

STABILITY AND SECURITY IN THE WESTERN BALKANS: ASSESSING U.S. POLICY

HEARING BEFORE THE SUBCOMMITTEE ON EUROPE OF THE COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES ONE HUNDRED EIGHTEENTH CONGRESS FIRST SESSION

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Tuesday, July 18, 2023

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON EUROPE,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The subcommittee met, pursuant to notice, at 2:01 p.m., in room 210, House Visitor Center, Hon. Thomas Kean, Jr., (chairman of the subcommittee) presiding.

Mr. KEAN [presiding]. The Subcommittee on Europe of the House Foreign Affairs Committee will come to order.

The purpose of this hearing is to discuss U.S. policy in the Western Balkans and to hear from the Administration on the latest issues in the region.

I now recognize myself for an opening statement.

Three decades of U.S. diplomatic and economic investments in the Western Balkans have contributed to greater stability, forward movement on Euro-Atlantic integration, and economic growth. However, the Biden Administration needs to fundamentally rethink its approach if it hopes to lock in the region's western trajectory; push back against the malign influence of Russia, China, and corrupt local actors, and ensure desperately needed internal reforms are made.

In particular, two critical pillars of U.S. Western Balkans strategy are in crisis mode: the normalization of relations between Kosovo and Serbia and the protection of the sovereign territorial integrity and multi-ethnic character of Bosnia and Herzegovina.

The European Union has an important role to play in the region. Yet, to date, the EU efforts have been complicated by the need for unanimity in most of its foreign policy decisionmaking, the slow-moving EU accession process, and the fact that five of its member States do not recognize Kosovo.

Therefore, it is incumbent upon the United States to take a leading role in the Western Balkans. The last Administration understood the importance of U.S. leadership in the region.

This hearing provides an opportunity to ensure that the Biden Administration is similarly invested and to conduct congressional oversight of its approach to pursue peace, prosperity, and stability in the region.

There is no single issue holding back the Western Balkans more than the failure to normalize relations between Serbia and Kosovo. Under this Administration's watch, recent violent protests in northern Kosovo threatened an escalation which could have engulfed the entire region.

The bottom line is the current U.S. approach is failing to keep a lid on ethnic tensions and instability. Kosovo Prime Minister Albin Kurti's uncoordinated action using the Kosovo Special Police Force to install local mayors, despite being democratically elected, is imprudent and destabilizing.

However, subsequent violence committed by Kosovo-Serb protestors, which led to dozens of serious injuries among KFOR peacekeepers, must also be condemned, as to any direct or indirect role Belgrade played in organizing and arming those protests.

I'm concerned that this Administration has failed to speak clearly about the latter. I welcome last week's announcement that Kosovo would take some initial de-escalation steps. In particular, the President of Kosovo's militarized Special Police Forces must be withdrawn from Serb-majority areas. However, as the United States keeps up pressure on Prime Minister Kurti, I strongly urge the Administration to also engage Kosovo Serbs in Belgrade to ensure new local elections will not, once again, be boycotted.

I share this Administration's concern that Kosovo has not implemented an Association of Serb-majority Municipalities, as it committed to a decade ago. The rights and concerns of Kosovo Serbs must be safeguarded, as these Municipalities are more deeply integrated into Kosovo.

However, I also want to hear a commitment today from our witness that the U.S. and EU pressure campaign to push Prime Minister Kurti on an ASM being meshed by assurances that, if Kosovo engages credibly, the United States will exert the exact same pressure on Belgrade, not only to do the same, but also uphold its obligations under recent agreements, including its pledge not to object to Kosovo's membership in any international organization. I do not see any other way to ensure the implementation of an ASM and safeguarding of Kosovo Serbs' rights without undermining the Kosovo government's authority over its own sovereign territory.

Given the difficulties moving forward on normalization talks, the prior Administration, rightfully, diagnosed that making progress on outstanding economic and technical issues between Kosovo and Serbia in the 2020 Washington Agreement could, potentially, lay the groundwork to address thornier political issues. I was very disappointed when their plan to establish a DFC presence in Belgrade was scrapped by this Administration.

I hope to hear more today about how the United States is promoting economic development and U.S. investment across the region. We cannot lose sight of the fact that, despite disagreements with the current government's approach to Serbia, Kosovo is an important U.S. partner.

For example, Kosovo was one of the first U.S. partners to offer to temporarily host evacuees from Afghanistan in 2021. Serbia, too, is a critical partner in the region. While it hasn't imposed EU sanctions on Russia, I am thankful for its support for Ukraine at the U.N. and its decision to take in thousands of Ukrainian refugees.

Yet, this Administration must be clear-eyed in our engagement with Belgrade. The recent U.S. decision to sanction pro-Russian spy chief Aleksandar Vulin is a reminder that malign actors continue to exercise Russian influence in Serbia. The United States cannot let up pressure on either Russian or PRC inroads in Serbia,

as both will threaten the countries' stability, prosperity, and Euro-Atlantic integration.

Sadly, these threats to peace and stability are also increasing elsewhere in the Western Balkans. Milorad Dodik's secessionist policies and assault on the authority of Bosnia and Herzegovina's constitutional court seriously undermines the Dayton Agreement.

Unfortunately, this grave threat to peace has not been met by a serious U.S. response. In particular, more sanctions are needed now.

We also are eagerly awaiting the formation of a new government in Montenegro. A new governing coalition will have high expectations to fight back against entrenched corruption and organized crime. It will accelerate Montenegro's U.N. ambitions and counter foreign malign influence.

In North Macedonia and Albania, the International Forum's requirement for EU membership must continue to receive high-level U.S. support. America's security is inextricably tied to Europe's security, and Europe cannot be secure if instability in the Western Balkans is allowed to boil over. This will take real American leadership, lest we allow Russia, China, and corrupt local actors to fill that vacuum and undue the last three decades of progress.

I now recognize the ranking member, the gentleman from Massachusetts, Mr. Keating, for any statement that he may have.

Mr. KEATING. Well, thank you, Chairman Kean, for holding what is an important hearing.

And thank you, Deputy Assistant Secretary Escobar, for returning to this subcommittee to discuss U.S. policy toward the Western Balkans, a dynamic and diverse region in Europe.

Mr. Escobar, I want to begin by thanking you for your personal commitment to the region and the effort you and the Administration have taken to support peace and stability. Under your leadership, the Biden Administration has worked to take a more active, but also nuanced approach to the Balkans. You and your colleagues have spent countless hours listening to the concerns and considerations of the diverse groups present in the Balkans, and I know, based on these conversations, you have often had to take tough policy decisions.

Having served as both chair and now ranking member, it is clear to me that the Western Balkans is a vibrant region with incredible potential, and we must do everything in our power, along with our European partners, to support continued democratic development, rule of law, and increased protection of human rights.

Yet, recent tensions in the region underscore that the fragile peace established after the wars of the 1990's remains tenuous. For example, the recent escalation intentions between Serbia and Kosovo, and violence in northern Kosovo, have been extremely alarming. In response to these events, the United States and the European Union have spoken almost in unison, calling both Kosovo and Serbia to return to the negotiating table and take specific, concrete steps to de-escalate tensions and to avoid actions or rhetoric that would be construed as escalatory.

These steps would include immediately returning to the EU-facilitated dialog; holding new elections in northern Kosovo and encouraging full participation; the formation of an Association of

Serb-majority Municipalities in Kosovo; resumption of efforts to recognize each other's documents and national symbols, and an end to all lobbying efforts by Serbia against Kosovo's membership in international organizations.

I welcome the government of Kosovo's public acknowledgment of the need for new elections, as well as their efforts to hold structured, biweekly meetings with EULEX and KFOR, as appropriate, to review and understand the security situation there.

Finally, I believe that all of those who committed to violence on May 29th should be held accountable. I call for a full judicial review of recent events. Should these specific steps be taken, I believe there is a real possibility that the path toward normalization can be resumed—a prospect that would have significant benefits to all the people in the region.

On Bosnia, I welcome the EU's decision to grant candidate status in December 2022, pending a significant acceleration in domestic reforms. Adopting these reforms is likely to be difficult, given the current political dynamics in Bosnia, however.

I would urge the Administration to extend full support to the reform process, while encouraging Bosnia's leaders to prioritize these reforms. Bosnia still has not adopted reforms to implement several key European Court of Human Rights' rulings, some of which have found that parts of Bosnia's constitution violates the European Convention on Human Rights.

