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ARMENIA-U.S. RELATIONS: CHALLENGES FOR COOPERATION

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Abstract

This internship policy analysis project was conducted at the Ministry of Foreign Affairs American department to examine the relationship between the United States and Armenia since its independence. First of all, this paper will analyze the current U.S. foreign policy, including; unilateralism vs. multilateralism approaches, military/security concepts as drivers and determinants of foreign policy, as well as the U.S. geopolitical interests in the South Caucasus. In the second part, this paper will outline the challenges and threats that Armenia faced in the process of the adoption of its foreign policy, the current Armenia's foreign policy of "complementarity" and its implication to the US-Armenia relations, including; Armenia-US military-to-military and economic cooperation, the US involvement as a co-chair of the OSCE Minsk Group in Nagorno-Karabakh conflict resolution, the US assistance programs in Armenia: as well as the potential role of the large Armenian-American Diaspora in Armenia-US relations. And in the concluding section, some recommendations will be made on the ways to strengthen the US-Armenia relations.

List of Abbreviations

AAA- Armenian Assembly of America
ANCA- Armenian National Committee of America
BIT- Bilateral Investment Treaty
CIS- Commonwealth of Independent States
FREEDOM- Freedom for Russia and Emerging Eurasian Democracies and Open Markets
FSU- Former Soviet Union
MCA- Millenium Challenge Account
MCC- Millenium Challenge Corporation
MFA- Ministry of Foreign Affairs
NATO- North-Atlantic Treaty Organization
NIS-New Independent States
NGO- Non-governmental organizations
OSCE- Organization of Security and Cooperation in Europe
PNTR- Permanent Normalize Trade Relations
US- United States
USAID- United States Agency for International Development
USATF- U.S.-Armenia Economic Task Force
WTO-World Trade Organization

Introduction

The purpose of this policy analysis project is to examine the relationship between the United States and Armenia since its independence. Identifying foreign policy goals is an important and intellectually challenging task, but one that is also fraught with danger. The evidence is indirect, fragmentary, and open to alternative interpretation. Because motives can never be observed directly, they must be inferred from public statements and government actions. Since the foreign policy decision-making process itself tends to be secret (for good and obvious reasons), even the factual record about what actions were taken is incomplete. Hence, in order to develop a full understanding of the relations between Armenia and the United States, there are some important aspects that should be taken into account beforehand.

All nations formulate their foreign policy on the foundation of geography and nowhere is this more pronounced than in the case of Armenia. For an infant state like Armenia, small in both size and population, national security holds an even greater role in influencing the formulation of its domestic and foreign policy alike. Faced with the demands of a long-standing trade and transport blockade by its neighbors to the East and West (Turkey and Azerbaijan), a limited natural resource base, borders difficult to defend militarily, as well as the constraints of an unresolved conflict over Nagorno-Karabakh, Armenia faced the dilemma of how to find security guarantees for its existence. Hence, in order to deflect the threats to its national security and ensure development, Armenia has chosen a foreign policy of “complementarity”. The implementation of this policy was to be carried out on two levels: through the establishment of active bilateral relations with as many countries as feasible, and multilaterally, through participation in international organizations. Both of these approaches were expected to earn Armenia a measure of respectability as a nation wanting to cooperate with the forces governing

the international system. While in its conception Armenia's foreign policy mapped out reasonable objectives, the implementation of that policy, it has to be said, has been uneven. That is the case for at least two reasons. First, Armenia's options are limited and some of the choices it has made are not necessarily those it would have preferred to make. Its immediate environment requires Armenia to be constantly adjusting to difficult circumstances. While it might have done better, it certainly could have done far worse. Compared to other FSU states, Armenia's record compares favorably. From the standpoint of its critical needs, it has far to go.

Although Armenia is geographically isolated, economically weak and sparsely populated, American leaders are considering it as an important country for the United States. The U.S. has been pursuing two strategic objectives in its relations with Armenia. The first one has been to promote the settlement of the Nagorno-Karabakh conflict: the US administration is acting as a mediator in the framework of the OSCE Minsk Group since 1997. The United States is notably interested in strengthening security around the neighboring oil pipeline stretching from Azerbaijan to Turkey. The second objective of the United States has consisted in bringing Armenia to the Euro-Atlantic structures, and in encouraging its rapprochement with Turkey. One of the major stakes of the Turkish-Armenian rapprochement would be the opening of the borders between the two countries. In addition, the United States ties with Armenia are many and varied, ranging from the cultural bond of the large Armenian-American Diaspora community to diverse personal connections, commercial interests, and broader political relationships.

In this context, it should be mentioned that there are several authors who have examined the evolution of Armenian foreign policy since the country gained independence in 1991, as well as its implication to Armenia-US relations. Giragosian (2003) contends that there is a significant trend driving the course of Armenian security and foreign policy. This trend is rooted in the

dynamic shifts in security in the wake of 9/11 and the subsequent U.S.-led “global war on terrorism.” Two of the more notable reflections of this post-9/11 shifts stem from the facts that the United States can now be accurately defined as a Central Asian military power and, for the first time in history, is militarily present and engaged in each country in the South Caucasus. Kotanjian (2004) argues that the new post-9/11 realities of the region have fostered a new strategic environment, endowed with significant challenge but also substantial opportunity for Armenia. The South Caucasus is becoming one of the most dynamic geo-strategic regions of the globe, reflecting in particular the long-term interests of U.S. foreign policy in the vast region of Central Eurasia. In his article, the author emphasizes the importance of the Armenian factor in establishing a comprehensive security architecture in the South Caucasus, as well as in promoting economic progress and democracy in this region. He also introduced some specifics of the Armenian case, particularly regarding the active involvement of the Armenian Diaspora in the political life of the United States, as well as the importance of the Republic of Armenia in promoting regional security and democracy in the South Caucasus, a process which is either bridging or colliding with the foreign policy interests of the U.S., the EU and Russia, as well as those of the regional actors in Central Eurasia.

In addition, Hovhannisyan (2004) in his article argues that Armenia's security has been influenced by shifting relations with Russia and the United States. Interest in the Caucasus region has been particularly great in the post-September 11th period. The author claims that Russia continues to consider the region an area of vital interest, yet U.S. troops have made an unprecedented move into the region in order to train local forces in the fight against terrorism. Armenia has cooperated in the fight against terror by opening its airspace to the U.S. military, while simultaneously maintaining close political and economic ties with Russia. Besides the

evolution of Armenia's bilateral relations in the post-Soviet period, he also examines Armenia's membership in or cooperation with international organizations including: NATO's Partnership for Peace Program, the Council of Europe, and the World Trade Organization. In this regard, the author notes that Armenia's affiliation and/or cooperation with these and other international organizations has not only helped the country to improve multilateral ties, but has influenced domestic thinking on issues such as democracy and human rights. Hence, increased participation in international organizations remains Armenia's important foreign policy objective.

Taking into account the above mentioned literature on Armenia-US relations, this paper constructed the following research questions;

1. How is Armenia's foreign policy of "complementarity" applicable to Armenia-U.S. relationships?
2. Does the U.S. consider Armenia as an important geopolitical pivot on Eurasian map?
3. What has changed in the U.S. foreign policy towards Armenia after September 11, 2001?
4. What are the perspectives and trends in Armenia-U.S. cooperation?
5. Do Armenian lobby groups in America play an important role in strengthening the relationship between Armenia and the U.S.?
6. What are the future challenges in Armenia-U.S. cooperation?

