



**Attention:
foreign affairs aide**

Armenian National Committee of America
NATIONAL HEADQUARTERS

To: Foreign Affairs aide
From: Abraham Niziblian, Government Affairs Director
Date: February 3, 2004

Re: *Maintaining military aid parity for Armenia and Azerbaijan*

The President's FY05 budget request would, for the first time, break the agreement to maintain equal levels of military aid to Armenia and Azerbaijan.

We are concerned that this step will contribute to instability in the region and hinder efforts to reach a lasting and equitable settlement of the Nagorno Karabagh conflict. Attached please find a briefing paper that I hope will be useful to you as you consider this matter.

Please contact me at (202) 431-3806 or abraham@anca.org if I can provide any information or answer any questions.

Knowing how busy life is on the Hill, I want to thank you - personally and on behalf of all Armenian Americans - for the attention you devote to issues of concern to Armenian Americans. Your help is truly appreciated.

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Keeping the Peace: Maintaining Armenia-Azerbaijan Military Aid Parity

Issue:

The President's Fiscal Year 2005 budget proposal breaks the agreement to maintain military aid parity between Armenia and Azerbaijan.

Congressional action by Foreign Operations appropriators to restore the parity principle will contribute to regional stability and facilitate the search for a lasting settlement of the Nagorno Karabagh conflict.

Facts:

The budget, released on February 2nd, proposes \$2 million in Foreign Military Financing for Armenia and \$8 million for Azerbaijan.

This proposal contradicts the agreement in 2001 between the White House and Congress to maintain parity in U.S. military aid levels to Armenia and Azerbaijan. This unwritten understanding, which was shared with representatives of the Armenian American community during a February 21, 2002 meeting with National Security Council officials, resulted in equal levels of military aid being appropriated to these two nations in Fiscal Years 2002, 2003, and 2004. This parity contributed meaningfully to stability in the Caucasus.

Background of the parity agreement:

The parity agreement resulted from the negotiations between the Administration and Congress over legislation extending to the President the authority to waive Section 907 of the Freedom Support Act. This law was enacted in 1992 in response to Azerbaijan's aggression and blockades against Armenia and Nagorno Karabagh. It restricts certain types of direct U.S. aid, including military aid, to the Government of Azerbaijan until it lifted its blockades and ended its aggression against Armenia and Nagorno Karabagh.

Despite opposition from the State Department and several legislative challenges, Section 907 continued to enjoy broad, bipartisan support until September 11, 2001. Following the terrorist attacks, Azerbaijan conditioned its cooperation with the United States on the removal of Section 907. In response, the Administration pressed Congress to provide the President with the authority to waive Section 907 annually as part of the war on terrorism. Part of the understanding reached between the White House and Congress was an unwritten agreement that military aid levels to Armenia and Azerbaijan would remain even.

As a result of this agreement, in FY02, FY03 and FY04 the military aid levels proposed by the Administration and appropriated by Congress have been identical.

(It should be noted that, prior to the waiver of Section 907, Armenia was eligible for U.S. military aid. The Defense Department, however, withheld military aid to Armenia on the grounds that Azerbaijan was prohibited by law from receiving any military aid. This effectively punished Armenia for Azerbaijan's violation of Section 907.)

Recent developments in U.S.-Armenia political-military cooperation:

- * Armenia's commitment to deepening its participation in NATO's Partnership for Peace was illustrated by its hosting, for the first time, of a NATO-PFP military exercise - "Best Effort - 2003" (June 2003). Antonio Quintana, the Commander of NATO Southern United Forces, in a July 4, 2003 letter to the Armenian Minister of Defense, praised Armenia's cooperation in this military exercise.
- * Armenia offered to send to Iraq a team of military doctors and de-miners to contribute to the coalition's stabilization efforts (August 5, 2003), and assigned an Armenian military liaison officer to U.S. Central Command in Florida.
- * As part of the U.S. National Guard State Partnership Program, Armenia and the State of Kansas started joint activities in a number of areas, initially focusing on exchanges and cooperation in peacekeeping operations (September 2003).
- * Armenia joined the agreement "Among the State Parties to the North Atlantic Treaty and the other States participating in the Partnership for Peace regarding the Status of their Forces" and its Additional Protocol (NATO-PFP SOFA) (October 28, 2003)
- * Upon the request of the U.S. government, Armenia will provide 30 trucks for Iraq infrastructure development projects, along with drivers and mechanics (November 2003).
- * Armenia and U.S. signed the Agreement "Between the United States of America and the Republic of Armenia Regarding the Surrender of Persons to the International Criminal Court" (Article 98 Agreement), on January 26, 2004
- * Among the current areas of U.S.-Armenia military cooperation are Professional Military Education, Communications Upgrade/Enhancement of Interoperability, Peacekeeping, and Strategic Studies.

Analysis:

The Armenia-Azerbaijan military aid parity agreement means even more today than when it was first put in place. This is particularly true given the untested new government in Azerbaijan and the uncertainty that they have brought to the peace process.

A tilt in military spending toward Azerbaijan would destabilize the region, emboldening the new Azerbaijani leadership to continue their threats to impose a military solution of the Nagorno Karabagh conflict. More broadly, breaching the parity agreement would reward the leadership of Azerbaijan for walking away from the OSCE's Key West peace talks, the most promising opportunity to resolve the Nagorno Karabagh conflict in nearly a decade.

Commenting on the step, the ANCA said, "We are extremely troubled to see the Administration abandoning its own agreement to maintain parity in foreign military aid levels to Armenia and Azerbaijan... Today's action breaks faith with the Armenian American community and, if approved by Congress, would tilt the regional military balance in favor of Azerbaijan, sending a dangerous signal that the new Azerbaijani government's increasingly violent rhetoric and ongoing obstruction of the peace process will be rewarded with increased military aid from the United States."