Further, I continue to be concerned by the violent, escalatory rhetoric and secessionist threats from Republika Srpska Leader Milorad Dodik. Despite efforts by the Biden Administration to sanction individuals actively working to undermine the Dayton Accords, realities on the ground threaten stability in Bosnia and make it susceptible to foreign malign influence.

In Montenegro, I'm pleased with the outcome of recent elections and encourage the State Department to continue to support those politicians actively working to achieve EU integration for Montenegro.

Taking a step back on a few broader topics, I continue to be encouraged by the progress toward greater economic integration in the region, such as the Berlin Process. To that end, EU accession remains a necessity for the region, and I commend the decisions that have allowed North Macedonia and Albania to move forward with their accession process.

EU membership for North Macedonia and Albania will be an added strength to our Transatlantic Alliance at large. And I encourage those EU States who remain in opposition to recognize these reforms and compromises in North Macedonia and Albania to make sure they recognize the actions they have taken and move the process forward. They deserve accession.

Finally, I believe we must, also, recognize the immense strain Russia's war of aggression in Ukraine has caused on the economies and societies in the Western Balkans. Russia's actions have resulted in increased inflation and endangered energy and security interests. And Russian malign influence has sought to exploit corruption and societal divisions in the region.

Recognizing these realities, we must redouble our efforts to engage with countries of the Western Balkans; continue to encourage

robust foreign direct investment from the United States and EU, and further strengthen our bilateral and multilateral partnerships. The time for an active U.S. engagement in the Balkans is now. I'm glad to see this Administration taking concrete steps to support the de-escalation of recent tensions, while prioritizing Euro-Atlantic integration.

I look forward to hearing the testimony today, and I yield back.

Mr. KEAN. Thank you, Ranking Member Keating.

I ask unanimous consent that the gentleman from Illinois, Mr. Schneider, be allowed to sit on the dais and participate in today's hearing. Without objection, so ordered.

Other members of the subcommittee are reminded that opening statements may be submitted for the record.

Mr. KEAN. We are pleased to have a distinguished witness before us today on this important topic. Mr. Gabriel Escobar is Deputy Assistant Secretary in the Bureau of European and Eurasian Affairs at the Department of State.

Mr. Escobar, thank you for being here today.

Your full statement will be made part of the record and I will ask you to keep your verbal comments to 5 minutes, in order to allow time for member questions.

I now recognize Mr. Escobar for his opening statement. Thank you.

STATEMENT OF GABRIEL ESCOBAR, DEPUTY ASSISTANT SECRETARY, BUREAU OF EUROPEAN AND EURASIAN AFFAIRS, U.S. DEPARTMENT OF STATE

Mr. ESCOBAR. Chairman Kean, Ranking Member Keating, and members of the committee, I appreciate your invitation to discuss the Biden Administration's Western Balkans policy.

Our policy is grounded on a very simple principle: the continued integration of the region into Euro-Atlantic structures strengthens Europe a geostrategic partner; fortifies democratic governance and the rule of law, and makes these countries more secure and prosperous, and thus, makes the region a better partner for the United States.

The obstacles are formidable. Stalled progress on democratization, corruption, energy dependence on Russia, ethno-nationalist politics, and harmful disinformation are just some of the challenges. Yet, they are not insurmountable. Our engagement is focused on resolving lingering tensions that threaten regional stability and on helping these countries fight corrosive corruption and disinformation from both external and internal bad actors.

Let me begin with Kosovo and Serbia. In February and March, the EU, with strong U.S. support, achieved the breakthrough agreement on the path to normalization of relations with an Implementation Annex. Both countries must fulfill their independent obligations under this agreement.

A key element is Kosovo's obligation to establish an Association of Serb-majority Municipalities to empower Municipalities with shared interests, language, and culture to coordinate on common challenges, such as delivering public services, education, and health care. Kosovo and Serbia also agreed to recognize each oth-

er's documents and national symbols. But, most importantly, Serbia will no longer lobby against Kosovo's international integration.

Since then, there have been a series of serious tensions and unacceptable violence against KFOR, police, and journalists in northern Kosovo. In response, NATO deployed reinforcements and maintains an enhanced posture to ensure a safe and secure environment.

We, and the EU, called for immediate de-escalation, a refocus on implementing their agreements, and to hold new municipal elections, and with the participation of Serbs in the north. We are urging both parties to fulfill all of their obligations, which are essential to their respective European paths.

In Bosnia and Herzegovina, regrettably, Republika Srpska President Milorad Dodik remains focused on dismantling the State constitution and the Dayton Peace Agreement. Dodik's persistent secessionist and anti-democratic actions threaten the stability, security, and prosperity of Bosnia and Herzegovina and the wider region.

We will continue to call out and hold accountable those who undermine the Dayton Peace Agreement or threaten the country's sovereignty, territorial integrity, and multi-ethnic character. We are also seeking to bolster Dayton, including through the European Union's EUFOR ALTHEA mission and support the Office of High Representative's use of Bonn Powers to counter threats to Dayton.

In Montenegro, we see renewed momentum toward realizing its European future. Recent Presidential and parliamentary elections were free, peaceful, and reinforced the people's desire for EU integration and for reforms to advance that goal.

Both Albania and North Macedonia have opened EU accession negotiations. Both are solid partners in encouraging Serbia and Kosovo's normalization, and both are stalwart NATO allies.

To further its EU aspirations, the government of North Macedonia has committed to a constitutional change to recognize its Bulgarian minority. We strongly support this difficult, but necessary, step.

Transatlantic and European integration are essential to reducing the influence of harmful actors like Russia and the PRC that seek to destabilize the region and hinder its integration, while expanding their influence.

Russia is the exclusive natural gas provider to some Western Balkans countries and a serious threat to regional stability. Even as it wages a war on Ukraine, the Kremlin feeds disinformation to sow tensions.

The PRC pairs insidious narratives undermining trust in the West with corrosive, entrapping investment.

We offer alternatives to build resilience; align critical infrastructure procurement and foreign investment with EU standards to counter disinformation, and to develop clean, reliable, and affordable energy.

The citizens of the Western Balkans want a better future for their children, stronger and transparent democracy, accountable governments, and greater economic prosperity and security. As we help them realize this vision, continued bipartisan congressional engagement remains invaluable.

Thank you and I welcome your questions.
[The prepared statement of Mr. Escobar follows:]

**Testimony of Deputy Assistant Secretary Gabriel Escobar
House Foreign Affairs Committee, Subcommittee on Europe
Hearing on U.S. Engagement in the Balkans
July 18, 2023**

Chairman Kean, Ranking Member Keating, Members of the Committee, I appreciate your invitation to discuss the Biden Administration's Western Balkans policy.

Our policy in the Western Balkans is grounded on a simple principle: continued integration of the region into Euro-Atlantic structures. That integration strengthens Europe as a geostrategic partner; fortifies democratic governance and the rule of law; and makes the Western Balkan countries more secure and prosperous – and thus the region better security and trade partners for the United States.

We understand the obstacles to this process are formidable - including stalled progress on democratization, corruption, dependence on Russian energy, ethnonationalist politics, and harmful foreign influence and disinformation. Yet, they are not insurmountable; the Western Balkans must take the steps necessary to qualify for membership. Our engagement is helping them fight corrosive corruption and disinformation that feeds susceptibility to malign influence – from authoritarian states like Russia and the PRC, but also bad actors within. Our engagement is focused on resolving lingering tensions that threaten this path and greater regional stability.

Let me begin with the fraught relationship between **Kosovo and Serbia**. In February and March, the EU—with strong U.S. support—achieved a breakthrough Agreement on the Path to Normalization of Relations and an implementation annex that provide a framework through which both countries fulfill their independent obligations. A key element is fulfilling Kosovo's obligation since 2013 to establish an Association of Serb-majority Municipalities. The ASM would empower municipalities with shared interests, language, and culture to coordinate on common challenges in delivering some public services, including education, health care, and local economic development. Moreover, Kosovo and Serbia

agreed to recognize each other's documents and national symbols. And – importantly – under this agreement, Serbia will no longer lobby against Kosovo's membership in international organizations.

