

# THE CAUCASUS: FROZEN CONFLICTS AND CLOSED BORDERS

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## HEARING BEFORE THE COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES ONE HUNDRED TENTH CONGRESS SECOND SESSION

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## **THE CAUCASUS: FROZEN CONFLICTS AND CLOSED BORDERS**

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**WEDNESDAY, JUNE 18, 2008**

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON FOREIGN AFFAIRS,  
*Washington, DC.*

The committee met, pursuant to notice, at 10:12 a.m. in room 2172, Rayburn House Office Building, Hon. Howard L. Berman (chairman of the committee) presiding.

Chairman BERMAN. Good morning. The committee will come to order. I will now give what we refer to as an opening statement.

Between the Black Sea and the Caspian Sea lie the countries of the Caucasus: Armenia, Azerbaijan and Georgia. Due to the disputes that have festered over the course of many years there are enough compelling questions involving these three countries and their neighbors to occupy us all day long. During the course of this hearing, I would like to focus on the frozen conflicts affecting economic and political integration in the region and how U.S. foreign policy is responding to them.

I would like to start with one of the most puzzling and problematic matters, the Turkish land blockade of Armenia in place since 1993. It is a punishing policy that holds the Armenian economy back and enormously increases the cost of much of Armenia's trade with other nations. The land blockade is also quite possibly illegal, as it seems to breach Turkey's undertaking in the 1922 Treaty of Kars to keep its border crossing with Armenia open. And it violates the spirit of the World Trade Organization of which both Turkey and Armenia are members.

It is baffling why Ankara would want to pursue this land blockade, which also harms the economy of eastern Turkey and is, therefore, clearly contrary to its own interest. It is no secret that many Turkish businessmen, especially in the east, have been lobbying for lifting the land blockade. It also seems manifestly contrary to the strategic interests of Turkey which purports to be a solid member of the Western Alliance. Without an outlet to Turkey or Azerbaijan, Armenia is forced to rely on its connections to two of Turkey's historic rivals, Russia and Iran. And given how antithetical the Iranian regime is to the secular, modern Turkish Government, it seems odd that Ankara would want to undertake any actions that will enhance Tehran's influence in Yerevan.

Furthermore, the land blockade has done absolutely nothing to persuade Armenia to alter its policies on the Nagorno-Karabakh issue, the ostensible cause of the land blockade in the first place. Nor is there any prospect that it will do so. Armenia has dem-

onstrated its resolve to support the Armenians of Nagorno-Karabakh. Turkey is more likely to win influence with the Armenian Government if it pursues a policy of good neighborliness than if it slams the border closed.

Why hasn't the State Department, which opposes the land blockade, spoken out more forcefully on this matter? Certainly it is in our interest to diminish Iran's influence among its neighbors, not to enhance it. Ambassador Fried, I am hoping you will lay out for us the steps our Government has taken and is taking to convince our ally Turkey to once and for all end this counterproductive practice of closed borders.

And by no means is Turkey Armenia's only problem in the region. I am deeply concerned by the series of increasingly bellicose statements made over the past year about Nagorno-Karabakh by senior Azerbaijani officials, as well as the steady increase in Azerbaijan's defense budget as that nation acquires more oil wealth. The serious breakdown earlier this year in the 14-year-old cease fire has been widely blamed on Azerbaijani provocation.

Mr. Ambassador, how do you see this situation? And what is the status of negotiations over the Nagorno-Karabakh?

Turning to Georgia, in recent weeks we have seen increasingly aggressive Russian behavior toward the region of Abkhazia. Moscow has established official ties with the separatist government there, issued passports and citizenship to its residents, dispatched a Russian jet to down a Georgian reconnaissance craft, and deployed railway troops to the region under dubious pretenses. It was dispiriting to hear the new Russian President Dmitry Medvedev dismiss offers of foreign mediation of this conflict during his first official meeting in early June with Georgian President Mikheil Saakashvili.

Although the United States and the European Union expressed support for the Georgian President's peace initiatives during their recent summit in Slovenia, follow-up efforts by E.U. foreign policy chief Javier Solana and your deputy Matt Bryza to encourage peace talks have garnered little traction.

Mr. Ambassador, what steps will this administration take in the coming months to help prevent further escalation of this conflict? And do you support calls for the Russian-dominated CIS peacekeeping force to be replaced by a neutral E.U. contingent as one means of mitigating the conflict?

And finally I would like to address an issue with long-term implications for U.S. foreign policy throughout the region: The prospect of democratization and political development in the South Caucasus.