Methodology

For the purpose of this internship policy paper, the historical, explanatory secondary analysis method was applied. The study was done by detailed investigation of official documents and agreements in the MFA concerning Armenia-US cooperation. In-depth interviews were conducted with diplomats from the MFA American Department and the US Embassy in Armenia, as well as interviews were conducted with the representatives of Armenian-American

lobby groups and the interviews were semi-structured. Meanwhile, personal observations during the two months working in the MFA's American Department were also included in this internship policy paper.

U.S. Foreign Policy

Unilateralism vs. Multilateralism

According to Cooper (2003), great powers are the main actors in international life. They extend their influence well beyond their borders, seeking to craft a global environment favorable to their interests. To do so effectively; great powers need a conceptual map of the world and a grand strategy that is aimed at keeping the international ends they pursue in balance with the means available to attain those ends. The author claims that by maintaining this equilibrium between commitments and resources, great powers are able to protect their security while also pursuing the ambition that comes with wealth and military might.

In this context, as Kissinger (1994) notes, for the international order to be truly stable, two major conditions must be present: the existence of a balance of power or an equilibrium of forces; and the acceptance of the international society by the major powers – an acceptance he terms "legitimacy." Regarding the balance of power and its relationship to international order, Kissinger (1994) states "if a balance of power becomes an end in itself it becomes self-destructive. A country without strength will become the plaything of forces out of its control, but a country that makes its decisions only on military grounds will be dragged into adventures with consequences it cannot foresee" (p. 63). By the same token, the author emphasizes that by legitimacy he means that the international order is accepted by the great states, not that it embodies shared values and traditions. "Legitimacy ... should not be confused with justice. It

means no more than an international agreement about the nature of workable arrangements and about the permissible aims and methods of foreign policy” (p. 65).

According to Cooper (2003), in the twenty-first century the United States has an interest in maintaining a degree of international order. It needs to influence distant governments and organizations on a variety of issues such as proliferation of weapons of mass destruction, terrorism, drugs, trade, resources, and ecological damage that affect Americans as well as others. The United States, like nineteenth-century Britain, also has an interest in keeping international markets and global commons, such as the oceans, open to all. To a large extent, international order is a public good – something everyone can consume without diminishing its availability to others. Obviously, pure public goods are rare and sometimes things that look good to Americans may not look good to everyone else, and that is why consultation is important (Cooper 2003).

Therefore, as Kupchan (2002) claims, in recent years, many countries have increasingly complained about the unilateralism of American foreign policy. Nonetheless, international concerns about unilateralism of the United States began well before George W. Bush became president, and his administration is divided between traditional pragmatists and a more ideological school which can be defined as “the new unilateralism.” As the author notes, the “new unilateralists” advocate an assertive approach to promoting American values;

“They worry about a flagging of internal will and a reluctance to turn a unipolar moment into a unipolar era and to them multilateralism means submerging American will in a mush of collective decision-making – you have sentenced yourself to reacting to events or passing the buck to multilingual committees with fancy acronyms. They deny that the United States arrogance is a problem, rather, the problem is the inescapable reality of American power in its many forms” (Kupchan 2002, 63).

Moreover, the author notes that ““Policy is legitimized by its origins in a democracy and by the outcome – whether it results in an advance of freedom and democracy. The post hoc legitimization will more than compensate for any loss of legitimacy through unilateralism”

(Kupchan 2002, 63). Unfortunately, the approach of the new unilateralists is not very convincing to other countries whose citizens observe that Americans are not immune from arrogance and self-interest.

According to Nye (2004), the struggle between multilateralists and unilateralists in the Congress created a schizophrenic American foreign policy even before the current administration. The United States negotiated multilateral projects such as the Law of the Seas Treaty, the Comprehensive Test ban Treaty, the Land Mines Treaty, the International Criminal Court, and the Kyoto Protocol on climate change, but Congress failed to ratify them. In some cases, such as the Kyoto Protocol, President Bush simply pronounced it “dead” without offering any alternative. By the same token, as the author notes, in the run-up to the Iraq War, many other countries felt that although the pragmatists prevailed in seeking Security Council resolution 1441 aimed at removing Iraq’s weapons of mass destruction in the fall of 2002, the unilateralists had already decided on going to war. The result was a stalemated diplomacy that turned into a dispute about American power.

Military/Security as Drivers and Determinants of Foreign Policy

According to Brzezinski (2004), September 11, 2001, was a seminal event in the history of power politics. Nineteen fanatics plunged the world's mightiest and most technologically advanced power into panic and precipitated a global political crisis. International affairs were significantly affected by 9/11, but more because 9/11 altered America than because it altered the world. America was shaken into a sudden awareness of its vulnerability. He claims that the prompt U.S. military reactions expanded the direct scope of America's post-Cold War hegemony all the way through Iraq and Afghanistan to Central Asia. In this context, Kupchan (2002) claims that since 9/11 the predominant emphasis of U.S. security policy, both domestically and

internationally, is on the war against terrorism with a global reach and the efforts to rivet public attention on that phenomenon have been the major public concern of the Bush administration. In the increasingly vague global security environment, especially given the growing ability not only of states but of covert organizations to unleash massive destruction, the security of the American people must be the primary goal of America's global policy. The quest for security must include efforts to gain greater global support. Otherwise, international resentment and envy of America's primacy could turn into a rising security threat. In the two years since 9/11, the initial global solidarity with America has increasingly been turned into American isolation, while global sympathy has given way to widespread suspicion of the true motivations of the exercise of American power

In this context, according to Cooper (2003), the militarily successful but internationally controversial invasion of Iraq produced a confusing paradox: America's global military credibility has never been higher, yet its global political credibility has never been lower. It is universally recognized that the United States is the only power capable of mounting and winning a military operation anywhere in the world. But the justification for the war against Iraq, that Iraq was armed with weapons of mass destruction, a charge stated categorically as a fact by the president and his top officials, has turned out not to have been true. That has damaged America's global standing, not only among the frequently anti-American left but also among the right. Therefore, as Brzezinski (2004) claims, if the United States wants to retain the life and liberty it cherishes inside the country, it must maintain the legitimacy of its predominance outside the country. That means nothing less than true cooperation with allies, not merely the support of supplicants, and it means above all else a sustained cooperative effort to grasp the complicated nature of the contemporary global disorder. Both the enlarged worldwide engagement and the

growing insecurity highlight America's need for a strategic consensus with Europe and East Asia over a long-term strategy for managing the unstable and complex Global Balkans.

It is therefore more important how America defines for itself and for the world as well the central purposes of its hegemony. That definition has to capture and formulate the essential strategic challenge that America confronts and against which America seeks to mobilize the world. How it does so – with how much clarity and moral force, with what degree of comprehension of the needs and aspirations of others – will largely determine the effective scope and burdens of the exercise of America's power. In this context, Brzezinski (2004) suggests that the primary focus on terrorism is politically attractive in the short run but can prove controversial in a longer term;

“It has the advantage of simplicity ... By demonizing an unknown enemy and exploiting vague fears, it can rally popular support” [but as a longer-range strategy] “... it lacks staying power, can be internationally divisive, can breed intolerance of others ("he who is not with us is against us") and unleash jingoist emotions, and can serve as the point of departure for America's arbitrary designation of other states as "outlaws”” (Brzezinski 2004, 85).

Therefore, for the United States it would be unwise to focus predominantly on the campaign against terrorism while losing sight of America's enduring interest in shaping a world governed by common rules and shared, not only rhetorically proclaimed, democratic values. “The war on terrorism cannot be an end in itself. Ultimately, the key strategic question is: With whom, and how, the United States can more effectively shape a progressively better world. The answer calls for historically enduring trans-Atlantic and trans-Pacific strategies” (Brzezinski 2004, 86).

