

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 Granger, Ranking Member Lowey, 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.

The Armenian American community requests:

- 1) At least \$60 million in economic support funds for Armenia
- 2) At least \$10 million in development aid to Nagorno Karabagh
- 3) The strengthening of Section 907 of the FREEDOM Support Act and maintaining military aid parity to Armenia and Azerbaijan
- 4) The removal of barriers to U.S.-Nagorno Karabagh contacts and communications
- 5) Support for the reinstatement of Nagorno Karabagh in the OSCE Minsk Group peace process
- 6) At least \$10 million in military aid to Armenia

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 strengthen this partnership by briefly outlining our foreign aid priorities for the coming year.

1) \$60 Million in Economic Support Funds for 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.

A Strong Ally: Armenia has extended its full support to the U.S. in the war on terror, including information sharing and cooperation in blocking terrorist financing. Armenia is a partner state in the NATO-led International Security Assistance Force in Afghanistan. Armenia's parliament voted unanimously in December 2010 to both increase its presence and extend its mission in Afghanistan. Armenia also hosted the first NATO exercises in the Southern Caucasus after the Russian-Georgian war. In early 2004, in its first mission abroad, Armenia sent peacekeeping

forces to Kosovo to serve under Greek command as part of NATO KFOR operations. In 2008, the size of the force was doubled. Approximately 50 Armenian troops served under Polish command as part of Coalition peacekeeping operations in South-Central Iraq. The Armenian forces, which rotated every six months, included doctors, de-mining experts, and truck drivers. Armenia also invited Iraqi officers to Armenia for training in mine-removal operations.

A Free Economy: 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, and; in 2005, was granted Permanent Normal Trade Relations status. The Wall Street Journal-Heritage Foundation Index of Economic Freedom regularly ranks Armenia as among the top 40 freest economies in the world.

A Nation Blockaded: In large part as a result of reforms supported by U.S. development programs, Armenia's economy has, until the current worldwide economic crisis, 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.

2) We call for at least \$10 million in direct development assistance to Nagorno Karabagh.

We encourage the allocation of no less than \$10 million in FY12 assistance for development programs in Nagorno Karabagh, and encourage the Congress to investigate the failure of successive Administrations to allocate to the Nagorno Karabagh aid program the funds intended by Congress.

We welcomed the removal, in the FY10 State, Foreign Operations report, of language restricting aid to Nagorno Karabagh to humanitarian projects. The elimination of this restriction opened the door to much needed developmental aid to Nagorno Karabagh.

For more than a decade, the U.S. Congress has played a unique and vital role in providing direct aid to meet pressing needs in Nagorno Karabagh, helping its people to rebuild their lives after years of devastating Azerbaijani aggression and ethnic cleansing. The provision of direct development aid would reflect our success in leveraging local efforts to dramatically reduce Nagorno Karabagh's humanitarian challenges.

Since declaring independence in 1991, Nagorno Karabagh has built a solid democracy, a free market economy, respected human rights, and held five 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.

We call on the Congress to request that the Administration provide an annual report on the U.S. assistance program to Nagorno Karabagh, including a full accounting of allocated funds, a

review of all policies governing the implementation of this program, and a preview of planned and upcoming projects.

3) Strengthening Section 907 of the FREEDOM Support Act and maintaining military aid parity

Section 907 of the FREEDOM Support Act, a law first enacted more than 18 years ago, stands as a statement of U.S. opposition to Azerbaijan's blockades and other aggressive uses of force against Armenia and Nagorno Karabagh. Since its enactment, Azerbaijan has not lifted its illegal blockades, nor have its leaders agreed to pursue a peaceful resolution of the Nagorno Karabagh conflict.

Despite past Foreign Operations conference report language urging all parties to refrain from threats of violence, which we welcomed, Azerbaijan has disregarded this request and instead has just threatened in March 2011 to shoot down civilian airplanes flying to Nagorno Karabagh, its President has repeated that "only the first stage of war is over," and its Defense Minister stated in February 2011 that Azerbaijan is "seriously preparing" for war. The Subcommittee should seriously reconsider giving any military assistance to a country that threatens to commit terrorist acts by shooting down civilian aircraft. If military assistance is provided, the waiver authority granted to the President under Section 907 should be substantially limited.