Lately, in the wake of elections in the region, there has been a worrying trend of large-scale protests and forceful police reaction. This explosive combination has the effect of silencing the opposition and strengthening ruling political regimes in a region that is still struggling to establish its democratic credentials. Last fall the Georgian Government imposed a sweeping state of emergency following demonstrations by thousands of protestors over a government that appeared out of touch with the people.

Armenia experienced violent clashes that left eight people dead following March Presidential elections.

And Azerbaijan could suffer a similar fate during its Presidential elections in October, as the government is already cracking down on the media and opposition.

Mr. Ambassador, we would welcome your assessment of the democratic prospects of these countries which are of such great strategic importance to the United States. Given unstable regimes and considerable political acrimony, what is the potential for fostering sustainable dialogue on the multi-party parliamentary level? I would also be grateful if you could address the question of how the U.S. administration is holding these governments accountable for human rights abuses while at the same time working to achieve lasting peace between them.

It is a tall order. We do not have all the time in the world to address all the matters we would like to today, so I am going to stop at this point and turn to my colleague and friend, Ileana Ros-Lehtinen, the ranking member of the committee, for any comments she may wish to make.

Ms. ROS-LEHTINEN. Thank you so much, Mr. Chairman.

Secretary Fried, welcome back to the committee. I look forward to your testimony and your comments concerning the Caucasus, a region that should get more attention than it does these days. Some critical interests and issues in that region in which the United States has much concern include energy transit, the rise of Islamic insurgency, and separatist conflicts that may boil up into a wider conflict.

Most recently, we have seen rapidly escalating tension between Georgia and Russia. Russia is playing a very destabilizing role within Georgia, and there is no longer any doubt that Russia has been and is supporting separatist regions in Georgia with arms and outright military support.

A key question for this hearing then is whether Russia is following a similar pattern in the rest of the Caucasus. Our hearing is focused on Georgia, Armenia and Azerbaijan, the three independent states of the South Caucasus. But we often forget that the other half of the Caucasus, the northern part, lies within Russia. There, also, we see a great deal to be concerned about. The brutal Russian military tactics of recent years appear to have defeated the separatist rebellion in Russia's Chechnya region. The spread of Islamic extremism and continuing bombings, attacks and deaths across the North Caucasus, however, demonstrate that there is danger just below the surface. Thus, we cannot really engage in a discussion about the Caucasus, either the independent states in the south with their separatist conflicts, or the Islamic turmoil in the north, without talking about Russia. We need to be clear-eyed about what Russia is actually doing and what it wants in that region.

Secretary Fried, you have done great work in the search for stability and democracy in this region. You have also undertaken important efforts to draw attention to the role of this region in ensuring future energy security for Turkey, for Europe and, ultimately, for us here in the United States. It now seems clear that the Russian Government is determined to increasingly dominate future energy supplies to Europe and use that growing dominance to directly influence political decisions in Europe. This is a vital issue that

neither we nor the European Union have yet to fully address, but the existence today of the oil pipeline that stretches across the Caucasus from Azerbaijan to Turkey free of Russian control demonstrates that United States leadership can accomplish great things.

The proposed Nabucco natural gas pipeline, which would bypass Russia and ensure safe transit of Caspian and Central Asian energy to Europe, is now an important goal for our foreign policy toward this area. I encourage you to make that clear not just in Europe, Turkey and the Caucasus, but also here at home, highlighting how important this region is for our energy needs. Your recent tenure as Acting Undersecretary of State appears to indicate that your views do carry much weight at high levels.

Again thank you, Secretary Fried, for coming to testify today. I have a number of questions that I will ask my good friend, the chairman, to submit in writing for me. And I hope that you will ensure that their answers are expeditiously provided.

Because we have two members on our side who are extremely interested in this issue, Mr. Chairman, I ask unanimous consent that the written statement of our colleague from Pennsylvania, Congressman Bill Shuster, be entered into the record. Mr. Shuster has a longstanding interest in the issues before us today, and I thank Mr. Tancredo, who will yield his time to Mr. Shuster to be able to ask questions. I will be yielding my time to Mr. Knollenberg, who has a deep and abiding interest in this region. I am honored to have both of them join us today. Thank you so much. And with that, I yield back.

Chairman BERMAN. Well, thank you. And as I was looking at the crowd I thought maybe it would be good to allow 1-minute opening statements. Neither the chairman nor the ranking member of the relevant subcommittee are here right now, so I thought we would just open this up if you don't mind sitting through our stories.

Mr. FRIED. It would be a pleasure, sir.

