

Armenian National Committee of America

"The Armenian American Community and U.S. Foreign Assistance Policy"

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Testimony before the House Appropriations Subcommittee
on State, Foreign Operations, and Related Programs

Thank you Chairwoman Lowey, Ranking Member Wolf, and Members of the House Appropriations Subcommittee on State, Foreign Operations, and Related Programs for once again providing the Armenian National Committee of America with the opportunity to contribute the views of our community to your discussions concerning the Fiscal Year 2008 foreign aid bill.

U.S. Leadership in the International Community

As in years past, I would like to open our remarks today by noting the growing role of Americans of Armenian heritage in supporting the work of this panel to promote American leadership abroad, particularly in Eurasia, the Eastern Mediterranean, and the Middle East.

As Members of this Subcommittee know, we have, as a community, worked hard to ensure a policy of international engagement and have energetically supported a meaningful Congressional role in foreign policy decision-making. We appreciate the fact that our foreign aid programs represent - more than ever - a strategic investment in advancing our national interests on a variety of levels. With these thoughts in mind, Chairwoman Lowey, on behalf of all Armenian Americans, I would like to express our appreciation for your leadership of this distinguished panel and for your ongoing efforts to enact legislation that advances both our interests and our values around the world.

I would, as well, like to share our community's gratitude for the role that you and this Subcommittee have played in strengthening the special relationship between the United States and Armenia, and reinforcing the enduring bonds that have long existed between the American and Armenian peoples. Armenian Americans deeply appreciate America's helping hand, both as a reflection and a practical expression of the commitment of the United States to Armenia's independence, security, and prosperity.

The U.S.-Armenia Relationship

As members of this panel know, the enduring friendship between the American and Armenian peoples dates back to the era of the Armenian Genocide. American leaders, such as President Woodrow Wilson, diplomats, most notably U.S. Ambassador to the Ottoman Empire Henry Morgenthau, and relief workers, among them American Red Cross founder Clara Barton, played a critical role in protesting Ottoman Turkey's systematic murder of the Armenian people and in helping to alleviate the suffering of those who survived. During and after the Armenian Genocide, American missionaries and aid workers, many affiliated with Near East Relief, saved tens of thousands of Armenians by establishing orphanages and providing food, shelter and

medical care for the survivors. These noble efforts, to a very great extent, marked the introduction of America on the world stage as an advocate for international justice, human rights and humanitarian values.

Throughout the Cold War, the United States championed the right of the Armenian people to an independent homeland and, in December of 1991, was among the first to recognize Armenian independence. Even prior to Armenia's independence, in December of 1988, the U.S. government and the American people, in an unprecedented act of compassion across the iron curtain, extended their generosity to the Armenian people as they recovered from a devastating earthquake that took over 40,000 lives.

In the years since independence, the U.S. and the Armenian governments have steadily expanded relations based on a history of shared values and common interests in a secure stable Caucasus and Caspian region.

We are, of course, proud that Armenia has been a good friend to America, providing strong and consistent support to the global war on terror, taking part in the NATO Partnership for Peace, and contributing forces to Coalition operation in Iraq, as well as for Kosovo peacekeeping operations.

Armenian American Foreign Assistance Priorities

I would like now to turn to our specific concerns regarding the Fiscal Year 2008 State, Foreign Operations, and Related Programs bill.

1) Parity in military aid to Armenia and Azerbaijan

We encourage the panel to appropriate equal levels of military assistance to Armenia and Azerbaijan, in accord with the agreement struck between the White House and the Congress during deliberations, in 2001, over the conditional waiver of Section 907 of the FREEDOM Support Act.

This agreement was struck between the White House and Congress in 2001, during deliberations over granting the President the authority to waive Section 907 restrictions on aid to Azerbaijan. The Armenian American community has vigorously defended this principle, stressing that a tilt in military spending toward Azerbaijan would destabilize the region and embolden the Azerbaijani leadership to act on their threats to impose a military solution to the Nagorno Karabagh conflict. More broadly, the ANCA has underscored that breaching the parity agreement would reward the leadership of Azerbaijan for obstructing the peace process, while at the same time undermining the role of the U.S. as an impartial mediator of the Nagorno Karabagh conflict.