Geopolitical Interests in the South Caucasus

According to Kotanjian (2004), historically the South Caucasus has always been a crossroads of empires and invaders, an arena for competing regional powers and, in much of the

last two centuries, a pivotal geopolitical element in the “Great Game” of world powers. This historical legacy of external influence and intervention is compounded by the internal vulnerabilities of each of the states in the region. The author claims that the three states of the region, Armenia, Azerbaijan, and Georgia, have each been engaged in a decade-long course of economic and political reform, systemic transition and nation-building, with a wide variance in success and consistency.

According to Hovhannisyanyan (2004), although the United States is comparatively new player in the South Caucasus in contrast to Russia, Turkey and Iran, Washington has been demonstrating their geopolitical and economic interests and ambitions in this region by providing economic, political, and military assistance to the South Caucasus states after their independence. The significance of this policy, aimed at promotion and strengthening of U.S. presence in this region, is supported by the numerous announcements made by the U.S. government that the South Caucasus has a vital strategic importance for the U.S. national interests. Giragosian (2006) claims that the core focus of the United States strategy in this region is to strengthen the geopolitical presence of the Euro-Atlantic structures in the South Caucasus for the further enlargement into the Asian continent and promotion of its geopolitical interests with the aim of containing Russian and Chinese influence on the South Caucasian and Central Asian States. The author argues that the United States policies in the region over the past decade have also been driven by considerations related to the development of their energy reserves and the challenges of securing export routes along with the competing interests of the regional powers. Meanwhile, he notes that;

“there has been a deeper shift in U.S. policy in the region, as U.S. long-standing energy focus has now been displaced by a pursuit of security and stability within the prism of a global fight against terrorism in the new post-September 11 geopolitical landscape. This is seen most clearly in the elevation and enhancement of the strategic

importance of each of the three states of the South Caucasus, with the region now defined by Georgia's role as the "center of gravity" for the U.S. military, Azerbaijan's importance as a vital partner for U.S. efforts to bolster Caspian security, and by a new American recognition of Armenia's strategic position" (Giragosian 2003, 15).

According to Giragosyan (2003), the new security environments in Central Asia and the southern Caucasus also demonstrate this shift in U.S. security policy. Both regions offer the U.S. important roles as platforms for power projection, from Central Asia into Afghanistan and, at least potentially, from the Caucasus into the northern Middle East (most notably into Iran). The U.S. war on terrorism has also resulted in a number of modifications in U.S. security policy toward a number of nations. These modifications in policy affected a wide-ranging set of diverse and often disparate nations, including traditional foes, such as China and Russia, traditional allies like Turkey and Saudi Arabia, and new partners, such as Pakistan and Poland. Following the emergence of new partners in Central Asia, the U.S. also broadened its role on the other side of the Caspian Sea.

These dramatic shifts in geopolitics have profound implications for a small, landlocked country like Armenia. According to Giragosyan (2003), although Armenia is geographically isolated, economically weak and sparsely populated, American leaders are considering it as an important country for the United States. In this context, Stephen Banks noted that;

"Armenia is in a very important geopolitical location, because of the existence of Turkey in the region, as the U.S. ally, and also Azerbaijan for its oil and gas resources and Iran, whose nuclear initiatives are of a great concern for the U.S.. Moreover, the U.S. national interests in Armenia, and in the larger Caucasus region, revolve around security, conflict resolution, internal reform and energy security. A settlement of the ongoing conflict with Azerbaijan over the predominantly ethnic Armenian-populated enclave of Nagorno-Karabakh, and a rapprochement between Armenia and Turkey are both important U.S. foreign policy goals"¹.

¹ Stephen Banks is the First Secretary of Political and Economic Affairs of the US Embassy in Armenia, interview was conducted in September, 2006

On the other hand, regarding the United States foreign policy towards Armenia after the September 11, Stephen Banks noted that there are no fundamental changes in U.S foreign policy towards Armenia, although, after the September 11, new opportunities were created for Armenia in terms of cooperation with the US in the context of security and law enforcement areas.

Armenia's Foreign Policy

Small States Diplomacy

According to Cooper (2003), in the twentieth century, small states have appeared in four waves following extensive social changes: after the end of the First and Second World Wars, then in the early and mid-1960s when because of de-colonization new states appeared in Africa and the final trend with the end of the Cold War and the disintegration of the Former Soviet Union into smaller entities. According to the author, small states can be defined as “states which recognize that they cannot obtain security primarily by use of their own capabilities and that they must rely fundamentally on the aid of other states, institutions, processes or developments to do so.” (p. 18). Moreover, he claims that the ability of small states to conduct an independent and distinct foreign policy is dependent on many factors in the international system (alliances, international organizations, great power rivalry) over which they have no control whatsoever.

Fukuyama (2004) notes that one of the most important issues that states in general, and small ones in particular, face is the concept of security. Because of their vulnerability, weak military strength, as well as lack of resources, almost since their formation, small states face the dilemma of how to find security guarantees for their existence. The efforts by small states to influence the international system and to attain the realization of their security interests is reflected in their implemented security policies, which are inseparable from their foreign and domestic policies. On the other hand, there are instances when the security of small states is very

much dependent on regional or international great powers and their position—geographical or political—spheres of influence devised by great powers. According to Handel (1987), small states have several options when it comes to security policies; “small states have an option of neutrality; developing alliances; and/or become members in international organizations” (p. 34). These possibilities correspond widely to the whole foreign politics behavior of (small) states. For the diplomacies of the new small states, tendencies and characteristics of global society represent a challenge and a point of orientation. The challenge consists of the necessity to adapt to these conditions. On the other hand, it is necessary to face up to the question which even the diplomacies of the well established states have to face: how to embrace and understand the complex situation which has arisen, so that it will be possible to act suitably (Handel 1987).

The concept of “complementarity”

Based on the definition of a small state mentioned above, Armenia could be categorized as such. According to Kotchikian (2004), after the collapse of the Soviet Union in December 1991, the Republic of Armenia, having regained its sovereignty, was for the first time given the opportunity of having an independent foreign policy. Landlocked Armenia is situated on a well-worn historic crossroads between East and West. For the past decade of blockade imposed by two hostile neighbors to the east and the west (Turkey and Azerbaijan), the small state as Armenia has sought to overcome its strategic vulnerability by formulating a complex foreign policy. According to Hovhannisyan (2004), the core of Armenian foreign policy is the essential pursuit of maximum flexibility, seeking sufficient maneuverability and securing as many policy options as possible. Given the fact that its vulnerable geographic location created a security problem, from the very first day of independence Armenia embarked on a policy of cooperation with all neighboring countries and world states, based on the role of those states in the new

geopolitical, geostrategic and geoeconomic environment, taking into account the core Armenian strategic interests (Hovhannisyanyan 2004). This policy had come to be known as a policy of “complementarity”.

In this context, as Giragosian (2003) claims, Armenia’s policy of “complementarity” provides equal opportunities for all external powers with divergent interests to engage in Armenia. The elements that Armenia’s complementarity framework entails are; the peaceful settlement of the conflict in Nagorno-Karabakh, expansion of membership in international – especially European – organizations, engagement in post-Soviet, European, and Euro-Atlantic security structures, furthering good-neighborly relations with Iran and Georgia, regulating relations with Turkey and Azerbaijan, fostering regional stability and economic integration, while also seeking to leverage its most significant potential asset – significant Diaspora.