Chairman BERMAN. I would hope so.

And we will have 1-minute opening statements, but 1-minute opening statements. And after the members of the committee have asked questions I am going to allow some questioning by a few of the members, people who are here who are not members of the committee, Mr. Schiff for instance. Used to be a member of the committee.

So, with that, I recognize first Congressman Green.

Mr. GREEN. Thank you, Mr. Chairman, for holding the hearings. And I would like to, like my colleagues, welcome Secretary Fried to our committee.

In 1991, Armenia, Azerbaijan and Georgia gained their independence. Since, the region has been plagued by various spiritual disputes that continue to be a delicate political issue for the international community. Recently I met with representatives of some of the countries and there is no doubt that these conflicts are hindering the prospects for regional cooperation, peace and stability. It is in the international community's interests that we see these issues are resolved. These countries are a gateway to the east and house an immense amount of natural resources, particularly Azerbaijan. And this has been going on for 17 years.

And, Secretary Fried, I look forward to your insight on how we may move forward. It seems like each of those countries has territorial disputes, between Armenia and Azerbaijan, obviously Georgia and the two break-away areas along with Russia. And I am curious, because of this Armenia is partnering with Iran on many more projects. And I am hopeful that maybe you have something positive to report about the closed door meetings in May between Azerbaijan and the Armenian President.

Mr. Chairman, I ask unanimous consent the remainder of my statement be placed in the record.

Chairman BERMAN. Without objection it will be.

The time of the gentleman has expired. The gentleman from California, Mr. Royce, is recognized for 1 minute.

Mr. ROYCE. Thank you, Mr. Chairman.

Ambassador Fried, the thing that concerns me most here are the words of the President of Azerbaijan. The petrodollars flowing in there, over \$1.3 billion spent in weapons, aircraft, ammunition, military equipment that is being moved to the border by Azerbaijan, the President's comment that he is ready to liquidate—ready to liberate our territories, the minister of foreign affairs, the defense minister, he says that the chance of war with Armenia is close to 100 percent.

And during your testimony I hope you will discuss what you make of this rhetoric and what we can do to deter, in any way possible, the use of these petrodollars to buy such an abundance of military equipment that apparently might be brought into play here to start a war in the Caucasus by Azerbaijan given this attitude, this unfortunate attitude by the government there.

Chairman BERMAN. The time of the gentleman has expired.

The gentlelady from Texas, Ms. Jackson Lee, is recognized for an opening statement of 1 minute.

Ms. JACKSON LEE. I thank the distinguished chairman. It is an important hearing. And as I look at what we can accomplish, Mr. Secretary, and what could not be accomplished would view it as a little mountain and the big mountain, or the little choo-choo train that can if we work at this in terms of focusing on the Caucasus and how important it is for pending elections, for resolving conflict, for independence, and economic enhancement.

And in this hearing I am looking forward to understanding, juxtaposed against human rights and democracy, how you can make this a solidified and unified region that is intradependent and views each other as the survival key, if you will, to their own existence, meaning that they find collaboration as opposed to conflict.

I would hope, Mr. Chairman, and I thank you for holding this hearing, that the Caucasus, although they may be in varying political and regional upheaval, that this hearing will give us a roadmap to providing cooperation and democracy and respect for human rights.

Chairman BERMAN. The time of the gentlelady has expired.

The gentleman from Colorado, Mr. Tancredo. The gentleman passes.

The gentleman from North Carolina, Mr. Miller.

Mr. MILLER. Mr. Chairman, as much as I hate to disappoint, I have no opening statement either.



Chairman BERMAN. All right. Mr. Poe.

Mr. POE. Thank you, Mr. Chairman.

I am concerned about Russia. Russia's intentions may not be as pure as they claim they are, especially in the Caucasus. And so I am looking for some very candid responses on what Russia is up to now.

And with that I yield back. Thank you, Mr. Chairman.

Chairman BERMAN. The gentleman from Georgia, Mr. Scott.

Mr. SCOTT. Thank you very much, Mr. Chairman.

I, too, am very much interested in Russia, particularly in view of the fact that between Russia and Iran they both control about 44 percent of all the natural gas reserves in that region. Very concerned about and interested in the progress of the multiple pipelines that are moving through there.

Having just returned from that region a couple of weeks ago and visiting Turkey and understanding and knowing the significance of its alliance, its strategic geographical placement, Turkey begins to emerge as even a more important player, particularly as we deal with energy, the geopolitics of that region, and the importance of making sure that we are able to be a positive influence in trying to bring stability to that region to make sure that Turkey and its neighbors Armenia, Azerbaijan and all of these areas and these nations are working cooperative together.

