

**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**

**March 20, 2008**

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 foreign aid bill.

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. 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. It is fitting then that we continue, today, to promote these values through a robust foreign aid package to Armenia and Nagorno Karabagh.

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. I would like, today, to offer our thought about how we can help write the next chapter in this partnership by briefly outlining our foreign aid priorities for the coming year.

**1) Zeroing out of military aid to Azerbaijan:**

We should not provide military aid to a state that continues to threaten the Armenian people.

On February 15th of this year, 52 U.S. Representatives called upon the Secretary of State to challenge Azerbaijan's threats of war, and to hold its leaders accountable for undermining our long-standing policy of fostering peace and stability in the South Caucasus. The Azerbaijani leadership, ignoring these warnings, acted on their threats in early March of 2008, by launching attacks against defensive positions in the Mardakert region of northeast Nagorno Karabagh. This attack, the worst cease-fire violation in over a decade, tragically claimed at least eight lives.

The day before this Azerbaijani attack on Karabagh on March 4, 2008, *Reuters* reported that Azerbaijan's President Ilham Aliyev was ready to take Nagorno Karabagh by force and was, in fact, buying the military equipment to do exactly that. *The Economist* reported in November of 2007 that President Aliyev had promised that his military budget, now \$1 billion a year, would

overtake Armenia's entire budget. On October 30th Aliev said, "We should be ready at any moment to liberate the occupied territories by military means."

Clearly, 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 renounce aggression, cease their threats of violence, and affirm their commitment to a peaceful settlement of the Nagorno Karabagh issue. Sending military aid to Azerbaijan 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 carefully monitor all 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.

## **2) \$70 Million in Economic Support Funds for Armenia**

We call for language setting at least \$70 million in FY 2009 economic aid to Armenia.

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. Enduring an over decade-long illegal blockade by both Turkey and Azerbaijan, economic assistance to land-locked Armenia is crucial. These blockades have been estimated by the World Bank as costing Armenia at least \$720 million a year. Democracy assistance is especially important today as Armenia confronts new challenges, particularly those following the most recent Presidential elections. While viewed favorably by the Organization for Security and Cooperation in Europe and other international observers, the tensions that followed this vote underscore the need for U.S. support for the further strengthening of democratic institutions.

Our support for Armenia truly represents an investment in freedom. Today, just 17 years after freeing itself from Communist rule, Armenia is rated one of the freest economies in the world, and one of the least corrupt in the region. The Wall Street Journal-Heritage Foundation's most recent Index of Economic Freedom ranked Armenia as the 28th freest economy in the world, ahead of Spain, Austria, and Georgia, and far ahead of its neighbors Turkey and Azerbaijan.

Today, with U.S. help, Armenia is a member of the World Trade Organization, International Monetary Fund, and World Bank; has signed agreements with the U.S. on trade, investments, and the protection of investments; holds regular Economic Task Force meetings, and, in 2005, was granted Permanent Normal Trade Relations. In large part as a result of reforms supported by U.S. aid, Armenia's economy has grown by more than 10% in each of the past 6 years, more than doubling Armenia's Gross National Product.

We are encouraged by Armenia's participation in the Millennium Challenge Account. We must, however, stress that the Administration made explicitly clear to Congress when this program was initiated that it would not be a substitute for normal foreign aid but would rather serve to

augment it. In the case of Armenia, the MCA is designed to help alleviate poverty through the strengthening of Armenia's rural infrastructure, primarily in the areas of roads and irrigation. Economic aid, by contrast, provides concrete and vitally needed assistance for key reforms in democratic governance, health care, social protection, and education.

### **3) \$10 million in direct development assistance for Nagorno Karabagh**

We encourage the allocation of no less than \$10 million in FY09 assistance for development programs in Nagorno Karabagh. Nagorno Karabagh has a solid track record, since declaring independence in 1991, of building a durable democracy, a free market economy, a society based on respect for human rights – as illustrated by the conduct of four parliamentary and three presidential elections, all praised by international monitors as free and fair.

Retargeting U.S. aid programs from humanitarian to development aid is long overdue. 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 success of these programs in leveraging local efforts has dramatically reduced Nagorno Karabagh's once-daunting humanitarian challenges. Making the shift from humanitarian to developmental aid will allow us to 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 badly needed medical facilities, which cannot be entirely funded currently by local sources. Development aid will further strengthen democracy through election reforms and civic and media programs, represent a powerful symbol of U.S. support for Nagorno Karabagh's commitment to a fair and lasting peace, and help create conditions conducive to greater regional stability.

### **4) Restoring U.S. diplomatic relations with Nagorno Karabagh**

We call on the Subcommittee to include language urging the Administration to support U.S. diplomatic relations with Nagorno Karabagh, along the following lines:

"The Appropriations Committee directs the State Department to move in the direction of diplomatic relations with Nagorno-Karabagh. An open dialogue between the United States and the people of Nagorno-Karabagh will serve to alleviate international threats to Nagorno-Karabagh and aid in a peaceful resolution to regional conflicts."

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

These outdated restrictions - put in place by the State Department more than 15 years ago - stand in the way of this long overdue dialogue. They prevent meetings, block travel, prohibit exchange programs, and bar cooperation on public health, counter-proliferation, anti-narcotics, and other issues. These restrictions even hinder direct oversight of U.S. assistance programs in Nagorno Karabagh. The only direct channel of communication left open is through the OSCE Minsk Group. The continuation of these restrictions only place artificial limits on our understanding of

the region, hinder our diplomatic efforts to reach a durable peace, and undermine our effectiveness in promoting the growth of democracy.

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

We call for \$4 million in Foreign Military Financing and \$1 million in International Military Education and Training. Military aid plays a vital role in strengthening the U.S.-Armenia partnership and in demonstrating and deepening America's commitment to Armenia's security. The growth of this relationship reflects the shared values and a common concern for regional and international peace and stability. The following are among the most notable areas of cooperation:

- \* Armenia is partner in the global war on terror, contributes troops to Coalition operations in Iraq, and supplies forces to support NATO peacekeeping in Kosovo.
- \* To help ensure the transparency of its Armed Forces and enhance the spirit of cooperation with the U.S, Armenia worked with the Department of Defense to conduct a successful Defense Assessment and to help prepare Armenia's first National Security Strategy.
- \* With U.S. help, the Armenian military created a modern and well-equipped de-mining training center, and established a State Partnership Program with Kansas.
- \* Armenia has ratified a Status of Forces Agreement with NATO and concluded a bilateral Article 98 Agreement, providing safeguards to U.S. military personnel in Armenia.

### **6) Section 907 of the FREEDOM Support Act**

We ask the panel to reject any attempts to weaken Section 907 of the FREEDOM Support Act and to ensure the Administration's strict compliance with its conditional authority to waive this law.

As members of this Subcommittee know, 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. Sadly, despite this law, Azerbaijan has refused either to lift its illegal blockades or to agree to a purely peaceful path to the resolution of the Nagorno Karabagh conflict. In fact, as I noted earlier, Azerbaijan has actually increased its aggression against Nagorno Karabagh.

We call for Congressional oversight over the President's conditional authority to waive Section 907, which requires him to certify that no U.S. aid will be used for offensive purposes. In light of Azerbaijan's escalating rhetoric, outright attacks, and growing military arsenal – made all the larger through U.S. military aid – we do not today believe that such a certification is supported by the facts on the ground. We urge this panel to carefully investigate this provision of law.

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.