

**Questions for the Record Submitted to
Ambassador-Designate Marie L. Yovanovitch by
Senator Robert P. Casey, Jr. (#1)
Senate Foreign Relations Committee
June 19, 2008**

Question:

U.S. assistance to Armenia has demonstrated effectiveness in promoting free market reform and is vital to democracy building in Armenia. What actions will you take to continue to facilitate a robust assistance program?

Answer:

If confirmed, I will strongly support the continued evaluation and fine-tuning of the USG assistance programs and will coordinate closely with the Office of the Director of Foreign Assistance, the Office of Management and Budget, and Congress to ensure that future budget requests meet USG policy goals as well as the development needs of Armenia.

Many of the USG assistance programs in Armenia have achieved measurable success, particularly in promoting economic growth. For example, in part because of USG assistance, the poverty rate in Armenia fell from 56 percent in 1999 to 30 percent in 2005 (based on IMF reporting); rural poverty fell from 48 percent to 28 percent. However, the events surrounding the flawed Presidential elections in February and its aftermath

prove that there is still much work needed to foster democratic reform. In the wake of these developments, the USG is evaluating how to better target our assistance programs to achieve our policy objectives by focusing more on increasing the capacity of civil society to seek accountable and transparent governance.

Armenia was recently chosen as one of ten pilot countries for which the U.S. Government will develop a “Country Assistance Strategy” (CAS). The CAS will identify goals and priorities for U.S. assistance over a five-year period, and will cover not only the Department of State and USAID, but all other U.S. Government agencies providing assistance to Armenia. The process of developing the CAS should assist us in determining how the United States can best contribute to Armenia’s economic, social and democratic development.

**Questions for the Record Submitted to
Ambassador-Designate Marie L. Yovanovitch by
Senator Robert P. Casey, Jr. (#2)
Senate Foreign Relations Committee
June 19, 2008**

Question:

Please explain the rationale behind the Administration decision to reduce aid to Armenia by over 50% in its FY 2009 request, while maintaining or increasing aid to every other former Soviet republic?

Answer:

The reduced request for FY 2009 does not detract from the critical importance of Armenia to U.S. interests nor does it signal a change in U.S. policy. Rather, the request level meets the country's development needs and is appropriate within the context of assistance priorities within the region and around the globe. Armenia has made real progress on reversing rural poverty; nevertheless, the government's commitment to democratic reform is not as strong as others in the region, and Armenia still struggles with rampant corruption and weak democratic institutions.

Within the FY 2009 assistance request for Eurasia, funding is prioritized to help the most reform-oriented countries in the region – Georgia, Ukraine, and Moldova – by promoting economic and energy independence, helping to diversify export markets, and improving

democratic governance in the face of increasing Russian economic and political pressure.

Questions for the Record Submitted to
Ambassador-Designate Marie L. Yovanovitch by
Senator Robert P. Casey, Jr. (#3)
Senate Foreign Relations Committee
June 19, 2008

Question:

What will be your key priorities as Ambassador to Armenia?

Answer:

If I am confirmed, my top priority would be to support the efforts of the United States in working towards regional stability by facilitating Armenian-Turkish relations, including the opening of their border, and a peaceful settlement to the Nagorno-Karabakh conflict with Azerbaijan. The status quo in both situations is unacceptable and not in U.S. or regional interests. Promoting good governance in Armenia is also a key U.S. goal. The conduct of the recent presidential elections and their violent aftermath in which ten individuals died were deeply disturbing. The path towards democracy is rarely fast or smooth. The USG's aim is to help the Armenian government and the Armenian people restore democratic momentum and to renew their own stated mission of moving forward to become a country where government institutions are transparent and accountable and where rule of law is accepted by all. The relationship of the U.S. Government

with Armenia is broad and deep, both on a bilateral level and between our peoples. Over the past seventeen years, the United States has provided close to \$2 billion in assistance and materially improved the lives of millions of Armenians. If confirmed, I will do everything in my power to ensure that U.S. interests are promoted and protected, that the bilateral relationship flourishes, and that Armenia's isolation ends and regional stability is enhanced.