So I look forward to your testimony, Secretary Fried.

Chairman BERMAN. The gentleman from South Carolina, Mr. Barrett, for 1 minute. Okay.

The gentleman from California, Mr. Sherman.

Mr. SHERMAN. Thank you.

Chairman BERMAN. Recognized for 1 minute.

Mr. SHERMAN. The United States has supported the concept of self-determination so many places in the world we ought to recognize self-determination for the people of Nagorno-Karabakh. We have supported independence for Kosovo, we ought to take some of those same attitudes and apply them to the Nagorno-Karabakh conflict.

Second, we have to fight the blockade. There is no excuse for it and there is no excuse for us to be aiding Turkey while Turkey tries to strangle one of our friends. Certainly the United States will have more freedom of action as we develop a sounder policy in Iraq. And then I look forward to a government acting in the Caucasus in a responsible manner.

I yield back.

Chairman BERMAN. The gentleman from Michigan, Mr. Knollenberg.

Mr. KNOLLENBERG. Thank you, Mr. Chairman. Thank you very much. And I do want to also thank the ranking member for yielding to me. I appreciate that, Mr. Chairman. Thank you for allowing me here this morning.

Mr. KNOLLENBERG. I want to extend my appreciation to the chair and the ranking chair but also to all the members that are here. And I would like to ask that my statement be placed in the record.

Chairman BERMAN. Without objection.

Mr. KNOLLENBERG. Thank you.

Secretary Fried, as co-chair of the Congressional Caucus on Armenian issues in the Caucasus region and the issues revolving around that region it is extremely important to me, this whole thing is. I strongly believe there is no greater threat to the region than the ongoing buildup to war by Azerbaijan and their threats toward Armenia.

You and I have had discussions; we have talked about some of these. I have a number of quotes from the President of Azerbaijan and other high ranking officials, government officials, that are evidence of Azerbaijan's intent to go to war with Armenia. And I could quote many of those. There is one in particular that is more recent than our conversation.

Chairman BERMAN. The time of the gentleman has expired but you will have another chance.

Mr. KNOLLENBERG. Oh, I see. I thought this was it.

Chairman BERMAN. It is not.

Mr. KNOLLENBERG. I will get back to it later. Thank you very much.

Chairman BERMAN. No, this is not the questions, this is the 1 minute.

All right, on the committee, the gentlelady from California, Ms. Watson.

Ms. WATSON. I will pass.

Chairman BERMAN. Passes.

The gentleman from Fresno, California, Mr. Costa.

Mr. COSTA. Yield my time.

Chairman BERMAN. The gentleman from California, Mr. Schiff, recognized for 1 minute.

Mr. SCHIFF. Thank you, Mr. Chairman, both for holding the hearing and allowing me to participate. I know part of the impetus behind the hearing is to explore the issue of the blockade of Armenia, and that is the subject matter which I wish to raise with you, Mr. Secretary, as well.

As a result of the blockade, which has been in effect since 1993, Armenia has really struggled economically, blockaded by Turkey, blockaded by Azerbaijan. Armenia has enormous human capital but 90 percent of its trade has to go through Georgia. This has had a stranglehold on its economy for years. It is something that seems like more than an anachronism in the modern day world, and in particular in the Caucasus. It violates, I know, U.S. policy.

And I know we have urged an end to this blockade but it seems the steps we have taken have been ineffective. And I look forward to hearing your thoughts on how we can take action to end this destructive blockade.

I thank you, Mr. Chairman.

Chairman BERMAN. The time of the gentleman has expired.

Mr. Shuster.

Mr. SHUSTER. Thank you, Mr. Chairman, for allowing me to participate in this hearing today. I have a great interest in the region as the co-chair of not only the Azerbaijan Caucus but the Georgian Caucus. I have traveled to the region. And I believe this is one of the key areas of the world, but we have got to find stability. Not only do we have Russia trying to establish dominance in the energy world, but we have, on the southern border, we have Iran, which

is a terrorist state. And we have great friends and allies in this part of the world that not only can help us with our energy needs and the problems we face, but also in the war on terror. They are sending troops. They are, as I said, they are great friends.

And the situation over there, we have got to find a solution to it not only because of U.S. interests but also because of the interests of the people that live in that region. And I believe that Armenia, part of the problems its been struggling with can be solved economically, surrounded with Turkey, Georgia and Azerbaijan that have economies that are growing and are prosperous, and emerging democracies on top of that. So I would urge us to work together to solve those problems because it is a critical part of the world.