Since the parties reached these agreements, there have been serious provocations, escalating tensions, and unacceptable violence by Serb protestors against KFOR, police, and journalists in northern Kosovo. In response, NATO deployed reserve force elements to reinforce the mission; it maintains an enhanced posture in northern Kosovo to ensure a safe and secure environment in line with its UN mandate. With the EU, we have called for immediate de-escalation, to include holding new municipal and mayoral elections in four municipalities in northern Kosovo with the participation of ethnic Serbs, and a refocus implementing the agreement reached under the EU-facilitated Dialogue. Together with our European partners, we remain engaged with Kosovo and Serbia, urging both parties to fulfill *all* their obligations, which are essential to continued progress on *both* their European paths.

Regrettably, in **Bosnia and Herzegovina**, Republika Srpska President Milorad Dodik remains focused on dismantling the Dayton Peace Agreement and the state constitution. Dodik's persistent, secessionist, and anti-democratic actions threaten the stability, security, and prosperity of the country and the wider region. We will continue to call out these actions and hold to account anyone who undermines the Dayton Peace Agreement or threatens the sovereignty, territorial integrity, and multi-ethnic character of the country. We will also continue intensive efforts to bolster the international community's commitment to uphold Dayton, including rallying support for the European Union's EUFOR ALTHEA mission. Further, we remain firm in supporting the Office of the High Representative's use of Bonn Powers to counter threats to the Dayton Agreement.

In **Montenegro**, we are seeing renewed momentum toward realizing its European future. Recent presidential and parliamentary elections were free, peaceful, and offered voters a wide choice. The outcome reinforced the people of Montenegro's desire to achieve EU integration and the reforms that will advance it.

Both **Albania and North Macedonia** have opened EU accession negotiations, both are solid partners in encouraging normalization between Serbia and Kosovo, and both are stalwart NATO Allies.

To further its EU aspirations, the government of North Macedonia has committed to enacting a constitutional change to recognize its Bulgarian minority. We strongly support this difficult but necessary step, and we are also engaged with the new government of Bulgaria to ensure it makes no new demands once North Macedonia fulfills its commitments under existing agreements.

Transatlantic and European integration is essential to reducing the harmful influence of actors, like Russia and the PRC but also corrupt local actors, that seek to destabilize the region and hinder this integration while expanding their own influence. Russia remains the exclusive natural gas provider to some Western Balkan countries, a serious threat to regional security. Even as it wages war on Ukraine, the Kremlin feeds disinformation – often through Serbian-language outlets – to sow division, distrust, and inter-ethnic and religious tensions. The PRC pairs insidious narratives undermining trust in the West with corrosive, entrapping investment. We offer alternatives to build resilience against these influences, align partners with EU standards for critical infrastructure procurements and foreign investments, counter disinformation, and develop clean, reliable, affordable, and diversified energy sources.

The citizens of the Western Balkans want a better future for their children – one where stronger, more transparent democracies and governments are held accountable, support for human rights is strong, and where all benefit from greater economic prosperity and security. Our engagement is helping to realize this dream, and continued bipartisan Congressional engagement remains key to its success.

Thank you for your time today. I welcome your questions.

Mr. KEAN. Thank you, Mr. Escobar.

I now recognize myself for 5 minutes of questions.

As I said in my opening remarks, the government of Kosovo must engage upon the implementation of an Association of Serb-majority Municipalities, as it committed to do 10 years ago. However, the United States must ensure that an ASM protects the rights of Kosovo Serbs without undermining Kosovo's authority over its sovereign territory.

Mr. Escobar, can you publicly commit that if Prime Minister Kurti engages credibly on the implementation of an ASM, the United States and the EU will apply the same amount of pressure on Belgrade to respond in good faith and uphold its obligations under recent agreements?

Mr. ESCOBAR. Absolutely. The recent agreement, especially the Ohrid Agreement, provides an incredible opportunity for both countries to create a peaceful and sustainable relationship between the two and open the door to greater European integration. The agreement requires Serbia to recognize Kosovo's sovereignty and territorial integrity; to recognize its national symbols, flags, government documents, diplomas, passports, license plates, ID cards, and to refrain from blocking Kosovo's integration into any international organization.

From the Kosovo side, it requires Kosovo to implement its existing legal obligation to form an Association of Serb-majority Municipalities. We believe that both countries should immediately engage on that without preconditions; that both countries should begin the process of doing their part without regard to any sequencing plan that is not included in the process.

So, we do commit to make both sides acknowledge their existing legal obligations and to move fast, as fast as they can, and hopefully, we would be able to make significant progress on both of those this year.

Mr. KEAN. Thank you.

I am very concerned by the recent violence in northern Kosovo. What additional steps must Prime Minister Kurti take to de-escalate the situation before the United States and the EU remove their sanctions?

Mr. ESCOBAR. Well, first, Chairman, I wouldn't call them "sanctions." I call them "consequences."

So, the United States and the EU have put together a three-point plan that involves de-escalation, removal of special police, the withdrawal of protestors, and the process to create new elections with the participation of the Serbs with no conditions, and then, to return to the EU-facilitated dialog. So, those are the conditions.

Now, we have gotten a commitment from Serbia that they would remove the protestors and that they would participate fully in the elections. We haven't fully gotten that commitment from the Kosovo side, but we do agree with Kosovo on many of the democratic standards that they would like to apply. And we do agree with Kosovo that those who attack journalists, Kosovo police, and KFOR troops should be punished.

But we still would like to see greater alignment on the European-facilitated plan. We will continue to work with the government of Kosovo to try to convince them that it is in their interest

to align with the United States, the U.K., NATO, the European Union, the Quint, and with North Macedonia and Albania, who are also part of this process.

Mr. KEAN. Can you detail how the Administration is engaging with Belgrade and the Kosovo Serbs are participating in new local elections, as you just said?

Mr. ESCOBAR. Absolutely. Well, first of all, I want to be very clear that, in the process of the democratic development of Kosovo, we have sided with Kosovo at every opportunity.

So, we recognized the need for new elections, despite Serbia's objections. We recognized the legitimacy of the elections, despite Serbia's objections that the turnout was too low. We recognized the authority of the mayors, despite Serbia's objection.

What our singular request was that Kosovo not try to install the mayors by force where there were protests occurring. That did not diminish Kosovo's legitimacy or authority.

But, in the meantime, we have been very tough with Serbia on the conditions that we require for participation in what is a democratic process in Kosovo. So, we have gotten pledges that they will not oppose this, and there are consequences for Serbia, should it oppose it. So, we will continue to work with the European Union to ensure that their three-point plan does get implemented.

Mr. KEAN. OK. There have recently been numerous high-profile corruption scandals in Montenegro. These are good allegations that a crypto fugitive gave funds to a political campaign in exchange for favors, as well as reports of close ties between the police, former government officials, and organized crime bosses which revealed Belivuk by Sky ECC mastering communications.

How is the United States helping Montenegro combat corruption and organize crime? And how corruption in Montenegro increased its vulnerability to Russian and PRC malign influence?

Mr. ESCOBAR. Well, I would start by saying that corruption is a problem throughout the region. I am pleased to hear and see that, in my discussions with the new Montenegro leadership, that they are committed to the fight against corruption; their EU path, which includes making significant reforms on rule of law, and their NATO path. It is true that it remains a vulnerable NATO ally, but I do think that there is overwhelming public support for fighting corruption, for being an important member of NATO, and for pursuing their European Union integration.

So, we will continue to finance some of the reforms. We will continue to use our assistance money to strengthen the capacity of the police, including to investigate crypto and other complex crimes. And we continue to look at Montenegro's development as important for the rest of the region as well.

Mr. KEAN. Thank you.

I now recognize Ranking Member Keating for any questions he may have.

Mr. KEATING. Thank you, Mr. Chairman.

Now, we have discussed the significance of this region in many respects, but how has China used the Belt and Road Initiative to influence the Western Balkans? How do they leverage their loan dependencies and debt traps for influence in that region?

Mr. ESCOBAR. Absolutely. As I said in my opening statement, China rarely exerts positive influence in the region. It provides deceptively attractive infrastructure support, mostly through non-transparent means of financing. It refuses to align on economic and social impact studies. And once it does, it does use this debt to extract political concessions, including nonconcurrence in international bodies on criticizing the activities of the PRC.

So, there is always a political cost to this deceptively attractive economic investment. What we have said repeatedly is that the reforms that the European Union is requesting, as they join the common economic market, makes things more transparent. And with that transparency, I believe that American firms can outcompete Chinese firms any day of the week.

Mr. KEATING. And I was going to ask how, independently or together, the United States and the EU can counter that kind of influence. And obviously, their movement toward the EU accession is one that, with rule-of-law issues and stability, will be enticing.