Therefore, according to Giragosian (2003), these principles have been implemented in such Armenian measures as participation in such organizations as the Organization of Security and Cooperation in Europe (OSCE), the Commonwealth of Independent States (CIS), the Organization of Black Sea Economic Cooperation; cooperation within NATO's "Partnership for Peace”; development of economic collaboration with Russia, a country with which Armenia is connected by an agreement of friendship, cooperation, and mutual assistance; and involvement in the TRACECA and INOGATE programs, which aim, inter alia, at limiting Russian influence in the region. Meanwhile, military and economic cooperation between Armenia and the United States has recently increased (which will be discussed in-depth later). On the other hand, according to the author, Armenia is attempting to establish direct economic contacts with regional countries, including Turkey and Azerbaijan. Georgian-Armenian relations play a significant part in this policy. And finally, Armenian-Iranian relations also play a special role in

the region; contrary to the strategic objectives prioritized by the United States, Armenia has strengthened its partnership with Iran, especially in the field of energy. In May 2004, Yerevan preferred to finalize its agreement with Tehran for the supply of Iranian gas to Armenia for a period of 20 years. This event was celebrated as an historical day for the republic as it gives Armenia the tangible prospect of a strengthened energy security. Owing to this agreement, Yerevan will become able to import gas from another country than Russia.

US-Armenia Relations

Immediately after its independence, Armenia looked to the West for financial, technological and security assistance. Nonetheless, given the United States' relationship with first the Soviet Union and then Russia, it was not in a position to extend immediate cooperation with Armenia, or other CIS states, particularly in the area of security guarantees. According to Adalian (1995), further complicating relations between the U.S. and Armenia was the U.S. relationship with Turkey. The U.S. went so far as to suggest that Turkey could serve as a guarantor of security in the region. This suggestion reflected less U.S. support for Turkey than concern by the U.S. that Iran would gain influence in the region. Surely, any security designs in the area, which placed Turkey at the center was unacceptable to Armenian interests.

The U.S. did recognize Armenian independence on December 25, 1991 and established diplomatic relations with the state on January 7, 1992. Hovhannisyan (2004) claims that with an aim to promote peace and stability of the region Armenia has established a constructive dialogue with the U.S. Government in the military/security areas, including defense cooperation as well as in economic cooperation. As Stephen Banks noted; “bilateral relations between the United States and Armenia are based on the firm foundation of reciprocal understanding and mutual respect,

and are aimed at advancing common goals and values, and creating favorable atmosphere for development of prosperous, stable and secure Armenia”².

US-Armenia military-to-military cooperation

According to Giragosian (2003), the benefits of Armenian realistic, pragmatic, and complementary foreign policy were evident in the wake of the terrorist attacks of 9/11, which have dramatically transformed the international security environment and the United States put itself in the forefront of the international campaign against terrorism. Given the new geopolitical challenges after September 11, Armenia reaffirmed its commitment to increasing security ties with the U.S. In this context, the Minister of Foreign Affairs Vartan Oskanian commented; "Armenia is adjusting its foreign policy to the dramatic global changes that have taken place since the September 11 terrorist attacks on the United States" (www.armeniaforeignministry.am/speeches/010912USTragedy/).

Following the September 11, 2001 terrorist attack, Armenia implemented a series of measures to cooperate with the US, including; 1) granting blanket clearance for U.S. flights over Armenian territory, as well as refueling and landing rights for U.S. aircraft; 2) offering to share intelligence with relevant U.S. agencies; 3) offering medical treatment for U.S. troops in Armenia’s hospitals, including the specialized Spinal Injuries Treatment Hospital of the Armenian Red Cross in Yerevan; 4) implementing U.N. Security Council Resolution 1373 to freeze bank accounts that terrorists and their supporters may have in Armenia’s financial institutions, and; 5) ratifying the International Convention for the Suppression of the Financing of Terrorism. In this regard, in December 2001, the U.S. Defense Secretary Donald Rumsfeld's visited to Armenia to discuss the direction and content of U.S.-Armenian military-to-military

² Interview with Steven Banks, September 2006

cooperation. The U.S. and Armenia reached an understanding on the priorities of the bilateral military cooperation (MFA's American Department Report on Armenia-US Relations 2006).

In this context, Lilit Tutkhalian³ noted that in the wake of 9/11, the U.S.-Armenian military cooperation programs have become a new component of the Armenian security framework and are fully in compliance with Armenia's complementary foreign policy. Armenia has cooperated in the fight against terror by opening its airspace to the U.S. military, while simultaneously maintaining close political and economic ties with Russia. Moreover, U.S.-Armenian security cooperation involves periodic discussions of joint action in such areas as combating terrorism, securing borders, and non-proliferation. The United States military is providing much-needed assistance to Armenia in training peacekeeping personnel and demining. Regarding Armenia's role in the war or terror, Stephen Banks mentioned that;

“After September 11, there was a great achievement in the sphere of investigation cooperation between the U.S. and Armenia”, [meanwhile, he noted that] “... of course, Armenia is not a front-line ally for the U.S. in fighting the terrorism; however, Armenia has done a great job in cooperating with the U.S.; security-related cooperation between the United States and Armenia extends beyond the war on international terrorism and includes joint efforts to combat weapons of mass destruction proliferation, transnational crime, and to improve export control and border security programs.”⁴.

Consequently, in July 2000, Armenia and the United States signed the agreement “Concerning Cooperation in the Area of Counter - Proliferation of Weapons of Mass Destruction”.

By the same token, Armenia has strived to set new strategic balances in its foreign relations. At several occasions in the year 2004, it has demonstrated its commitment to taking part, like Georgia and Azerbaijan, in the operations supported by NATO. In February 2004, a platoon of 34 Armenian soldiers was deployed in Kosovo and joined the multinational brigade East led by American general Tod Carmony. Moreover, in September 2004, Armenia sent 46

³ Lilit Tutkhalian is the Head of American Department of Ministry of Foreign Affairs, interview was conducted in September, 2006

⁴ Interview with Steven Banks, September 2006

medical doctors, drivers and engineers to Iraq, in the framework of the Polish-led Center-South multinational division. According to Giragosian (2003), this decision, which was highly debated throughout the nation, was aimed at breaking Armenia's regional isolation. Probably because of these measures and the reactions of the Armenian Diaspora living in Washington, the US Congress eventually passed a budget that restored military parity⁵ between Yerevan and Baku, allocating \$5 million military aid to Armenia in 2005. Moreover, the U.S. Department of Defense and the Armenian Ministry of Defense have reached agreements concerning military training for Armenian officers and upgrading of the Armenian Armed Forces in communications systems. This five-year modernization program is expected to make Armenia's military communications system interoperable with NATO and U.S. systems, and strengthen the international peacekeeping and anti-terrorism capacity of the Armenian military.

In this regard, Armenian Defense Minister and Secretary of Presidential National Security Council Serzh Sargsyan visited the United States from October 23 to 28, 2005, at the invitation of U.S. Defense Secretary Donald Rumsfeld. The Minister's itinerary in the United States included bilateral military consultations in Kansas, Georgia, and Florida, and concluded with a series of high-level official meetings in Washington, D.C. The U.S. - Armenian military and security cooperation, regional security and partnership within the coalition were among the issues discussed during the meeting. The two sides expressed satisfaction with the current level

⁵In February 2004, the Bush Administration submitted to the Congress a budget request for foreign assistance programs that would have broken the military parity between Armenia and Azerbaijan. For the fiscal year 2005, it requested to allocate \$ 8.7 million military aid to Azerbaijan, and \$2.7 million to Armenia. The US Administration has emphasized that it was determined to prioritize cooperation with Baku in order to fight against terrorism, promote peacekeeping operations and secure oil flows. (See "U.S.-Armenia Anti-Terrorism and Security Cooperation" ANCA Position Papers, October 12, 2006; available from: www.anca.org/resources_center/position_papers.php). In this context, Aram Hamparyan noted that "this proposal contradicted 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". (Aram Hamparian is the Executive Director of Armenian National Committee of America; interview was conducted in September, 2006).

of bilateral military ties and discussed the programs aimed to further expand this cooperation (MFA's American Department Report on Armenia-US relations 2006). Regarding the future Armenia-US military-to-military cooperation, Stephen Banks noted that; "the first phase of our security cooperation is nearing completion, and we know better the mutual potential and expectations; the trends have been positive and they will continue⁶".