Thank you.

Chairman BERMAN. The time of the gentleman has expired.

Is there any other member who has not given his 1-minute or her 1-minute statement or waived their right to give it, wish to give it now?

[No response.]

Chairman BERMAN. If not, then we will go directly to Assistant Secretary Fried and look forward to hearing from you.

**STATEMENT OF THE HONORABLE DANIEL FRIED, ASSISTANT SECRETARY, BUREAU OF EUROPEAN AND EURASIAN AFFAIRS, U.S. DEPARTMENT OF STATE**

Ambassador FRIED. Chairman Berman, members of the committee, thank you for the opportunity to discuss the South Caucasus.

In 1989—

Chairman BERMAN. Let me interrupt you. I am new at this job and I did not give you the proper introduction. So I am going to do that because that is what will really give your words weight.

No, they would have great weight on their own.

Ambassador FRIED. Grateful for that, sir.

Chairman BERMAN. It is good to have you back. Ambassador Daniel Fried, who is now the assistant secretary for the Bureau of European and Eurasian Affairs at the Department of State. Previously served as special assistant to the president and senior director for Europe and Eurasian affairs at the National Security Council. His distinguished career has also included service in the former Soviet Union and as a senior advisor on European policy for multiple administrations.

In addition, he served as the U.S. Ambassador to Poland from November 1997 through May 2000. And in the couple interactions I have been able to have with him since I became chairman, I find him a very impressive individual. And I look forward to his testimony.

Take it away.

Ambassador FRIED. Thank you, sir.

In 1989, a wave of democracy began sweeping eastward from Central and Eastern Europe as people there regained their sovereignty and started building democratic, free-market societies, seeking to join the transatlantic community. The success has been astonishing. Europe, with the partial exception of the Balkans, is now united and either in or closely associated with the European

Union and NATO. The question is still open about how far this wave of freedom and democracy will reach, but we know this: Whether the South Caucasus can join Europe and its institutions is being contested now.

The United States wants to help these nations travel the same path toward democratic and market-based economies that so many of their neighbors to the west have traveled. We do not believe that any outside power should be able to threaten or block the sovereign choice of these nations to join the institutions of Europe and the transatlantic family if they so choose and if we so choose.

I would like to briefly discuss Azerbaijan, Armenia and Georgia, the challenges they face, and our efforts to support them. First Azerbaijan.

I want to thank Azerbaijan in this forum for contributing troops in Iraq and Afghanistan and support for our supply networks there. We also appreciate Azerbaijan's past support for NATO's peacekeeping force in Kosovo, as well as its counterterrorism efforts at home. For the past 3 years Azerbaijan's energy resources have made it the world's fastest growing economy. Azerbaijan is emerging as one of Europe's critical near-term alternative sources of natural gas.

One task facing Azerbaijan is how to manage this enormous influx of wealth without distorting its economy or its political system. The state oil fund of Azerbaijan provides a tool for doing so, provided it continues to receive wise oversight.

Another critical task is to build strong democratic institutions. And we have concerns about ongoing pressure in Azerbaijan on the independent media and civil society.

Azerbaijan's greatest foreign policy challenge is to find a peaceful resolution of the Nagorno-Karabakh dispute. The United States in its role as co-chair of the Minsk Group is actively pursuing a diplomatic resolution. While we support Azerbaijan's territorial integrity, Nagorno-Karabakh's final status must be determined through negotiations and a spirit of compromise that respects international legal and political principles.

President Aliyev and Armenian President Sarkisian have affirmed their commitment to working within the Minsk process and to continue discussions on the basic principles document which provides a framework for settlement. Renewed fighting is not a viable option. We have concerns about occasional bellicose rhetoric from Azerbaijani officials and we have urged the government, and will continue to urge the government, to focus on a peaceful resolution of this dispute, noting the benefits resolution would bring for all of the Caucasus.

On Armenia let me also start by thanking the government for its continued troop assistance in Iraq and its recent decision to double its troop contribution level in Kosovo to 70. Armenia has the potential to be a great success story but its recent history has been one of difficulty. Its post-independence war with Azerbaijan over Nagorno-Karabakh led to closed borders with both Azerbaijan and Turkey which exacerbated post-independence political and economic stresses.

Happily, the past decade has brought an economic turnaround. Supporting Armenia's regional integration is a priority for the

United States. That can better be achieved and can only be achieved with a peaceful, just and lasting settlement of the Nagorno-Karabakh conflict that I discussed earlier.