But could you comment a little bit more on the appetite for private investment in that area? Because, in this area, like so many areas of the world, these countries want to deal with us, but we are not there. But one of the reasons we are not there is because that kind of rule of law and stability isn't in place. So, how close are we to bigger investments in the area that I think will provide a much better alternative than the Chinese?

Mr. ESCOBAR. I agree. And, look, the region is already, as you said, hungry for it. Seventy percent of the Western Balkans is tied to the European common market, and that common market benefits us because a majority of American investment comes through European subsidiaries of American companies. So, as they align closer in a regulatory and legislative manner to the European common market, it really does facilitate foreign direct investment.

Prior to the COVID crisis and the current economic crisis, the Western Balkans was the fastest-growing part of Europe with enormous opportunities for energy, shipping, transportation, IT, and a host of other sectors. So, we plan to be present and plan to encourage those countries to make the reforms necessary and the transparency measures necessary to attract greater Western investment.

Mr. KEATING. The greater influence you mentioned from Russia is through the energy sector. An instance of U.S. involvement has been the Millennium Challenge with Kosovo and the investments there that are going to be spawned from that in alternative energies and renewable energies—batteries, storage, and other issues.

What can we do? And how has the Ukraine War changed things in terms of the energy dependence in this region, as it has through other parts of Europe?

Mr. ESCOBAR. Well, for one thing, the trends that we are seeing in the rest of Europe, which is a recognition that dependence on Russian energy is harmful, has permeated the thinking of the Western Balkans. So, many of the countries are already making the right moves in creating sustainable, independent energy sectors. I would say that a star in this field is Albania, which will be an exporter of energy to the region very soon.

So, I look forward to working with the region and working with European partners, including Greece and others, to deepen the energy independence of the region.

Mr. KEATING. I think this is the concrete type of approach; that it is best way to counter what people like Milorad Dodik are doing with his rhetoric. Rhetoric is one thing, but action is another.

So, do you think this is the best way to approach persons that have been twice designated, for instance?

Mr. ESCOBAR. I definitely do. And it is true, look, Russia's influence comes to manifest itself in two ways. One is through disinformation, which is cheap political tool, but the other is through energy. They have nothing else. Russia provides no bilateral trade, no assistance, no capacity-building, and no support for democratic reforms. It simply traps them into energy dependence.

So, the quicker that we can help the region reduce its dependence, either through LGN or through renewables, the faster we will be able to counter Russian influence in the region.

Mr. KEATING. Yes, Russia has lost more than the war in Ukraine in its influence in the region and around the world.

I yield back.

Mr. KEAN. Thank you, Mr. Keating.

I now recognize Mrs. Wagner from Missouri.

Mrs. WAGNER. I thank the chairman for organizing this very timely and important hearing.

And, Deputy Assistant Secretary Escobar, I appreciate your service and your time here today.

When you last appeared before this committee over about a year and a half ago, we discussed the serious crisis facing Bosnia and Herzegovina. Today, the country is experiencing no less than an assault on its constitution and democratic institutions. Reckless secessionists like Milorad Dodik, President of Bosnia's Republika Srpska entity, and his Russian backers, are counting on the United States to stand by while they undermine the region's peace and stability.

As guarantor—we are the guarantor in the United States—of the Dayton Peace Agreement that ended the horrific violence Bosnian war, the United States must prioritize deterring these destabilizing, destructive, and anti-democratic actors.

This morning, alongside Representative Wild, Chairman Kean, and Chairman Turner, I reintroduced the Upholding the Dayton Peace Agreement through Sanctions Act. My bipartisan bill would codify—codify—key sanctions authorities to send an unmistakable message to any actor that threatens the peace, the security, stability, or territorial integrity of Bosnia. If such destabilizing behavior is not ceased, he or she will be sanctioned, period. Peace in Bosnia came at a very steep price, and those who would threaten that hard-won peace must be held to account.

Deputy Assistant Secretary Escobar, Dodik's unilateral removal of Republika Srpska from the jurisdiction of the Constitutional Court—I think just a couple of days ago—of Bosnia is a serious, serious escalation in his campaign against Bosnian sovereignty.

He has also threatened to hold a referendum on independence by the end of the year. This would be taking a sledgehammer to the foundations of peace in the Western Balkans. How is the State De-

partment seeking to prevent this? And how can we bring a stop to Dodik's constant assaults on the Dayton Agreement?

Mr. ESCOBAR. Well, Congresswoman, I want to start by saying I agree with absolutely every word that you have said. His assaults on Dayton and on the constitutional order of Bosnia and Herzegovina represent not just a threat for the country, but a threat for the region.

Mrs. WAGNER. Yes.

Mr. ESCOBAR. The United States is committed to the territorial integrity, the sovereignty, and multi-ethnic character of Bosnia and Herzegovina. And so, it is our intent to use absolutely every tool that we have to prevent that from happening and to hold those that would damage the country accountable. So, that includes a stronger peacekeeping force under the EUFOR ALTHEA mission—

Mrs. WAGNER. OK.

Mr. ESCOBAR [continuing]. The full support for the High Representative and his use of Bonn Powers. And we are coordinating with the European Union, with the EBRD, IMF, and other international actors to withhold money from those who would damage the country.

But, most importantly, we see sanctions as a very effective and very important tool in our foreign policy toolbox.

Mrs. WAGNER. And you would agree my piece of legislation is timely and necessary?

Mr. ESCOBAR. I would, absolutely.

Mrs. WAGNER. Thank you.

Mr. ESCOBAR. And if I can add that we are just at the very beginning of showing what the consequences are going to be. You can count on an American reaction to all of these destabilizing views.

Mrs. WAGNER. While the United States has sanctioned other persons in Bosnia and Herzegovina for undermining the Dayton Accords, do you assess sanctions are being used effectively to deter destabilizing behavior? And are there more individuals—obviously, there have to be—in Bosnia and Herzegovina who should be sanctioned?

Mr. ESCOBAR. I agree with that. And I will say that they are effective. There are two metrics that I can tell you that are effective. One is that in private conversations the one thing that officials from Republika Srpska ask us is, "Please, no more sanctions."

Mrs. WAGNER. Well, I do not know what the delay is, but the time is running out, sir. It really is.

The United States and U.K. sanctioned Dodik last year, but the EU has yet to do so. Why has the EU not sanctioned Dodik?

Mr. ESCOBAR. Well, that is a very good question. The most common answer that I hear is that the EU requires 27, unanimous consent of all 27 member-States.

Mrs. WAGNER. Well, we have got to get Hungary onboard, and I hope that we will do more to apply pressure and influence there. My time has run out and I yield back. And I thank you.

Mr. ESCOBAR. Thank you.

Mr. KEAN. Thank you.

I now yield 5 minutes to Ms. Titus of Nevada.

Ms. TITUS. Thank you.

I would like to go back to Mr. Keating's because I agree with him how much of an influence China has had in the area. Over the last decade, we know they have invested some \$32 billion in infrastructure. And Albania, Bosnia, Herzegovina, Montenegro, North Macedonia, and Serbia have all joined their Belt and Road Initiative. So, there's no question that they are there, and they make these offers that are too hard to turn down, if we are not there with some investment ourselves.

But what is happening with the Russian influence seems to be more insidious. And we see that through the disinformation. I understand the energy question, but the disinformation question is harder to get at, I think.

We certainly saw it when North Macedonia was having the referendum to change the name in Greece and Macedonia and accept that, so they could move to the West. Russia did not like seeing them move to the West, moving along that path to EU membership. So, they were in there with a good bit of information.

Could you talk a little bit more about how that works in some of these other countries?

Mr. ESCOBAR. Well, look, I think that disinformation is a very cheap tool for Russia, and it does seek exclusively to create inter-ethnic tensions and doubt about these countries' commitment to European integration.

So, what we have sought to do is to work with governments to, first of all, identify the outlets for disinformation; to look for ways to shut down outlets that are purely propaganda and not necessarily have any journalistic value at all. We have also looked to use our sanctions authority for people whose sole purpose is to create disinformation in the region on behalf of Russia.

And so, we will continue to work with governments. Now, the most important thing is that we need partners to call it out. And I would say that, overwhelmingly, particularly in the countries that are NATO members in the Western Balkans, we have had a very good level of success in pushing back on Russian disinformation.

Ms. TITUS. Well, how would you comment on the status of free press in these countries?