Questions for the Record Submitted to
Ambassador-Designate Marie L. Yovanovitch by
Senator Robert P. Casey, Jr. (#4)
Senate Foreign Relations Committee
June 19, 2008

Question:

What do you think will be your greatest challenges?

Answer:

If confirmed, my greatest challenges will be in working to reduce Armenia's geographic isolation and helping Armenia recover from recent setbacks to its democratic development. Supporting Armenia's regional integration is a priority for the United States.

Achieving normal relations between Armenia and Turkey is a principal concern. As a key part of that effort, the United States supports the opening of the Turkish-Armenian land border. The status quo is not helpful to either country. Some progress has been achieved in recent years: there are regular charter flights between Yerevan and Istanbul and other flights to Antalya; bus connections via Georgia are numerous; and trade with Turkey through Georgia is common. Both countries would greatly benefit from increased, direct trade with the other, connecting their electrical grids, and implementing other measures natural to neighbors. The United States also supports more cross-

border dialogue and cooperation between the people of Armenia and Turkey through research initiatives, conferences, and exchange programs.

Reconciliation between Armenia and Turkey, however, will require dealing with sensitive, painful issues. Turkey needs to come to terms with a dark chapter in its history: the mass killings and forced exile of up to 1.5 million Armenians at the end of the Ottoman Empire. That will not be easy, just as it has not been easy for the United States to come to terms with dark periods of our own past. For its part, Armenia must be ready to acknowledge the existing border and disavow any claim on the territory of modern Turkey, and respond constructively to any efforts Turkey may make.

Another major step toward regional integration would be a peaceful, just, and lasting settlement of the Nagorno-Karabakh conflict. During the past two years, the parties have moved closer than ever to a framework agreement based on a set of Basic Principles developed through intensive negotiations under the auspices of the Minsk Group Co-Chairs.

Another challenge will be to work with Armenia to strengthen its democratic institutions and processes, including respect for human rights and fundamental

freedoms, and to regain the democratic momentum lost after the flawed presidential election in February and its violent aftermath.

Questions for the Record Submitted to
Ambassador-Designate Marie L. Yovanovitch by
Senator Robert P. Casey, Jr. (#5)
Senate Foreign Relations Committee
June 19, 2008

Question:

How do you plan to help promote US-Armenia trade and business cooperation?

Answer:

If confirmed, I intend to work to provide U.S. businesses with information about opportunities involving Armenia. The United States now ranks near the bottom of the list of Armenia's trading partners, with trade turnover in 2007 of approximately \$194 million - just 4.4 percent of the total. Promotion of trade and business cooperation between the United States and Armenia will require greater awareness of Armenia and the Caucasus as a whole by U.S. business. Some sectors, such as information technology, already have significant U.S. investment. But others, financial services and insurance for example, hold largely untapped potential. I also believe there is considerable opportunity for the establishment of U.S.-based franchises in Armenia. If confirmed, I would work to identify new opportunities for U.S. exports to Armenia. This week's

visit to Armenia by Assistant Secretary of Commerce David Bohigian is an important step forward.

Another critical factor for improved trade and business relations between the United States and Armenia is the need for the Armenian Government to create a more favorable investment environment through reforms of its tax administration and customs procedures, and improvements to its legal system. The U.S. Government is already actively working on these issues with the Armenian authorities through a variety of assistance programs. Our Embassy also works closely with the American Chamber of Commerce in Armenia, which has played a significant role in creating private sector support for needed reforms.

Although our Embassy does not have a Foreign Commercial Service presence, it plays a strong advocacy role on behalf of U.S. firms that encounter legal problems while doing business in Armenia. The U.S. Government presses the Armenian Government to investigate and resolve disputes in a prompt and equitable manner, noting that the perception of an unfair business climate will not encourage the foreign investment that Armenia seeks to attract.

Finally, I believe that the key to unlocking Armenia's economic potential - and opening up more opportunities for U.S.-Armenian business cooperation - lies in the resolution

of regional conflicts. If confirmed, I will support the continued efforts of the U.S. Government to open the land border with Turkey and to achieve a peaceful solution to the Nagorno-Karabakh conflict. Armenia's economic integration into the wider region remains an important U.S. policy objective.