The United States supports the opening of the Turkish-Armenian border and normal relations between Armenia and Turkey. Reconciliation will require political will on both sides and does require dealing with the sensitive and painful issues, including the issue of the mass killings and forced exile of up to 1.5 million Armenians at the end of the Ottoman Empire. Turkey needs to come to terms with its history. And for its part, Armenia should acknowledge the existing border with Turkey and respond constructively to efforts that Turkey may make.

At home, Armenia needs to strengthen its democracy, including respect for human rights and fundamental freedoms, and regain the democratic momentum that was lost after the flawed Presidential election in February and its violent aftermath. The U.S. has called for an investigation and prosecution of anyone, on either side, who used violence during that time. We seek release of all arrested for political reasons. And I note that some have been released in recent days. We seek timely and substantive steps by the government to put Armenia back on a democratic path and sustain our engagement through the Millennium Challenge Account.

These setbacks in Armenia's democratic development deeply concern us but we are committed to working with Armenia's leaders as they take the necessary steps toward democracy, as we hope they will.

Before the 2003 Rose Revolution, Georgia was often described as a failed state. Since then, Georgia has enjoyed rapid growth and a marked decline in corruption. Its challenge at home now is to build strong democratic institutions and processes.

Georgia also faces security challenges. Its desire to join NATO has provoked a campaign of pressure from Russia. Moscow has closed its land border with Russia, suspended air and ground links and imposed embargoes against Georgian exports. Moscow has also taken steps to increase its relationship with separatist authorities in Georgia's Abkhazia and South Ossetia regions where Russian peacekeeping forces have been deployed since the early 1990s. In the last 2 months, Russia has twice increased its military posture in Abkhazia without consultation with Georgian officials. In April, Russia sent combat troops to Abkhazia as part of its peacekeeping force. And in May, Russia dispatched troops to Abkhazia to repair a railroad link to Russia without even the pretext of being part of a peacekeeping operation.

These steps counter Russia's own professed policy of supporting Georgia's territorial integrity, damages Russia's role as a facilitator of the U.N.'s mediating process in Abkhazia, and risks destabilizing the broader Caucasus region. The United States supports Georgia's territorial integrity within its internationally recognized borders, and we hold that Abkhazia's status should be determined through a negotiated compromise. We have called on Moscow to reverse its unconstructive actions taken recently and work with us and with others in a diplomatic process to resolve these conflicts. A good start would be the peace plan proposed by President Saakashvili that Prime Minister Putin has publicly supported. Georgia, mean-

while, must consider to resist the temptation of any military reaction or unwise political demand, even in the face of provocations.

The increase of Russian pressure has followed Georgia's attempt to secure a Membership Action Plan from NATO. The United States and most NATO members supported a MAP for both Georgia and the Ukraine at the April NATO Summit in Bucharest. And I would like to thank the many Members of Congress who gave this effort bipartisan support. Although there was no consensus at Bucharest for a MAP invitation, NATO leaders there stated clearly in the final communiqué that Georgia and Ukraine will become NATO members.

Georgia has work to do before it is ready for NATO membership but it has distinguished itself both through the thoroughness of its military reforms and the deployability of its troops. Today Georgia is the third largest troop contributor in Iraq, with more than 2,000 soldiers on the ground. The alliance should base its MAP decision on our own criteria, holding Georgia to high standards without any outside veto.

In conclusion, I will say that United States policy toward these countries has been to advance the frontiers of freedom in Europe. This has been true to both Democratic and Republican administrations since 1989. We will continue to work with Russia and Europe to seek peaceful resolution of regional conflicts and create an environment that will allow countries to join the Euro-Atlantic community if they wish to do so and if they meet NATO and E.U. requirements.

We will also work to settle the outstanding regional disputes: South Ossetia, Abkhazia and Nagorno-Karabakh. That wave of freedom is still moving forward. We believe that it will continue to advance if we help, and that we should help.

Thank you, Mr. Chairman, I look forward to responding to the questions you and Ranking Member Ros-Lehtinen and all the members may have.

[The prepared statement of Mr. Fried follows:]

PREPARED STATEMENT OF THE HONORABLE DANIEL FRIED, ASSISTANT SECRETARY,  
BUREAU OF EUROPEAN AND EURASIAN AFFAIRS, U.S. DEPARTMENT OF STATE

Chairman Berman, Ranking Member Ros-Lehtinen, members of the Committee, thank you for the opportunity to discuss the situation in the South Caucasus region of Europe.

