force that patrols the lines of division between the three parties.

Do you disagree with this portrayal of the situation in Bosnia?

Will the provision of billions of dollars more in aid from the U.S. and other donors over the next few years change this situation in a meaningful way?

7. In November, NATO decided to delay any reduction in the number of troops deployed in Bosnia – reversing what appeared to be the trend as recently as September.

When do you think we will see the next major reduction in the NATO troop deployment in Bosnia?

8. Please tell us exactly when our U.S. troops will be removed from the region of Kosovo – tell us when, not what the conditions or circumstances would be for their removal.

What is the expected date for our troops' exit from Kosovo? – again, tell us on what date will they leave, not just what circumstance or conditions you would like to see in the region before they are removed.

9. The General Accounting Office will shortly be releasing its findings pursuant to a request to look into the impact of organized crime and corruption on implementation of the civilian requirements of the Dayton Peace Agreement in Bosnia. Our Committee staff have been briefed on these findings and the bottom line is that crime and corruption in Bosnia is so pervasive – both in the political institutions and in the economy – that it will not be possible to achieve Dayton implementation until this problem is effectively addressed. In other words, there should be no priority higher in our programs for Bosnia than rooting out crime and corruption in its politics and economic activities.

Do you agree with this assessment, and, if so, what steps are the U.S. and other international donors taking, and what are the implications of this lesson in Bosnia for Kosovo?