Despite Azerbaijan's refusal to meet the terms of Section 907, under pressure from the Administration, the Congress adopted, in the FY02 foreign aid bill, broadly-worded authority to the President to waive the enforcement of this law. In light of Baku's continued acts and threats of aggression, we urge you to add the following language narrowing the Presidential waiver authority:

The President may waive Section 907 of the FREEDOM Support Act if he determines and certifies to the Committees on Appropriations that 1) The Azerbaijani government has not, over the preceding 12 months, taken any military action against either Nagorno Karabagh or Armenia, or threatened to undertake any act of violence or aggression against Nagorno Karabagh or Armenia, and; 2) The government of Azerbaijan has publicly and openly committed to seek a negotiated resolution to the Nagorno Karabagh solely through peaceful, non-violent means.

Assuming all conditions of this new waiver authority can be met, and military assistance is provided to Azerbaijan, we urge you to uphold the Committee's long-standing tradition of maintaining parity in military aid to Armenia and Azerbaijan.

4) Removing restrictions on contacts and communication 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 close to 20 years ago - stand in the way of a 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 focused almost entirely on the peace process.

We respectfully request that the following report language be included in the bill:

“In the interest of promoting mutual understanding, regional cooperation, and a fair and lasting peace, the Committee directs the Department of State, to remove any official or unofficial restrictions on U.S.-Nagorno Karabagh travel, visitations, discussions, meetings, contacts, consultations, exchange programs, or other governmental or civil society communication, cooperation, or interaction.”

5) Supporting the reinstatement of Nagorno Karabagh in the Minsk Group peace process

The Nagorno Karabagh Republic was one of the three parties to the 1994 brokered cease fire, which ended military hostilities between Nagorno Karabagh and Azerbaijan. In its aftermath, Nagorno Karabagh actively participated in the OSCE Minsk Group peace process as an equal partner, along with Armenia and Azerbaijan, in establishing a final and lasting peace in the South Caucasus region.

Since 1997, however, at Azerbaijan’s insistence, Nagorno Karabagh has been excluded from the OSCE Minsk Group peace process. As the key party in the negotiations for a final peace agreement, Nagorno Karabagh must be permitted to fully participate in the ongoing negotiations over its final status.

Calls from the governments in Nagorno Karabagh and Armenia for Nagorno Karabagh’s reinstatement are growing more intense with Nagorno Karabagh’s Foreign Ministry stating in June 2009 that “no agreement regarding the interests, fate, and future of the Nagorno-Karabagh Republic can be adopted” without Nagorno Karabagh’s full participation and Armenian Foreign Minister Nalbandian informing the OSCE Minsk Group Co-Chairs in February 2009 that “it is impossible to achieve progress in the settlement without Nagorno-Karabagh’s direct participation.” The U.S. Co-Chair to the Minsk Group even admitted in August 2009 that “As Co-Chairs, we know that there cannot be an agreement that’s viable if the views of the Karabaghi Armenians are not fully incorporated because they won’t accept the agreement.”

We respectfully request that the following report language be included in the bill:

“In the interest of promoting a lasting and durable peace in the South Caucasus, the Nagorno Karabagh Republic must be reinstated into the

OSCE Minsk Group peace process as a full negotiating partner.”

6) Allocating \$10 million in military aid to Armenia

Armenia 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 shared 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 horrific 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, sent troops to support NATO peacekeeping in Kosovo, and is part of the NATO-led International Security Assistance Force in Afghanistan.
- 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 De-mining 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.

In closing, please know that the ANCA respects and values the Subcommittee's long-standing leadership on issues of concern to Armenian Americans and looks forward to working with the Subcommittee to strengthen the U.S.-Armenia alliance.