Let me begin with a characterization of the overall historical context. In 1989, a wave of democracy began sweeping eastward from its origins in Central Europe. Starting that year, the peoples of Central and Eastern Europe threw off the failed systems of the past and invested their hopes and energies in a future of democratic, free market societies well-integrated with the transatlantic community. The results were so astonishing and successful that it is hard today to recall the divided Europe of less than a generation past. Europe in its narrower definition, with the partial exception of the Balkans, is now united and integrated through either membership or close association with the European Union or NATO, or both. The question remains, however, about the reach of this wave of freedom and democracy. Will it, and can it, extend to the easternmost reaches of Wider Europe?

The issue of whether the region between the Black Sea and the Caspian, the south Caucasus, can in fact join Europe and its institutions is being contested as we speak.

The policy of the United States in this region is unambiguous: we want to help the nations of this region travel along the same path toward freedom, democracy and market-based economies that so many of their neighbors to the West have traveled. We believe that the ultimate place of these nations—which are, after all, a part of Wider Europe—ought to depend on their own choice and their own success,

or lack of success, in meeting the standards of democracy, the rule of law, and responsible foreign and regional policies that the transatlantic community has established. We do not believe that any outside power—neither Russia nor any other—should have a sphere of influence over these countries; no outside power should be able to threaten, pressure, or block the sovereign choice of these nations to join with the institutions of Europe and the transatlantic family if they so choose and we so choose.

Georgia has made a choice to join NATO. The United States and the nations of NATO welcome this choice, and Georgia's neighbors should respect it. Azerbaijan has chosen to develop its relations with NATO at a slower pace, and we respect its choice. Armenia's situation is different, due to its history and currently complicated relations with Azerbaijan and Turkey, and we respect its choice as well.

To be sure, these nations and Russia need to have good neighborly relations, based on a regard for one another's interests and just basic geographic proximity, but also based on respect for the sovereignty of the nations of the South Caucasus, and, in particular, their right to find their own way in the world. The United States does not see itself in some 19th century contest with Russia for "influence," much less a sphere of influence in this region or any region. This is not zero-sum. All countries—the countries of the South Caucasus, Russia, and the transatlantic community—would benefit from a set of benign relations among all the players, great and small, in the South Caucasus. To be blunt: the United States does not seek to exclude Russia from this region. That would be neither wise nor possible.

In looking at the region as a whole, our strategic interests are focused on several issues: the advance of freedom and democracy; security, including counterterrorism and peaceful resolution of separatist conflicts; and energy. Our first strategic interest I have already described—the spread of freedom and democracy beyond the Black Sea and toward the Caspian. Each of the Caucasus countries has made important strides in this area, but each has further to go before we can say it has irrevocably chosen this path.

On the second interest, we are working with each of these governments to find peaceful ways of dealing with the separatist conflicts of Nagorno-Karabakh, South Ossetia, and Abkhazia that stem from the breakup of the Soviet Union. We are also cooperating with each government in the global fight against terrorism, and the proliferation of weapons of mass destruction, including nuclear and biological.

On the third issue, we believe it is in the interests of the Euro-Atlantic community that Caspian gas and oil resources reach European and global markets expeditiously, free from monopolistic pressures and geographic chokepoints.

Georgia, Azerbaijan and Armenia are ancient nations, but they are still new as nation states. They are navigating a double transition: they must throw off the failed communist institutions of the past and build new ones to replace them, including in many cases entirely new systems—such as modern banking and financial systems to support their newly free economies—where none existed before. The legacy of Soviet communist institutions and poor governance is a burden; as are the historical issues of ethnic strife that were exacerbated by the Soviet experience. On top of this, these countries are building new identities as modern, sovereign nation-states.

Despite sharing some common challenges, each of these three countries has taken its own path in addressing these challenges, and the picture on the ground in each country is mixed.

I would like to discuss these three states in turn, both the challenges they face, and our efforts to support them.

#### AZERBAIJAN

We have welcomed our progress with Azerbaijan in recent years on issues of security cooperation and diversification of energy supplies and pipelines, and have good, productive relations with Azerbaijani President Ilham Aliyev.

We value Azerbaijan's troop contributions—150 soldiers in Iraq and 45 in Afghanistan; President Aliyev's recent promise to double the troop level in Afghanistan would put Azerbaijan's troop strength up around 90. Azerbaijan also contributed to NATO's peacekeeping force in Kosovo, with a platoon embedded with a Turkish unit, up until Kosovo declared its independence. We appreciate Azerbaijan's steady offer of unlimited, free overflight and landing rights for our supply network for Operation Enduring Freedom in Afghanistan and Operation Iraqi Freedom. This cooperation has proceeded in parallel with advances in Azerbaijan's relations with NATO. Azerbaijan has now adopted its second Individual Partnership Action Plan, demonstrating to NATO and the United States its commitment to reforming its armed services and cooperation with the transatlantic alliance. Azerbaijan has also

taken decisive steps to combat terrorism by rounding up terrorist networks in Azerbaijan.