US -Armenia trade and economic cooperation

In addition to promoting military cooperation with the U.S., Armenia also views U.S. interest as vital to its economic security. The United States has made a concerted effort to help Armenia and the other New Independent States (NIS) during their difficult transition from totalitarianism and a command economy to democracy and open markets. The cornerstone of this continuing partnership has been the Freedom for Russia and Emerging Eurasian Democracies and Open Markets (FREEDOM) Support Act, enacted in October 1992. Under this and other programs, the U.S. to date has provided nearly \$1.5 billion in humanitarian and technical assistance for Armenia. US economic assistance programs are targeted at creation of a legal, regulatory, and policy framework for economic growth in energy, agriculture and housing (providing housing and economic reactivation for victims of the 1988 earthquake) and other sectors, development of a competitive and efficient private sector.

In 1992 Armenia signed three agreements with the U.S. affecting trade between the two countries. The agreements were ratified by the Armenian parliament in September 1995 and entered into force in the beginning of 1996. They include an "Agreement on Trade Relations," an "Investment Incentive Agreement," and a treaty on the "Reciprocal Encouragement and Protection of Investment" (generally referred to as the Bilateral Investment Treaty, or BIT).

⁶ Interview with Steven Banks, September 2006

Armenia does not have a bilateral taxation treaty with the U.S, but the negotiations for a “Double Taxation Treaty” are underway. The 1994 Law on Foreign Investment governs all direct investments in Armenia, including those from the U.S. (MFA’s American Department Report on Armenia-US Economic Cooperation 2006).

In this context, it should be mentioned that currently around 70 American companies do business in Armenia in the fields of precious stone processing and jewelry manufacturing, information and communication technology, food processing, mining and tourism. In addition, the US is among Armenia’s top five trading partners, and over the last 5 years, the exports of Armenian products to the US have grown significantly (See Table 1, p 45). As conditions in Armenia show positive signs of improvement and development - stabilization of the economy, strengthening of macroeconomic management, improvement of the investment climate, acceleration of the privatization process, stability of the political situation - Armenia undertakes major efforts toward a larger involvement in the U.S. – sponsored regional economic integration and cooperation projects (MFA’s American Department Report on Armenia-US Economic Cooperation 2006).

At the national level, the U.S.-Armenia Economic Task Force, launched in January of 2000, coordinates this effort by bringing together officials from the Departments of State, Commerce and Treasury, the Trade Development Agency, the U.S. Agency for International Development, and the National Security Council, to promote trade and investments in Armenia, as well as to facilitate economic and legal reform. Goals and objectives set forth by the Task Force are to rebuild Armenia's economy and create employment opportunities. The eleventh session of the U.S.-Armenia intergovernmental task force on economic cooperation (USATF) convened on September 26, 2005. The USATF is co-chaired by Minister Vardan Khachatryan

and Ambassador Thomas Adams, Coordinator of Assistance Programs in Eurasia at the State Department. The agenda for the USATF meeting included issues such as Armenia's economic growth and democratic reforms, the current status of the Millennium Challenge Account programs' process in Armenia, economic policy and prospects for long-term development, promoting investments and further improving Armenia's business environment, WTO standards enforcement and trade issues, legal reforms, as well as bilateral cooperation in the area of education and science, energy, and agriculture. (US-Armenia Joint Economic Force: The Founding Document, January 27, 2000).

In addition, in February of 2003 - thanks in large measure to the efforts of members of the U.S. Congress - Armenia was accepted into the World Trade Organization (WTO). In order to ensure that both United States and Armenian businesses are able to fully take economic advantage of Armenia's WTO membership, Congressman Knollenberg has introduced legislation to grant Permanent Normalize Trade Relations (PNTR) status⁷ to Armenia. In this regard, the President Bush, on January 29, 2003, certified to Congress that Armenia continues to comply with international standards for freedom of emigration. Hence, Armenia was granted the Permanent Normal Trade Relations regime by the United States in 2004. This regime will make it possible for Armenia to avoid the Jackson-Vanik provisions used by the United States towards Armenia for more than thirty years (MFA's American Department Report on Armenia-US Economic Cooperation 2006).

⁷ Countries that wish to have Permanent Normal Trade Relations with the US must fulfill two basic requirements: (1) comply with the Jackson-Vanik provisions of the Trade Act of 1974 that states that the President of the United States determines that a country neither denies or impedes the right or opportunity of its citizens to emigrate; and (2) reach a bilateral commercial agreement with the United States. Jackson-Vanik allows for the President to issue a yearly waiver to allow the granting of NTR. The principle goal of the Jackson-Vanik legislation in 1974 was to promote free emigration from the Soviet Union, particularly for Soviet Jews. In the spring of 1972, the Soviet government imposed "education tax" on would-be emigrants. This tax was so steep that few could afford to depart the Soviet Union. It was against this background that Senator "Scoop" Jackson teamed up with congressman Charles Vanik to attach their historic amendment to the 1974 Trade Act. (See "Normal Trade Relations" Wikipedia, the free encyclopedia, 2006; available from: www.en.wikipedia.org/wiki/Normal_Trade_Relations).

Taken all these aspects together, it should be mentioned that there is a good potential in the perspective of Armenia-US economic cooperation. By the same token, Steven Banks noted that;

“In the economic sphere, the U.S. enjoys a dynamic, productive relationship with Armenia. President Kocharian is committed to meaningful economic reforms and the United States is engaged actively in accelerating and deepening these processes. These reforms will promote stability and prosperity for the Armenia people – objectives very much in the U.S. national interest, as well as open new markets for U.S. businesses and create a more attractive environment for American investors. The level of U.S. investments in Armenia is not high compared with the existing potential. Therefore, promotion of trade and investment will be an important priority”⁸.

US as a co-chair of the OSCE Minsk Group

As a co-chair of the OSCE Minsk Group, the United States is actively engaged in the Minsk Group endeavors to find a peaceful, negotiated solution to the Nagorno-Karabakh conflict. On July 29, 2006, U.S. Deputy Assistant Secretary of State Matthew Bryza was appointed as a new co-chair in the Minsk Group and he made his first visit to Armenia. In Armenia, he met with President Robert Kocharian and Foreign Minister Vartan Oskanian. According to Danielyan (2006), Matthew Bryza discussed the conflict in Nagorno-Karabakh, noting that he was pleased to see so much public discussion in Armenia and Azerbaijan about the Co-Chairs' proposals, which were made public by all three Co-Chairs at the OSCE Permanent Council in late June, 2006. At the heart of those principles is the idea of holding a referendum on Karabakh's status. Moreover, Bryza emphasized that the Co-Chairs remained committed to engaging with the parties, but that the key next steps must be determined by the presidents of Armenia and Azerbaijan.

