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Armenian National Committee of America  
NATIONAL HEADQUARTERS

## **Armenian American FY09 Foreign Aid Priorities**

- 1) Cutting all military aid to Azerbaijan**
- 2) \$5 million in military aid to Armenia**
- 3) Keeping Section 907 of the Freedom Support Act**
- 4) \$70 million in economic aid to Armenia**
- 5) \$10 million in development aid to Nagorno Karabagh.**
- 6) U.S. diplomatic relations with Nagorno Karabagh**

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# Cutting all military aid to Azerbaijan

**Request: We call for a zeroing out military aid to Azerbaijan because of its continued threats to renew its aggression and attack Nagorno Karabagh.**

On February 15, 2008, 52 U.S. Representatives called upon the Secretary of State to challenge Azerbaijan's threats of renewed war, and to take steps to hold leaders in Baku accountable for actions that undermine the long-standing U.S. policy of fostering peace and stability in the South Caucasus region.

The Azerbaijani leadership, ignoring these warnings, acted on their threats of renewed aggression in early March of 2008, by launching repeated attacks against defense positions in the Mardakert region of northeast Nagorno Karabagh.

Azerbaijan should not receive U.S. military aid as long as it threatens to use, or in fact actually employs, its large and growing arsenal in offensive actions against Armenians. We should not, in any way, add to Azerbaijan's military capabilities until after Azerbaijan's leaders cease their threats of violence, renounce aggression, and affirm their commitment to a peaceful settlement of the Nagorno Karabagh issue.

Sending military aid to Azerbaijan – either appropriated or non-appropriated – in the face of these threats only emboldens Baku to continue its belligerence, while, at the same time, threatening stability, and undermining the U.S. role as an impartial mediator.

In addition to zeroing out military aid to Azerbaijan, Congress should monitor all military aid provided to Azerbaijan, including the Caspian Guard Program, Nonproliferation, Antiterrorism, De-mining and Related Assistance, and other military-related programs, to ensure that this aid neither enables nor encourages renewed Azerbaijani aggression against Armenia or Nagorno Karabagh.

## **Allocating \$5 million in military aid to Armenia**

**Request: We call for \$4 million in Foreign Military Financing and \$1 million in International Military and Training in the FY09 State-Foreign Operations bill.**

Armenia faces threats from Turkey and Azerbaijan, and continues to expand its military partnership with the United States and NATO. The steady growth of this cooperation reflects both the strong partnership between the U.S. and Armenia and the enduring ties that have, for more than a century, brought together these two nations around their common democratic values.

This military cooperation, which began following the Republic of Armenia's independence from the Soviet Union, was strengthened in scope and depth in the wake of the terrorist attacks of September 11th. The new era of intensive cooperation includes partnerships in the following areas:

- ◆ Armenia joined the global war on terror, contributed troops to the Coalition in Iraq, and also sent troops to support NATO peacekeeping in Kosovo.
- ◆ In order to ensure the transparency of its Armed Forces and enhance the spirit of cooperation, Armenia created the necessary conditions for the U.S. Department of Defense to conduct a successful Defense Assessment. After consulting the U.S., Armenia adopted its first National Security Strategy.
- ◆ With U.S. help, Armenia established a modern and well-equipped Demining Center that trains officers for peacekeeping operations. Armenia has established a State Partnership Program with the State of Kansas.
- ◆ Armenia ratified a Status of Forces Agreement with NATO and concluded a bilateral Article 98 Agreement, providing safeguards to U.S. military personnel in Armenia.

# Continuing Section 907 of the Freedom Support Act

**Request: We call for the maintenance of Section 907 of the Freedom Support Act.**

Section 907 of the Freedom Support Act, a law first enacted more than 15 years ago, stands as a statement of United States opposition to Azerbaijan's blockades and other aggressive uses of force against Armenia and Nagorno Karabagh.

Azerbaijan has not lifted its illegal blockades, nor have its leaders agreed to pursue a peaceful path to the resolution of the Nagorno Karabagh conflict.

In fact, Azerbaijan's President, Ilham Aliyev, and his senior cabinet ministers, continue to escalate their rhetoric in support of a military attack on Nagorno Karabagh. They recently acted on these threats by launching attacks on defensive positions in the Mardakert region of northeastern Nagorno Karabagh.

We also call for strict Congressional oversight to ensure compliance by the Administration of the conditional authority it has been granted by Congress to waive this law.