Mr. ESCOBAR. I would say that, to varying degrees, it is challenging, but international organizations have said that there is still far too much pressure—financial, personal, and legal—on some of the independent outlets in the region. I would say that protection of journalists in the region lags far behind the rest of Europe.

And part of the requirement for European accession is about free press. It is about protection of not just independent journalism, but civil society as well. And we stand side by side with our European partners to hold governments to account on that.

Ms. TITUS. I serve on the HDP, House Democracy Partnership, and we have exchanges with a number of these countries. And, of course, the problem of corruption and rule of law, those are certainly some of the barriers standing in the way to moving along this path to accession.

But one of the problems is, every time we go to visit, it is a whole new group of people, and you do not have established parties. You often have Associations of personality.

So, I just wonder, how are you dealing with that lack of institutional stability to help move away from some of the disinformation or more toward the West?

Mr. ESCOBAR. Well, in general, one of the reasons why one of the pillars of our policy in the region is European integration is that it is about creating sustainable and durable institutions. So, we are working to create institutions. We are also doing it bilaterally through USAID to create—not only to help finance civil society, which will be the continuity on some of this, but also to create independent institutions, independent judiciary, and independent ombudsman offices that will help us; that will be long-term partners in this process.

Ms. TITUS. Just finally, I know Greece is not part of your domain or bailiwick or jurisdiction, but I do not see how you can make policy in the Western Balkans without Greece being a big part of that. Certainly, in the development of energy, we see that now, and even in the whole situation with the Macedonian name. I mean, Greece has got to be a big player in everything done here.

Mr. ESCOBAR. Greece is an example, at least in Kosovo, that not all non-recognizers are adversaries. I do engage the Greek government frequently. They are helpful. They are an integral part of bringing stability to the region politically, but, also, they are one of the leading countries that are moving to help diversify the energy picture in the Western Balkans. So, I do engage with Greece, and Greece is absolutely indispensable, as is Austria, as is Slovenia, and others.

Ms. TITUS. Thank you. I yield back.

Mr. KEAN. Thank you, Ms. Titus.

I now recognize Mr. Huizenga of Michigan for 5 minutes.

Mr. HUIZENGA. Thank you. I appreciate it, Mr. Escobar.

Serbia has imported arms from China, including drones, according to reports. How does this affect Serbia's aspirations to join the EU, given the EU's arms embargo against the PRC?

Mr. ESCOBAR. I would say that it challenges it. Now, there are some technical complications here. Now, one of the discussions that we have with Serbia is that the CAATSA sanctions prevent them from buying Russian weaponry. And they dramatically decreased their procurement from Russia, but, in doing so—

Mr. HUIZENGA. So, not just China, but Russia as well?

Mr. ESCOBAR. Right. But they have increased from China, which is not limited by any of our sanctions regimes. We have said that, if they truly want to be part of the Euro-Atlantic community, that they show it, in part, through their military procurement.

So, we would like to see greater engagement from European and American companies in that vein. That said, we also want to be very careful about our existing policy that supports Kosovo, as we do so. So, we would like to see a comprehensive discussion on how Serbia should be behaving in the region.

Mr. HUIZENGA. My understanding is it is something like 30 tanks and 30 armored personnel carriers have been bought, purchased from Russia. They have also purchased some air defense systems, as well as attack/transport helicopters.

Has it been communicated to Belgrade that the United States could respond to significant purchases of Russian military equipment—

Mr. ESCOBAR. Absolutely.

Mr. HUIZENGA [continuing]. Per those mandatory sanctions?

Mr. ESCOBAR. Absolutely. Absolutely. We have given them—

Mr. HUIZENGA. And what has their response been?

Mr. ESCOBAR. Their response is they understand and they are adapting.

Mr. HUIZENGA. I'm sorry, they are what?

Mr. ESCOBAR. They are adapting their procurement strategies—

Mr. HUIZENGA. Adapting? Meaning they are stopping?

Mr. ESCOBAR. I would say that they have curtailed it significantly as a result of our—

Mr. HUIZENGA. So, they are not stopping, but maybe curbing their purchasing?

Mr. ESCOBAR. It is a complicated procurement process that involves—

Mr. HUIZENGA. Oh, yes.

Mr. ESCOBAR [continuing]. That involves what they are buying—

Mr. HUIZENGA. Sanctions are complicated.

Mr. ESCOBAR. No, well, it—

Mr. HUIZENGA. I sit on the Financial Services Committee—

Mr. ESCOBAR. Yes.

Mr. HUIZENGA [continuing]. Where most of those sanctions run through.

Mr. ESCOBAR. Right.

Mr. HUIZENGA. But, pretty typically, either that switch is thrown on or off.

Mr. ESCOBAR. That's right. And so, look, there are some challenges when you are talking about existing contracts that require logistical support for already-purchased weapon systems.

Mr. HUIZENGA. So, fair to say we have warned Belgrade that—

Mr. ESCOBAR. Very forcibly so, sir.

Mr. HUIZENGA. OK. I'm glad to hear that.

Along that vein, you had mentioned Kosovo and advocating for Kosovo, and I see we have the Ambassador is here in the audience as well. Five member-States of the EU—Spain, Greece, Romania, Cyprus, and Slovakia—currently do not recognize Kosovo's independence. This would seem to be a serious obstacle for Kosovo in the Euro-Atlantic integration.

How is the State Department engaging with these countries to urge them to recognize Kosovo?

Mr. ESCOBAR. Well, I have permanent contact with all five of those countries. Now, one of the things that they do want, and one of the things that I have been trying to convince the government of Kosovo, is they want to see a European process in order to satisfy their requirements under their own laws, under their own national legislation, to be able to recognize.

Now, it is our position that—

Mr. HUIZENGA. Meaning what exactly?

Mr. ESCOBAR. Well, I'll say that, from our perspective, it is our highest aspiration that Kosovo be a member of NATO, a member of the European Union, and have a seat at the United Nations. Now, for some of the countries, they cannot recognize, absent a bilateral agreement between Serbia and Kosovo. For others, they do not recognize unilateral declarations of independence. So, they would like to see an agreement on normalization.

This is one of the reasons why the Ohrid Agreement offers us the greatest opportunity in 15 years to partner with the government of Kosovo to begin, not just a regional, a European recognition campaign, but a global recognition campaign.

Now, what most of these countries would like to see is they would like to see the goodwill from Kosovo in fulfilling its part of the agreement, which is the Association of Serb-majority Municipalities. So, one of the reasons why I have encouraged the government of Kosovo to go ahead and move forward on this, with American support, in a way that ensures that the ASM does not violate their constitution, their legal structure, or their functionality. So that we can move forward this year on a recognition campaign. To date, I have not gotten that alignment from the government of Kosovo.

Mr. HUIZENGA. All right. In my last remaining few seconds here, is the Biden Administration planning to continue to use sanctions to address Russian influence networks in Siberia, as well as across that Western Balkans region?

Mr. ESCOBAR. Yes.

Mr. HUIZENGA. OK. And maybe we will followup with a "how?" [Laughter.]

Mr. ESCOBAR. Yes, sir.

Mr. HUIZENGA. I wish I had more time for the "how?"

Mr. ESCOBAR. Yes.

Mr. HUIZENGA. That is, actually, the important part.

So, with that, I yield back, Mr. Chairman.

Mr. KEAN. Thank you, Mr. Huizenga.

I now recognize Mr. Costa of California for 5 minutes.

Mr. COSTA. Thank you, Mr. Chairman. I think this is an important hearing.

And let me followup with my colleague's last question and ask you the "How?"

Mr. ESCOBAR. Well, I will say that, on sanctions on Russia, we are constantly looking for ways to limit Russia's malign influence everywhere we see it, including the Arctic region, including the Baltics, including the Balkans.

And so, the sanctions part is a really important piece of it. The energy diversity part is very important. I have to say that, in the past year and a half, since the beginning of the unprovoked aggression by Russia on Ukraine, we have seen a tremendous convergence with our European partners on the need to limit Russia's ability to do harm in this world.

Mr. COSTA. No, and that is true, but, as noted before, sanctions can be effective, are complicated. And, of course, notwithstanding probably the most fierce sanctions that Russia has ever felt, they still are able to find workarounds, and therefore, we must constantly be on it. We need our European allies, obviously, at the

same time, to ensure—I mean, the amount of fuel, of energy that Russia is still managing to sell is financing their war and continuing to maintain their economy in ways that we had hoped it would not be.