In this context, Danielyan (2006) claims that Armenian officials have claimed implicitly that the two rounds of negotiations between Kocharian and Aliiev in 2006 collapsed because the

⁸ Interview with Steven Banks, September 2006

latter backtracked on his earlier acceptance of the key principles of the peace plan that were officially disclosed by the Minsk Group co-chairs. Nonetheless, Matthew Bryza effectively denied this and was careful not to blame any of the parties for the deadlock, saying that they both want to “enact some changes to the ideas that are on the table.” “The principles that are on the table don’t constitute an agreement,” argued the U.S. administration official. “They are principles, suggestions. So it’s not possible for anyone to walk away from an agreement, if there isn’t an agreement” (Danielyan 2006, 4). The author claims that Bryza confirmed that the mediators believe the status should be decided by the people of Karabakh, “but the question is how do you define the people of Karabakh? And there were residents there in 1988 who wish to participate, hence, all these things have still to be worked out as part of a broad package” (Danielyan 2006, 6).

In this context, Lilit Tutkhalian noted that; “Nagorno-Karabakh conflict resolution is one of the biggest issues in bilateral relations between Armenia and the United States. The United States does not recognize Karabakh as an independent country, and its leadership is not recognized internationally or by the United States⁹”. The peaceful settlement of Nagorno-Karabakh conflict will surely deepen the US-Armenia relations; as instability in the region is an obstacle for the development of the US-Armenia relations in its full range.

U.S. Assistance to Armenia

Since the independence of Armenia in 1991, the United States Government has extended close to 1.7 billion dollars in assistance to Armenia. In the early years of independence, the annual assistance levels were higher and primarily aimed to provide food and energy humanitarian aid to citizens of Armenia. As Armenia’s economic progress picked up, the U.S.

⁹ Interview with Lilit Tutkhalian, September 2006

assistance is now provided primarily in form of technical or development assistance, helping, among other things, to implement economic, legal, and democratic governance reform projects. The U.S. Government earmarked \$75 million for foreign assistance programs in Armenia in fiscal year of 2006 (See Table 2, p 45).

Meanwhile, it should be mentioned that the U.S. assistance is not provided as a ‘blank check,’ but, rather, it is extended through various assistance projects in Armenia. The United States Congress sets the level of assistance to Armenia, while the funds are disbursed through the United States Agency for International Development and other U.S. Government agencies. Besides economic and military assistance programs which were discussed above, the United States also provide training assistance and special programs in municipal administration, intergovernmental relations, public affairs, diplomatic training, rule of law, strengthening political parties, promoting free and fair elections and the establishment of an independent judiciary and independent media, while local non-governmental organizations (NGO) capacity building are targeted at support of civil society¹⁰.

USAID Assistance in Armenia

From the total U.S. assistance to Armenia since 1991, USAID has received approximately \$900 million to support legal and regulatory reform necessary for a law-based market economy; open, pluralistic democratic governance; and social support mechanisms to help Armenia with its transition. In this regard, Ara Barsam noted that USAID’s relations with the Government of Armenia matured substantially during the past 10 years and Armenia has evolved from a passive recipient of assistance into a more demanding and responsible partner that works to coordinate and influence donor efforts. He also mentioned that USAID’s vision in Armenia is to collaborate

¹⁰ MFA’s American Department Report on U.S. Assistance to Armenia 2006

with Armenian partners to achieve a more equitably prosperous, democratic and healthy Armenia¹¹. Hence, in order to achieve this vision, USAID – working with Armenian public, private and non-governmental organizations, as well as with other donors – has focused its efforts in five key areas.

To date, the USAID's *Private Sector Program* has focused on accelerating the systemic restructuring of the economy toward a market orientation. USAID assistance concentrated on commercial legal and regulatory reform, tax/fiscal/customs reform, capital/financial markets development, accounting reform, information technology, and improved banking supervision. The USAID's *Democracy Program* assisted in developing more transparent, accountable, and responsive democratic governance in Armenia. To meet this goal, the program worked with both governmental and non-governmental actors to strengthen democratic institutions and organizations and to increase citizen confidence in them. Moreover, in preparation for the upcoming parliamentary and presidential elections, USAID has put together a wide-ranging package of assistance designed to enable Armenia to have free and fair elections in 2007 and 2008 (USAID/Armenia Overview: Strategy for 2004-2008).

The USAID's *Social Transition Program* focused on strengthening and making sustainable key social and primary healthcare systems while providing urgently needed services to the most vulnerable populations. Whereas, the USAID's *Energy Sector Program* supported the efforts of the Government of Armenia to privatize state-owned enterprises in the energy sector, to promote economic and environmental efficiency, and to diversify energy sources. Specific USAID interventions included a broad array of technical assistance, human and institutional capacity development, and equipment provision. And finally, the *Water Management Program* sought to improve the national policy/legislative/institutional framework

¹¹ Ara Barsam is an officer in USAID/Armenia; interview was conducted on September 2006

for water quantity and quality monitoring, including the rehabilitation of monitoring systems. It also supported local-level efforts to develop and implement market-based approaches to improving water quality, and strengthened the institutional and financial sustainability and operational efficiency of selected Armenian water supply entities (USAID/Armenia Overview: Strategy for 2004-2008).

Hence, USAID's strategic attention and engagement to people-level and enterprise-level has made it possible for Armenia to have a generally conducive development environment now in place, such as: relative political stability, more or less the right set of macroeconomic policies, and a strong combination of formal and informal external financial flows¹². Indeed, it is this political-economic setting and the performance that created it, which resulted for Armenia to receive a grant under the Millennium Challenge Account (MCA) – a reflection of past achievement and prospects for future success.

Millennium Challenge Account

On March 14, 2002, the Bush administration announced the creation of a pathbreaking initiative: the Millennium Challenge Account (MCA). In 2003 alone, the administration has requested \$1.3 billion for the MCA, which means 15 percent - of the U.S. foreign assistance, will be dedicated to “good governance”. The countries eligible for MCA need to present formal programs, called compacts, to receive the funds; the compacts need to be approved by the Board of the Millennium Challenge Corporation¹³. Hence, using some 16 objective indicators, countries

¹² Interview with Ara Barsam; September 2006

¹³ The Board of Directors of the Millennium Challenge Corporation has invited the short-listed countries to prepare project proposal packages for funding from the Millennium Challenge Account. The Board has also defined the basic criteria that will be deemed important in the selection of projects for financial support. These criteria include: (a) impact on economic growth; (b) existence of participatory discussions and consensus on proposed projects; and (c) the Government's commitment to sustaining reforms in policy areas that are deemed important and progress reported as a result of such reforms (See “The Millennium Challenge Corporation Board of Directors”, 2005; available from www.mcc.gov/)

are selected to receive assistance based on their performance in governing justly, investing in their citizens, and encouraging economic freedom.

With this background, in May 2004, the United States Government qualified Armenia as a potential recipient under the Millennium Challenge Account program. Consequently, on December 19, 2005, the Board of Directors of the MCC approved a five-year \$235.65 million compact¹⁴ with the Republic of Armenia. Hence, Armenia remains committed to the key principles which established its eligibility for MCA assistance. These are policies that deepen the democratic process, strengthen the judiciary, and encourage increased private sector involvement in the economy; the reduction of poverty through economic growth; consultation processes that seek the participation of all representatives of civil society in decisions that affect their development; and a willingness to have progress towards fair election processes, economic openness, and citizen participation monitored by independent observers¹⁵.