# **Allocating \$70 million in economic aid to Armenia**

**Request: We call for language requiring no less than \$70 million in direct U.S. economic assistance to Armenia in FY 2009.**

Since Armenia's independence in 1991, U.S. aid has played a vital role in meeting humanitarian needs, fostering democratic reforms, and building self-sustaining economic growth.

Today, with U.S. help, Armenia is a member of the World Trade Organization, International Monetary Fund, and World Bank; has signed bilateral agreements with the U.S. on trade, investments, and the protection of investments; holds regular Economic Task Force meetings on U.S.-Armenia economic cooperation, and; - in 2005 - was granted Permanent Normal Trade Relations status. The Wall Street Journal-Heritage Foundation 2007 Index of Economic Freedom ranked Armenia as the 32nd freest economy in the world.

In large part as a result of reforms supported by U.S. development programs, Armenia's economy has grown by more than 10% in each of the past 6 years, more than doubling Armenia's Gross National Product. Armenia, however, still faces the impact of Turkey and Azerbaijan's blockades - estimated by the World Bank as costing Armenia at least \$720 million on an annual basis.

We are encouraged by Armenia's participation in the Millennium Challenge Account, the innovative merit-based foreign aid program. This program, however, was not designed to serve as a substitute for Freedom Support Act aid. In fact, the Administration made clear to Congress when the MCA program was initiated that it would very explicitly not be a substitute for normal foreign aid but would rather serve to augment it. In this case, the MCA is specifically designed to help alleviate poverty through the strengthening of Armenia's rural infrastructure, primarily in the areas of roads and irrigation. The FSA, by contrast, provides concrete and vitally needed assistance for key reforms in democratic governance, health care, social protection, and education.

# **\$10 million in development aid to Nagorno Karabagh**

**Request: We call for \$10 million in direct development assistance to Nagorno Karabagh.**

We encourage the allocation of no less than \$10 million in FY09 assistance for development programs in Nagorno Karabagh.

Retargeting the Nagorno Karabagh aid program from humanitarian to development assistance will support democracy, economic reform, and the prospects for peace in a strategically important region. Vital projects that would benefit from such funding include the establishment of modern medical facilities.

For the past decade, the U.S. Congress has played a unique and vital role in providing direct aid to meet pressing humanitarian needs in Nagorno Karabagh, helping its people to rebuild their lives after years of devastating Azerbaijani aggression and ethnic cleansing. The provision of development aid would reflect our success in leveraging local efforts to dramatically reduce Nagorno Karabagh's once-daunting humanitarian challenges. The time has come to support Nagorno Karabagh's young democracy and its efforts to expand its free market economy by funding programs aimed at supporting democratic governance, encouraging sustainable economic development, and creating conditions conducive to greater stability and lasting peace in this strategically important region.

Since declaring independence in 1991, Nagorno Karabagh has built a solid democracy, a free market economy, respected human rights, and held four parliamentary and three presidential votes, all praised by international monitors as free and fair.

Development aid will further strengthen democracy through election reforms and civic and media programs, and will represent a powerful symbol of U.S. support for Nagorno Karabagh's commitment to a fair and lasting peace.

# **Restoring diplomatic relations with Nagorno Karabagh**

**Request: We call on Congress to actively encourage the Administration to move in the direction of diplomatic relations with Nagorno Karabagh.**

The time has come for the lifting of outdated and counter-productive restrictions on the free exchange of ideas between U.S. officials and the democratically elected leadership of Nagorno Karabagh.

These outdated and arbitrary restrictions - first put in place by the State Department more than 15 years ago - stand in the way of this long overdue dialogue. These restrictions prevent meetings, block travel, prohibit exchange programs, and bar cooperation on public health, counter-proliferation, anti-narcotics, and other regional issues.

These restrictions even hinder direct oversight of U.S. assistance programs in Nagorno Karabagh. The only channel of direct communication left open is through the OSCE Minsk Group, which is working toward a lasting peace settlement.

The continuation of these restrictions will only place artificial limits on our understanding of the region, hinder our diplomatic efforts to reach a durable peace, and undermine effectiveness in promoting the growth of democracy in this strategically important area of the world.

Opening up direct lines of communication with Nagorno Karabagh will help foster a direct dialogue toward peace, promote the growth of democracy, ensure hands-on monitoring of U.S. aid programs, and facilitate cooperation on U.S. regional priorities.