In a clear breach of this agreement, the Administration, in its FY 2008 budget, called for breaking parity, in Azerbaijan's favor, in both Foreign Military Financing and International Military Education and Training. We ask the panel restore military aid parity.

In addition, we encourage the panel to carefully monitor all military aid provided to Armenia and Azerbaijan, including the Caspian Guard Program, Nonproliferation, Antiterrorism, De-mining and Related Assistance, and other military-related programs, to ensure that both the principle and practice of military aid parity is maintained in all spheres. Each dollar in U.S. military assistance - either specifically appropriated or provided at the discretion of the Administration - should be matched with a dollar of military aid to Armenia.

2) Economic Assistance to Armenia

We urge the Subcommittee to include language requiring no less than \$75 million in direct U.S. economic assistance to Armenia in FY 2008.

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

Today, with the help of the United States, Armenia is a member of the World Trade Organization, International Monetary Fund, and World Bank, has signed bilateral agreements with the United States on trade relations, 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, based on a study that covered 10 broad factors of economic freedom, including property rights protection, regulatory environment, tax rates, fiscal policy, government intervention in the economy, monetary policy, black markets, and trade policy.

In great measure as a result of reforms supported by U.S. economic development programs, Armenia's economy has grown by more than 10% in each of the past six years, more than doubling the size of Armenia's Gross National Product. Sadly, however, the people of Armenia are still faced with the devastating impact of Turkey and Azerbaijan's illegal dual blockades - estimated by the World Bank as costing Armenia at least \$720 million on an annual basis.

The Armenian American community is, of course, tremendously encouraged by Armenia's participation in the Millennium Challenge Account, the new and innovative merit-based foreign aid program. We wish to be clear, however, that this program does not serve as a substitute for assistance provided by the Congress under the FSA. In fact, the Administration made clear to Congress when the MCA program was initiated that it would 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 rural infrastructure, primarily in the areas of roads and irrigation. The FSA, by contrast, provides concrete and vitally needed assistance for reforms in democratic governance, health care, social protection, and education.

3) U.S. Assistance to Nagorno Karabagh

We urge the panel to approve no less than \$10 million in its FY 2008 bill for Nagorno Karabagh, and to gradually retarget this package from humanitarian to development aid.

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. The expansion of our efforts to include 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. For this transition to begin, Congress needs to specify in its FY 2008 State-Foreign Operations bill that aid for programs in Nagorno Karabagh must include development programs.

4) Section 907 of the FREEDOM Support Act

We ask the panel to keep Section 907 of the FREEDOM Support Act in place and to ensure the Administration's strict compliance with its conditional authority to waive this law.

5) California-Armenia Trade Office

We urge the panel to appropriate \$200,000 to allow the California-Armenia Trade Office to expand its operations to help business communities in California and other U.S. states.

Currently, this office, the only official American trade representation in the Republic of Armenia, is operated by the Foundation for Economic Development, a California not-for-profit corporation that has been contracted by the State of California to handle its operations. CATO began operations in October of 2005 under the auspices of the California Business, Transportation and Housing Agency, but is funded entirely through privately raised donations. Though located in Armenia, it serves a much larger region, covering the Newly Independent States and the countries of Eastern Europe and Western Asia. The mission of the Trade Office is to assist California companies increase their exports to Armenia and the surrounding region, as well as to help companies from the region to build commercial relationships with businesses in California.

This modest commitment of resources will expand U.S. access to foreign markets and trade and help keep these countries economically viable and independent. California, which boasts the largest Armenian population outside of Armenia, almost 1,000,000 strong, is the natural partner here in the United States to serve as the foundation for this important relationship.

In closing, please know that the ANCA respects and values your friendship and the Subcommittee's long-standing leadership on issues of concern to Armenian Americans.