In this regard, Steven Banks noted that it is a great prestige for Armenia to be selected as a country for MCA program. Armenia has fostered the process of building a democratic society, moving towards free-market economy, and promoting the rule of law in recent years. On the other hand, he mentioned that Armenia had unique challenges in the past, such as the collapse of the economy, war, parliamentary shooting. There were a lot of excuses in the past for Armenia argued Steven Banks, but now it is the time to show the results. By the same token, Steven Banks expressed concerns over reports of irregularities in a November 2005 referendum on

¹⁴ The MCC Compact will fund: i) the Rural Road Rehabilitation Project (RRRP) that includes the rehabilitation of up to 943 km of local and republican roads, improvements of up to 19 bridges, drainage facilities and road safety features; ii) the Irrigated Agriculture Project (IAP) includes an Infrastructure Activity (IA) to rehabilitate irrigation infrastructure in 21 regional schemes and build the management capacities of the Water Supply Agency and Water User Associations, and a Water-to-Market Activity (WTMA) to provide training and access to credit for the member farmers to transition to more profitable, market-oriented agriculture. The activities will be performed in all ten marzes in Armenia. (See “Government of the Republic of Armenia: Proposal for Millennium Challenge Account (MCA) Assistance”, March 2005; available from www.gov.am/enversion/programms_9/programs_MCA.pdf)

¹⁵ MFA’s American Department Report on U.S. Assistance to Armenia 2006

reforms to Armenia's constitution and he said that these irregularities will most likely have a negative effect on Armenia's MCA eligibility indicators, specifically those in the "Ruling Justly" category. Significant slippage in the indicators or actions inconsistent with the principles that support Armenia's eligibility can result in the suspension or termination of MCC Compact, even after the program is underway¹⁶. Hence, the upcoming parliamentary elections in May 2007 and presidential elections in 2008 will pose significant tests for Armenia. Steven Banks noted that;

“The U.S. wants to see these elections free and fair. Elections are very important and if Armenia does well in its elections, it will have a great positive effect and it will bring a favorable attention towards Armenia from the International Community. It will also be a good step towards Euro integration process. But, if Armenia does badly, it will be a problem for Armenia. The US will not accept any excuses, therefore Armenia should be sincere not to allow any manipulation of the elections results¹⁷”.

Armenian Lobby Groups in the US

According to Gregg (2002), within the last decade, Armenian lobby groups in the United States have achieved considerable success in gaining political and material support from Congress, the White House and other federal bodies. She explains this success by the intense lobbying efforts of Armenian-Americans in the United States. The lobbying success of this small ethnic minority is largely the result of two factors. First, an inter-community rivalry within the Armenian-American population represented by two lobby groups in Washington, the Armenian National Committee of America (ANCA) and the Armenian Assembly of America (the Assembly), has led to hyper-mobilization of their resources. Second, the Armenians have formed key alliances in Washington including members of Congress, other lobby groups and organizations, and the bipartisan Congressional Caucus on Armenian Issues in the House of Representatives, which have rallied behind Armenian policy objectives. Together, hyper-

¹⁶ Interview with Steven Banks; September 2006

¹⁷ *ibid*

mobilization and alliance building have allowed the Armenians considerable success in achieving specific policy objectives.

The current policy objectives of ANCA and the Assembly, which are nearly identical, can be broken down into five objectives. First, both lobbies are working towards the US government's recognition of the Armenian Genocide. Second, both groups want the U.S. government recognition of Nagorno-Karabakh's independence and U.S. aid to it. Third, the lobbies have fought vigorously for maintaining Armenia-Azerbaijan military aid parity. Fourth, both groups lobby for continued U.S. aid to Armenia. And finally, dealing with the Turkey's blockade of Armenia, which appears to be more strictly pursued by ANCA than by the Assembly.

Each year the Genocide resolution has been thwarted, usually with the claim that recognizing the Genocide will strain relations with Turkey and threaten strategic security interests of the U.S.¹⁸. Although both lobby groups are rigorously campaigning for US recognition of the Genocide, each group employs different strategies and tactics for pressuring the resolution's passage. ANCA, in keeping with its grassroots approach to mobilization, employs a "bottom up" strategy towards attaining US recognition of the Armenian Genocide. In addition to lobbying for its official recognition on Capitol Hill, ANCA also lobbies at the state and city level for recognition and the Day of Remembrance¹⁹. On the other hand, The Assembly, in addition to its lobbying efforts among members of Congress, concentrates its efforts on increasing documentation surrounding the Armenian Genocide. In this regard, it should be mentioned that due to the efforts of ANCA and the Assembly 36 states have already adopted

¹⁸ Interview with Arpi Vartanian (Country Director of Armenian Assembly of America); September 2006

¹⁹ Interview with Aram Hamparian (Executive Director of Armenian National Committee of America); September 2006

resolutions, proclamations and official statements recognizing the Armenian Genocide and commemorating its victims.

On Nagorno-Karabakh issue, ANCA appears much more invested in the struggle for Karabakh than is the Assembly. In addition to lobbying for Karabakh's recognition, ANCA has supported the government of Karabakh, such as providing Karabakh during the war time with men and material²⁰. On the other hand, the Assembly lobbies for the Karabakh cause through other means. The Annual Report 2000 commits only two paragraphs specifically to Nagorno-Karabakh, in which it calls its office in Stepanakert a "point of contact for senior government officials, leaders and local representatives of international organizations, visiting American lawmakers, and Armenian and foreign journalists" (p. 8). Elsewhere in its annual report, the Assembly stresses its commitment to "confidence building measures" between Armenia and Azerbaijan including "studies of energy routes, regional transportation routes, water management, and other collaborative and humanitarian initiatives" (p. 4)

The creation of Section 907 of the Freedom Support Act²¹ was the strongest evidence of Armenian lobbying success in the U.S. 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. In late January 2002, President Bush exercised this option and, despite intense

²⁰ Interview with Aram Hamparian; September 2006

²¹ 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. Section 907 was initiated in retaliation for Azerbaijan's cutting off one of the rail routes that carried materials and fuel to Armenia from all over the region. At that time, the Armenians were at war with the Azeris, who did not want to provide supplies to a country that was carrying out military action against them. (See "Position Papers: Section 907 of the Freedom Support Act," ANCA; Website, http://www.anca.org/resource_center/position_papers.php)

Armenian resistance, opened the door to potential American aid for Azerbaijan. 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, since 2002, the military aid levels proposed by the Administration and appropriated by Congress have been identical (“ANCA Position Papers: U.S.-Armenia Anti-Terrorism and Security Cooperation”). In this regard, both lobby groups continue to lobby and use similar strategies to ensure that the military aid levels to Armenia and Azerbaijan remain even, namely bipartisan congressional backing and letter writing campaigns.

Securing the U.S. financial and technical aid to Armenia has been a priority of both ANCA and the Armenian Assembly. Both lobby groups claim credit for the maintenance of aid to Armenia and Nagorno-Karabakh through their efforts to “educate” the Senate Appropriations Subcommittee on Foreign Operations and through their grassroots approach of encouraging Armenians nationwide to contact members of congress and encourage them to back aid legislation²². Hence, their efforts and strong grassroots network helped make a difference in U.S. funding for Armenia and Nagorno-Karabakh, with Congress appropriating more aid than requested by the Administration. By the end of 2005, Congress approved \$75 million in assistance to Armenia and \$3 million in humanitarian aid to Nagorno-Karabakh.

And finally, ANCA, together with Kurdish and Greek lobby groups, have called for the suspension of US military and economic aid to Turkey under the Humanitarian Aid Corridor Act, designed to block aid to any country that obstructs US aid to a third country. Turkey, together with Azerbaijan, is cited as imposing a blockade on Armenia that prevents humanitarian assistance from reaching people in these areas. ANCA further calls for withholding military aid to Turkey under the Code of Conduct legislation, which restricts arms sales based on human

²² Interview with Arpi Vartanian (Country Director of Armenian Assembly of America); September 2006

rights abuses. Specifically, ANCA names Turkey's denial of the Armenian Genocide, their treatment of Kurds, the blockade on Armenia and Nagorno-Karabakh, their occupation of Northern Cyprus, and their treatment of Christians within their borders as grounds for prohibiting arms sales ("ANCA Position Papers: Cutting US Aid to Turkey"). On the other hand, the Assembly have recently supported US legislation promoting regional cooperation and economic integration by prohibiting US taxpayer dollar spending on proposed railway link bypassing Armenia and connecting through Turkey and Georgia, and then onto Azerbaijan. The Assembly strongly supported legislation introduced in Congress to ensure that no U.S. funding would be allocated to such an ill-conceived project²³.