You talked more on the issue of Kosovo and Serbia, and the trajectory on your comprehensive normalization efforts. And you have these conditions that have been stated. You know, that was back in March, I guess, of 2023 and acceptance of the Implementation Annex. And both the EU and we view these as being legally binding, as I understand it.

So, when you look at the five bullets, the parties agreed to establish good neighbor relations. The parties agreed to mutually recognize respective national symbols and documents. Serbia will not object to Kosovo's membership in any international organizations, and to work toward implementing the ASM and the agreement.

Where are we on these five bullets? Because I think we are now in July, and what do you see the prospects of successful implementation and agreement before the end of the year? I mean, who needs the most prodding and pushing in this instance?

Mr. ESCOBAR. Well, I would say I do not see a lot of goodwill on either side to implement that agreement. We have tried repeatedly on both sides to make movement. And in the meantime, what we have seen is a series of escalating tensions in the region.

Mr. COSTA. And finger pointing.

Mr. ESCOBAR. And finger pointing. So, our position is that the agreement was immediately implementable upon agreement. And so, each side had to map out a way in which they were going to do their part.

So, for Serbia, it will require entering into legislation, the recognition of Kosovo's national symbols, and all of the other elements that I talked about before.

And for the Kosovo side, it was the immediate work on the draft statute of the Association of Serb-majority Municipalities.

To date, we have seen neither party move forward on that.

Mr. COSTA. And so, are these negotiations continuing with both ourselves and the EU sitting down with both these parties across the table to create some level of momentum?

Mr. ESCOBAR. Yes. Unfortunately, over the last 60 days, what we have seen, what we have had to focus our attention on, is preventing the violence in the north from spreading even further and from destabilizing the region. But that was the point of the EU three-point plan on de-escalation, which we support—

Mr. COSTA. Well, Russia's influence on Serbia, obviously, isn't helping.

Mr. ESCOBAR. It is not helping, but I will tell you that, on much of this, it is not so much a bilateral issue as a failure of ethnic reconciliation inside of the country as well.

Mr. COSTA. Well, the ethnic recognition goes back—

Mr. ESCOBAR. It goes back a long—

Mr. COSTA [continuing]. Hundreds of years, I mean.

Mr. ESCOBAR. I would say not as far, and much of it is regional. Because if that were the case, the entire region would be embroiled in ethnic rivalry. And I will say that, right now, we have a two-track Balkans. We have those that are NATO members that are ac-

tively contributing to the regional stability. And not surprisingly, those are the ones that have——

Mr. COSTA. Before my time is—what are the efforts on the Western Balkans to respond to the rising white nationalism and anti-semitism across Europe?

Mr. ESCOBAR. We are working very hard. We call it out wherever we see it. Part of the reform process is the protection of minorities, and it is the fight against harmful and fascist rhetoric as well.

Mr. COSTA. All right. My time is expired, but to be continued. Thank you.

Mr. KEAN. Thank you, Mr. Costa.

I now recognize the vice chair of the committee, Mr. Self from Texas.

Mr. SELF. Thank you, Mr. Chairman.

My history, I traveled extensively through Bosnia and Herzegovina when I was in NATO; build the forces to go there, the combined forces, international forces, and the force to go to Kosovo. I have actually been in Belgrade to see the bomb damage that we inflicted with a Tomahawk into the MOD building, which they kept for whatever reason.

I see some, I hear some internal dissonance in your testimony and this discussion. You said we have sided with Kosovo at every turn. I think you since have backtracked on that to a more balanced approach, but I do not think there is any doubt that Vucic incited the boycott of the Kosovo elections. There can be no doubt of that. What I'm less certain of is that Serbia delayed their own elections based on the Kosovo elections.

I want to point out to people—and I, hopefully, will get to a question—this is not Ukraine, which is on the edge of NATO. This is Serbia and Russia surrounded by NATO nations. This is, potentially, more dangerous than Ukraine to NATO, should this violence spread.

I'm uncertain as to why we do not have sanctions on Serbia now. Because they have imported heavy weapons from Russia since 2017, which should have led to sanctions under something called the Countering America's Adversaries Through Sanctions Act in 2017. We will stop there and ask you, why not?

Mr. ESCOBAR. Well, I will tell you that, on the sanctions question, it is not office that deals with the sanctions question, but I do understand the process. The CAATSA sanctions are not merely about purchasing Russian weapons. If that were the case, we might have a problem with India, Turkiye, and others.

And so, really, it is about the level of purchase and the technological capability of the purchases. That is why we have continually had this discussion with Serbia about the risk that they are taking from——

Mr. SELF. Well, let me ask you that. Let's followup on that point.

Mr. ESCOBAR. Yes.

Mr. SELF. Do you have discretion on sanctions? Would those sanctions not help with what you are trying to achieve, implementation of the agreement?

Mr. ESCOBAR. Where we have the greatest leverage or the greatest flexibility is on Western Balkans sanctions to sanction those who undermine regional stability—and we have used those lib-

erally—and for corruption. And we have used those extensively as well.

CAATSA is a different issue because it is a different office, and it is really a question of sanctions that are aligned with our Russia policy, which I do not deal with.

Mr. SELF. OK.

Mr. ESCOBAR. But I'm happy to take that question back.

Mr. SELF. Very good.

Mr. SELF. In the interest of time, I was kind of surprised to see that Eliot Engel, a colleague from across the aisle who used to chair this committee, just wrote a piece on Serbia and Russia. And he reached the conclusion—now, remember, he is a colleague from across the aisle who used to chair this committee, that reached the conclusion that the Biden Administration is appeasing Serbia. Any comments on you, as a Biden Administration official?

Mr. ESCOBAR. I would say that is factually wrong. So, in the last 60 days, everything that we have done has prejudiced Serbia. We were in favor of visa liberalization for Kosovo, Council of Europe membership for Kosovo. We are in favor of supporting their elections over Serbia's objections. We recognized the results of the elections, even with a 3 percent turnout, over the objections of Serbia. We recognized the authority of the mayors over the objections of Serbia. We have sanctioned their intel chief. So, there is—

Mr. SELF. But you are also supporting new elections. And in a previous hearing, I made the point that, when we have a low turnout in the United States, which we often do, we do not ask for new elections. And yet, you have joined the EU in calling for new elections, have you not?

Mr. ESCOBAR. We have. In fact, the government of Kosovo itself has said that these elections are a key to stability because—

Mr. SELF. So, is that not an indication that Kosovo is willing to work with Serbia?

Mr. ESCOBAR. That is. Now, we would like to move forward on that part as well. So, we have a commitment from both sides. We have a commitment from Kosovo that they would welcome new elections. They see that having ethnic Albanian mayors in predominantly Serb Municipalities—with in some cases some of the municipal members had only a single vote, their own—that is not a recipe for stability.

Mr. SELF. I understand.

Mr. ESCOBAR. So, we are working with both sides.

Mr. SELF. My time is up. So, I would just ask you, do not let this Russian proxy inside NATO territory get a foothold.

Thank you, sir.

I would yield back.

Mr. KEAN. Thank you, Mr. Self.

I now recognize Mr. Moran for 5 minutes.

Mr. MORAN. Secretary Escobar, thank you for your time today.

I want to talk to you a little bit about Montenegro. And you know, China has spent a lot of time and a lot of money, through its Belt and Road Initiative in the Balkans. And they have, particularly, back in 2014, invested about \$1 billion with Montenegro for a major highway system there. That is about 20 percent of the

GDP of Montenegro, and the principle cost of that is just enormous to me, as I think about their total GDP.

Do you know what progress Montenegro has made in paying off this significant debt to China?

Mr. ESCOBAR. Well, look, I do not know all the details, but I do know that the former Minister of Finance did a really good job of refinancing, with international assistance, some of that debt to lower the interest rate and to lower the debt load.

But we agree. And unfortunately for Montenegro, we use the example of that road as an example of the malign debt trap that China uses to pressure countries in the region.

Mr. MORAN. Yes, that is why it surprised me that, in March of this year, it looked like that Montenegro signed another MOU for China to do some additional investment for another road to its Belt and Road Initiative. Is my understanding correct?

Mr. ESCOBAR. I think it is the same road, sir.

Mr. MORAN. The same road? Are they doing more financing or is it a refinancing? What happened in March of this year?

Mr. ESCOBAR. Unfortunately, I do not know the details of that. I will have to take that back and get back to you on that.

Mr. MORAN. When you say that the international community stepped in and helped with some of the terms of the financing, is China still the principal creditor behind the financing?