In sum, despite their differences, ANCA and the Assembly present a unified front in Washington. They have, over the course of more than a century, built a powerful grassroots constituency of informed, motivated, and effective advocates in support of a broad range of Armenian issues. Along with the work of affiliates around the world, they have put in place a network of identification and influence that has proven to be a vital element of Armenia's progress. The representatives of both lobby groups mentioned that they are central to strengthening the enduring bonds between the American and Armenian peoples, and relations between the U.S. and Armenian governments. Moreover, they are focused on securing a just resolution of the Armenian Genocide, defending Nagorno-Karabakh's right to self-determination, strengthening U.S.-Armenia ties, and supporting the economic development of the Armenian homeland. But in order to achieve these goals, there are two major challenges that were identified by the representatives of ANCA and the Assembly; internal and external. Internal challenge for them is to engage growing numbers of devoted Armenian Americans in the ongoing U.S. civil society dialogue on issues of special concern to their advocacy efforts.

²³ Interview with Arpi Vartanian: September 2006

Externally, they are limited to effectively counter the many powerful forces arrayed against Armenian community - among them the Turkish and Azerbaijani governments and their lobby groups in the U.S.

Conclusions

As it was discussed throughout this paper, bilateral relations between the United States and the Republic of Armenia are based on the firm foundation of reciprocal understanding and mutual respect, and are aimed at advancing common goals and values, and creating favorable atmosphere for development of a prosperous, stable and secure Armenia. From the very first days of reestablishment of Armenia's independence in 1991, the United States exerted concerted efforts to help Armenia during the difficult transition from a centralized state and planned economy to democratic society and open markets, and to date has provided nearly \$1.7 billion in humanitarian and technical assistance to Armenia.

Meanwhile, with an aim to promote peace and stability of the region Armenia has established a constructive dialogue with the U.S. Government in the military and security areas, including defense cooperation. Following September 11, Armenia has offered unconditional support for the United States in its efforts against the international terrorism. Moreover, U.S.-Armenian security cooperation involves periodic discussions of joint action in such areas as combating terrorism, securing borders, and non-proliferation. The United States military is providing much-needed assistance to Armenia in training peacekeeping personnel and demining. Equally important was maintaining parity in Congressional allocation of military assistance to Armenia and Azerbaijan. Furthermore, the positive development in Armenia-US military-to-military cooperation was Armenia's willingness to send its peacekeeping forces to Kosovo and Iraq.

The economic cooperation between Armenia and the U.S. has fostered in recent years. The U.S. – Armenia Task Force on Economic Reform and Cooperation is a productive framework to promote trade and investments in Armenia, as well as to facilitate economic and legal reform. By the same token, one of the most important achievements in Armenia-US economic cooperation was that Armenia was granted the Permanent Normal Trade Relations regime by the United States. Moreover, the Millennium Challenge Corporation (MCC) recognized Armenia's strides toward economic freedom and good governance by approving a five-year, \$235.65 million Compact aimed at reducing rural poverty.

And finally, the Armenian – American community, as one of the largest and most influential segments in the Armenian Diaspora, plays an important role in cultivating a firm and strategic partnership between Armenia and the United States. Moreover, Armenian lobby groups in the United States have achieved considerable success in gaining political and material support from Congress, the White House and other federal bodies. The Armenian case does suggest that ethnic lobby groups can sway US foreign policy goals. US interests in the Caucasus do not demand favoring Armenia over its neighbors, yet pro-Armenian voices in Congress have succeeded in pushing through considerable aid to the country and legislation punishing its enemies. Armenia has had solid partners in the successive U.S. administrations and in the United States Congress as well; the Congressional Caucus on Armenian Issues - a bipartisan group of legislators working toward deepened relations between the United States and Armenia – grew to 152 Representatives, its largest number ever.

And finally, concerning Nagorno-Karabakh conflict, it can be mentioned that one of the factors preventing the development of Armenian-US relations in its full range is the problem of

Nagorno-Karabakh, and the peaceful settlement of Karabakh conflict will deepen and foster Armenia-US relations in all directions.

Recommendations

Taken all these aspects together, it should be mentioned that there is a good potential in the perspective of Armenia-US cooperation. This relationship is on a good footing. A lot of achievements have been made in US-Armenia cooperation. In this regard, it is now proper to make some recommendations as on which areas Armenia should concentrated its efforts to strengthen its relations with the United States.

- Within Armenia-US bilateral dialogue in the sphere of political, economic and military cooperation, it is recommended to make more frequent the visits of the Minister of Foreign Affairs and his deputies, as well as, the members of the Government and National Assembly to Washington.
- In order to deepen the cooperation with the Congressional Caucus on Armenian Issues, it is proper to arrange frequent meetings of the members of the Government and National Assembly with the US Congress
- The development of the relations of Armenia with NATO can play an important role in the extension of Armenia-U.S. military-to-military cooperation. Hence, it is recommended to extend the cooperation of Armenian Armed Forces in the framework of NATO programs, including “Partnership for Peace” and “Individual Partnership Action Plan”.
- A critically important element for the full range implementation of U.S.-Armenia economic initiatives is the negotiation of a Double Taxation Treaty, as well as Generalized System of Preferences Agreement which will enlarge the list of goods

exported from Armenia to the US without paying customs tariff. Hence, it is recommended that Armenia should move forward in finalizing these agreements.

- Armenia should continue to preserve the current level of the U.S. financial assistance. In this case the U.S.-Armenia Economic Task Force is the most preferable format.
- Armenia should lead more effective collaboration with Armenian-American community and establish results-oriented working relationships with Armenian lobby groups, in unison with them Armenia can achieve considerable success in gaining political and material support from Congress, the White House and other federal bodies
- And finally, Armenia must take all necessary steps to develop more transparent, accountable, and responsive democratic governance. Moreover, for the upcoming parliamentary and presidential elections, it is highly recommended that Armenia do not let any violation or manipulation of the election results take place, which would affect Armenia-US relations. It is the Armenian government itself that holds the key to the future, and these elections are very good opportunity for Armenia to show the U.S. as well as International Community its eagerness to become a real democratic country and be integrated into the European structures. Meanwhile, to demonstrate the US that Armenia earned justly the right of being selected for MCA initiative.

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Appendix A:

Table 1: US trade in goods with Armenia (2000-2005)

<i>Years</i>	Export to Armenia	Import from Armenia
2000	55.7	23.0
2001	49.9	32.8
2002	111.8	30.7
2003	102.8	37.6
2004	90.7	46.1
2005	65.5	46.2

Note: All figures are in millions of U.S. dollars.

Source: U.S. Census Bureau; Web page: <http://www.census.gov/foreign-trade/balance/c4631.html>

Table 2: U.S. Assistance to Armenia – Fiscal year 2006

Democracy Programs	\$16.0 million
Economic & Social Reform	\$41.3 million
Security & Law Enforcement	\$12.2 million
Humanitarian Assistance	\$1.6 million
Cross Sectoral Initiatives	\$5.3 million

Source: www.state.gov/p/eur/rls/fs/c11131.htm