Mr. ESCOBAR. Oh, no, I did not say that we stepped in. I said that—

Mr. MORAN. No, I said, “the international community.”

Mr. ESCOBAR. Right.

Mr. MORAN. You mentioned that somebody in the international community—

Mr. ESCOBAR. That’s right, the international community. I believe it was through international lenders. But that was not through the U.S. Government.

Mr. MORAN. But is China still the principal creditor? Or has somebody else stepped in the middle of that as the new creditor?

Mr. ESCOBAR. For that road, I believe they still are, but, again, I do not know the full details of that.

Now, if I can say one thing about Montenegro, the recent Presidential and parliamentary elections are poised to make Montenegro one of the fastest-achieving candidates for European Union membership. So, I’m very confident that the new leadership of Montenegro is taking it in the right direction and that they are very clear about how they see Chinese investment.

Mr. MORAN. Yes, in April 2023, Jakov Milatovic was elected and supplanted the prior leader of Montenegro. And that was good news because it looks like that the new leader is more pro-American than his predecessor. Is that your understanding as well?

Mr. ESCOBAR. Well, I would say they are equally pro-American, but I would say that it was a welcome transition. The previous president had been in power for over 30 years nonstop. So, this democratic transition is exactly what we are looking for from aspirant countries in the region.

So, I hold out a lot of hope for the future of Montenegro.

Mr. MORAN. Do you know why the country of Montenegro sought out this financing originally in 2014 and continues to look toward

China for assistance in its infrastructure? Is it because it has no other place to go? Is the United States stepping in to try to assist? Give me the sense of why there is only——

Mr. ESCOBAR. Well, I would say that it is consistent with a lot of the patterns that we have seen in the Western Balkans, which is deceptively cheap infrastructure projects that come with built-in financing.

I believe the United States and Europe have to figure out the financing piece. And that will be important for small countries like Montenegro and others in the region.

Mr. MORAN. Yes, I absolutely agree with that. So, tell me, what are your thoughts, specifically, on how we do that? How do we get ourselves between China and these smaller countries that are seeking infrastructure investment?

Mr. ESCOBAR. Well, we see DFC as an important part of that, and we would like to see a more active presence of DFC in the region.

Mr. MORAN. Does DFC allow us to invest in countries for national strategic purposes, in addition to qualification on economic bases?

Mr. ESCOBAR. I cannot speak on behalf of another agency, but I do certainly hope, and I do believe, that they have the same strategic vision and aspiration that we do.

Mr. MORAN. All right. I will use the remainder of my time just to reinforce that I think it is imperative for us to do, as you have mentioned, get between China and some of these smaller countries across the world, including the Balkans, and to make sure that we are not allowing them to become financially captive to China, so that they are no longer influenced by China for their foreign policy, their economic policy, and frankly, their military policy.

I appreciate your time.

I yield back.

Mr. ESCOBAR. Thank you.

Mr. KEAN. Thank you, Mr. Moran.

I now recognize Mr. Issa from California for 5 minutes.

Mr. ISSA. Thank you.

With no disrespect to our witness, it should be noted that this is an unusual situation in which we are hearing from the Administration, but we are not hearing from the parties who, I believe, would be able to give us a lot more insight into some of the instability in the regions and the causes. And this is particularly true in northern provinces of Kosovo. Albeit a small population, it is still a population that needs to be resolved, and I will ask about that later.

My first question is, the Prime Minister's unilateralism is well-documented and is a major obstacle to progress. What and how should we be dealing with, quite frankly, a head of State who is not part of the solution?

Mr. ESCOBAR. Well, I would say, to begin with, we have made our requests very public and very clear. The European Union, for its part, has imposed consequences, and we have as well. We withdrew Kosovo from a major international military exercise as a result of the unilateralism. And we continue to look for ways to partner with what is one of our closest allies in the region.

I do have to say that we are concerned about the lack of alignment that Kosovo has, not just with the United States, but with the entire Transatlantic community. So, that includes the U.K., the European Union, NATO, the Quint, and its neighbors Albania and North Macedonia.

We are looking actively for ways that we can convince the government to see the United States, again, as its primary partner in the region, and that alignment with the United States only benefits Kosovo. It does not detract from its aspirations.

Mr. ISSA. And following up on the United States being primary, historically, it certainly is fair to say that in many ways the United States is taking a back seat to the European Union on many of these issues. Can you describe what the benefits are of a lesser involvement, lesser engagement, and letting the European Union have, if you will, the front seat?

Mr. ESCOBAR. Well, first of all, I respectfully disagree that we have taken——

Mr. ISSA. I thought you would.

Mr. ESCOBAR [continuing]. A backseat. But, you know, it is important that the European process be the face of our Transatlantic engagement.

The challenge for Kosovo to be a part of NATO and a part of the European Union is it runs through five non-recognizers. So, we need a European path that the European non-recognizers understand and accept as the basis for their foreign policy decisions.

However, we are very, very firmly in support of that process. We bring the two parties together. We support every outcome financially, politically, and through capacity-building. And we will continue to do so.

And in the meantime, we are one of the primary guarantors of a safe and secure environment in Kosovo through our contributions to the NATO peacekeeping force in Kosovo. So, we are very involved and very engaged in this process.

Mr. ISSA. Well, following up on “very involved and very engaged,” and recognizing that I’m not asking for unreasonable risk, but the State Department, by definition, takes risks in every place they go, particularly in areas of conflict. It is my understanding that we have not had U.S. diplomats in north Kosovo to meet with the parties there in, if you will, any reasonable time in the last year. Can you explain how the meeting elsewhere is the equivalent of going to the region and meeting there?

Mr. ESCOBAR. Well, that, again, I respectfully disagree. I, personally, travel to Mitrovica almost every time I go. I talk to——

Mr. ISSA. When was the last time you were in north Kosovo?

Mr. ESCOBAR. The last time I was in north Kosovo was in the fall of last year. Now, since then, I have been with leaders of Kosovo, including Serb leaders, in other parts of Kosovo, in other parts of the region. I speak to the leader of Srpska Lista on a regular basis.

And as we speak, we have a group of Kosovo Serbs, civil society leaders, here in town, and they are having contacts with people on the Hill as well. So, we have significant contact with Kosovo Serbs.

Mr. ISSA. Last, I just want to slip in one last question, if you do not mind. Do you believe that there is a constitutional way to re-

solve this multi-ethnic problem in a way that keeps a united Kosovo?

Mr. ESCOBAR. Absolutely. Absolutely. I think that the Association would do that. On one hand, it would allow Serbs to exercise their rights of self-governance, as was envisioned under the Ahtisaari Plan, as is required by the Brussels Agreement, the Ohrid Agreement, and the European Council conclusions, but also takes into account the fact that these people are also dual citizens. So, there are European models that we can implement, if we have the goodwill of the parties.

Mr. ISSA. Thank you.

Thank you, Mr. Chairman. I yield back.

Mr. KEAN. Thank you, Mr. Issa.

I now yield to Mr. Lawler for 5 minutes from New York.

Mr. LAWLER. Thank you, Mr. Chairman.

It has been over a decade since the 2013 Brussels Agreement, and progress between Serbia and Kosovo on normalizing relations is clearly stalled. Is it time to reopen this agreement and think anew?

Mr. ESCOBAR. No, I would say no. I think it is a good agreement. It is a valid agreement. And it is the basis for the Ohrid Agreement, which creates real possibilities for both countries to integrate closer to the European Union and to create a peaceful and sustainable relationship between the two.

What we need from both sides is to rise above the politics of ethnic rivalry, populism, and ethno-nationalism and look at the real opportunities of joining a union where they will be forced to live not just with the people of their own ethnicity, but people of all ethnicities in the European Union. So, that is what we need, is we need some political courage on both sides.

Mr. LAWLER. I'm certainly sympathetic to Pristina's concerns that the Association for Serb-majority Municipalities could be manipulated by Belgrade as a lever of influence. Has the Administration tried to, instead, develop a new construct which would protect ethnic minorities, specifically, the Kosovo Serbs, in Kosovo without undermining Kosovo's sovereignty over northern Kosovo?

Mr. ESCOBAR. That is our stated policy. In fact, the Secretary's counsel, Derek Chollet, and I published an op-ed in Kosovo outlining that any such Association should not undermine Kosovo's constitutional authority, its legal structure, or its functionality; that it really would be about delivering, effectively delivering, services, municipal services, in Serbian language to a population that speaks Serbian. That is really what it is, and nothing more.

So, we have been working—we had offered, in fact, Albania has offered to help draft that statute. And we are hoping that Kosovo will understand that it has an obligation, and while it fulfills that obligation, it should be in line with European standards.

Mr. LAWLER. Five member-States of the European Union—Spain, Greece, Romania, Cyprus, and Slovakia—currently do not recognize Kosovo's independence. This is a serious obstacle to Kosovo's Euro-Atlantic integration. How is the State Department engaging with these countries to urge them to recognize Kosovo, and then, begin the conversations about EU and NATO membership?

Mr. ESCOBAR. Well, first of all, we have had these conversations not just with the non-recognizers in Europe, but other non-recognizers around the world. The main obstacle for many of the countries is they believe that unilateral independence creates instability and not stability.

For some, there are constitutional requirements that it be a bilateral agreement. This is one of the reasons why the Ohrid Agreement, which was brokered by the European Union, and monitored by European Union under European standards, gives us the greatest opportunity to advance that cause in the last 15 years.

So, as we have done that, we have started to explore that not only with the five non-recognizers, but with NATO and the European Union as well, to look for ways to foster the development—or sorry—integration of Kosovo into those structures.

Now, the one thing that I hear back almost unanimously is that they are waiting to see goodwill from Kosovo on the implementation of the ASM.

Mr. LAWLER. OK. I yield back the balance of my time.

Mr. KEAN. Thank you, Mr. Lawler.

I now recognize Mr. Schneider of Illinois for 5 minutes.

Mr. SCHNEIDER. Thank you, Mr. Chairman, and I am grateful for the chance to be here.

Deputy Assistant Escobar, it is good to see you again. Again, thank you for your patience, and as always, we are grateful for you sharing your sister with us.

Mr. ESCOBAR. Thank you.

Mr. SCHNEIDER. She is wonderful to work with.

This has been a very important hearing so far. The Western Balkans, effectively, form an island surrounded by NATO and the European Union, and our role has to be to work with our European allies to facilitate a future in which all the nations, religions, and ethnicities of the Western Balkans can live side by side in peace and prosperity.

We know it is not an easy task, and the last paragraph of your opening statement I think said it beautifully, but we have to make sure that the citizens of the Western Balkans are able to see a future for their children and are fully invested in it.

You started to talk earlier and ran out of time—I want to give you a chance—you mentioned the two-track Balkans.

Mr. ESCOBAR. That's right.

Mr. SCHNEIDER. Could you expand on that?

Mr. ESCOBAR. Yes. Well, look, it would be a mistake to look at the Balkans as a single unit. What we have is, we have three countries in the Western Balkans who have advanced their European candidacy the fastest, who are, not coincidentally, members of NATO. They have been very instrumental in supporting our efforts to create regional stability—and not just regional stability, but European stability. And that is Montenegro, North Macedonia, and Albania. And we work very closely with them.

North Macedonia, in particular, was extremely helpful in helping us reach the Ohrid Agreement. So, we count on those three countries to help extend our reach into the other three.

Now, we have three others—Serbia, Kosovo, and Bosnia and Herzegovina—that are lagging in their efforts to integrate into the

European Union. I would say that the one thing that they have in common is that they have not reached the level where the politics, the domestic politics, do not depend on ethnic rivalry.

So, we are working with our European partners and our regional partners to find ways to create inter-ethnic reconciliation and regional integration. And I would say that, without those three members, we would be much further behind than we are now.

Mr. SCHNEIDER. Let me build on that a little bit. Ethnic groups often view the world as a zero-sum game. One wins; the other has to lose.

Mr. ESCOBAR. Right.

Mr. SCHNEIDER. Is that the case here, and if it is, are there ways we can work to demonstrate that it is not a zero-sum game, but a win/win for all players, if we can find a path to bring more integration?

Mr. ESCOBAR. And that is our plan. So, one is integration into the European Union. So, it will be a benefit for the region. It will be a benefit for Europe because these countries do have enormous potential economically and socially and culturally. And that includes economic integration among the region.

And so, we have been supported by the three NATO countries in the Western Balkans in our efforts to promote regional economic integration which transcends the ethnic difficulties of the region.

Mr. SCHNEIDER. Great. And the other thing, the last question I will have, given the time, but you mentioned that integration is essential to reducing the influence of harmful actors. We have talked a lot about the Russians, about the PRC. You also mentioned corrupt local actors.

Rather than focusing on them, I would like to ask you, are there existing or up-and-coming benevolent or strong actors that we should be working to build relationships with, looking to reinforce and strengthen their position?

Mr. ESCOBAR. Well, yes. I mean, throughout the region, we do have very solid partners who believe in European integration and NATO engagement and the fight against corruption.

And I would say that one of the bright spots in the Montenegro parliamentary and Presidential elections is that, overwhelmingly, the winners were the ones who were focused on those three aspects of their policy.

Mr. SCHNEIDER. Great.

And with a few seconds left, I know in 2020 Albania hosted the Balkans Forum Against Anti-Semitism. Can you tell us a little bit about the progress in the Western Balkans in countering anti-semitism since that Forum and what we should be doing to strengthen that going forward?

Mr. ESCOBAR. Well, I would say, in Central Europe, it is always a challenge, but I would say that most of the countries in the region have made progress in codifying protections for minority groups, in fighting extremism, and working with us, particularly on the antisemitism piece.

Mr. SCHNEIDER. Great. Well, I know we have an excellent ambassador in Deborah Lipstadt. Hopefully, we can work together there.

I have seven more questions and no more time. So, Mr. Chairman, thank you again for allowing me to sit in on this hearing.

And I yield back.

Mr. KEAN. Thank you, Mr. Schneider.

With no further questions from the members, I want to thank our witness, Mr. Escobar, for his valuable testimony and the members for their questions.

Members of the subcommittee may have some additional written questions for the witness, and we ask that you respond to these promptly in writing.

Mr. KEAN. Pursuant to committee rules, all members may have 5 days to submit statements, questions, extraneous materials for the record, subject to the length limitations.

Without further objection, this subcommittee stands adjourned.

[Whereupon, at 3:20 p.m., the subcommittee was adjourned.]

APPENDIX



**COMMITTEE ON FOREIGN AFFAIRS
SUBCOMMITTEE HEARING NOTICE**
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-6128

Subcommittee on Europe
Thomas H. Kean, Jr (R-NJ), Chairman

July 11, 2023

TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs to be held by the Subcommittee on Europe on July 18, 2023 at 2:00 p.m. in Room 210 of the House Visitor's Center. The hearing is available by live webcast on the Committee website at <https://foreignaffairs.house.gov/>.

DATE: Tuesday, July 18, 2023
TIME: 2:00 p.m.
LOCATION: HVC-210
SUBJECT: Stability and Security in the Western
Balkans: Assessing U.S. Policy
WITNESSES: Mr. Gabriel Escobar
Deputy Assistant Secretary
Bureau of European and Eurasian Affairs
U.S. Department of State

*NOTE: Witnesses may be added.

By Direction of the Chair

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202-226-8467 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.

COMMITTEE ON FOREIGN AFFAIRS
MINUTES OF FULL COMMITTEE HEARING

Day Tuesday Date 07/18/2023 Room HVC-210

Starting Time 2:01 p.m. Ending Time 3:20 p.m.

Recesses 0 (to) (to) (to) (to) (to) (to)

Presiding Member(s)

Chairman Thomas H. Kean, Jr; Rep. William Keating

Check all of the following that apply:

Open Session ☒

Electronically Recorded (taped) ☒

Executive (closed) Session ☐

Stenographic Record ☒

Televised ☒

TITLE OF HEARING:

Stability and Security in the Western Balkans: Assessing U.S. Policy

COMMITTEE MEMBERS PRESENT:

See attached

NON-COMMITTEE MEMBERS PRESENT:

HEARING WITNESSES: Same as meeting notice attached? Yes ☒ No ☐

(If "no", please list below and include title, agency, department, or organization.)

STATEMENTS FOR THE RECORD: *(List any statements submitted for the record.)*

TIME SCHEDULED TO RECONVENE _____

or

TIME ADJOURNED 3:20 p.m.

Lance Kokonov
Full Committee Hearing Coordinator

Subcommittee on Europe

118th Congress

ATTENDANCE

Meeting on: Stability and Security in the Western Balkans: Assessing U.S. Policy

Date: 18 July 2023

Convened: 2:01 PM

Adjourned: 3:20 PM

[illegible]