In the area of energy, Azerbaijan is emerging as one of Europe's critical, near-term alternative sources of natural gas. Azerbaijani gas can open the way for a new network of pipelines that will help the market, rather than a monopoly, determine the price and availability of a critical commodity. As Azerbaijan has developed a strong role as an energy source, it is also maintaining constructive relations with Russia and its neighbors on the eastern shore of the Caspian Sea, and with Georgia.

Azerbaijan has had the world's fastest growing economy for three consecutive years. This growth is being driven by energy resources, which present both a tremendous opportunity but also a challenge for the government. The government deserves credit for stabilizing the economy after the breakup of the Soviet Union. Its challenge now is to manage the enormous influx of energy wealth without distorting or corrupting the economy and political system.

The government has stated its intention to avoid what some call "the energy trap" and its State Oil Fund has helped it tackle the macroeconomic challenge of managing windfall energy revenues. The Azerbaijani government has taken the first steps to improve the business environment by implementing a "one-stop shop" for registration of new businesses. But the business and investment climate in Azerbaijan continues to be difficult, and much still remains to be done to attract foreign investment outside of the energy sector. We have urged the government to do more to limit and reverse widespread corruption.

Progress in both economic and political reform will be necessary to advance our shared objectives. Democracy has been part of Azerbaijan's tradition. In its brief period of independence after the Russian Revolution, Azerbaijan established a democratic constitution, and Azerbaijan has an opportunity to build on that proud tradition as its next Presidential election approaches this October.

Yet the United States has been concerned for some time about a relative lag in democratic reforms in Azerbaijan, including respect for fundamental freedoms. We remain particularly concerned about the state of media freedoms there. Although five journalists were released by presidential pardon in December 2007, which we welcomed, three still remain in prison. The jailed include editors of the leading independent and opposition newspapers. In addition, the government has failed to seriously investigate numerous cases of violence against journalists. Perhaps as a result, much of the domestic electronic media exercises self-censorship by failing, for example, to cover the activities of opposition parties. We are working with Azerbaijan to improve journalists' professional and ethical standards. During my last visit to Baku, I met with young journalism students studying in an independent institution. I was impressed by their patriotism and simultaneous commitment to democracy. The government should nurture and support independent journalists and, as it does, it will have our support.

We are also troubled by continuing restrictions on freedom of assembly. Civil society and opposition groups are often relegated to holding public rallies and demonstrations in remote locations often inaccessible by public transport. We note that Parliament recently passed a new law on public assembly with some welcome features. Implementation of the law will be key.

We hope that Azerbaijan will use the presidential election in October—not only election day and the vote count but also, importantly, the conduct of the campaign—to demonstrate substantial democratic progress. One important factor in measuring the conduct of 'free and transparent' elections is domestic elections monitoring, and unfortunately, Azerbaijani courts recently deregistered and annulled Azerbaijan's largest independent domestic election-monitoring NGO. The United States would like to see this NGO's registration restored. While it is important that Azerbaijan permit a full and unfettered election observation by the Organization for Security and Cooperation in Europe (OSCE) Office for Democratic Institutions and Human Rights, in fulfillment of its OSCE commitments, the determination by the OSCE and other international observation missions on the conduct of the elections could be hindered by the lack of a domestic election monitoring effort.

One of Azerbaijan's greatest challenges is to find a peaceful resolution of the Nagorno-Karabakh dispute. The United States, in its role as co-Chair of the Minsk Group alongside our French and Russian colleagues, continues to actively pursue a diplomatic resolution of this problem. While we support Azerbaijan's territorial integrity, Nagorno-Karabakh's final status must be determined through negotiations and a spirit of compromise that respects international legal and political principles. An important step forward was taken by President Aliyev and Armenian President Sargsian when they met for the first time in St. Petersburg on June 6 to discuss the resolution of the conflict, after which they met with the Minsk Group Co-Chairs. Both sides reaffirmed their commitment to working within the Minsk process and



expressed their readiness to continue discussions on the “Basic Principles,” a document developed under the auspices of the Minsk Group that lays out the basic framework for a lasting, peaceful settlement.

As Azerbaijan’s income from its rich oil and gas resources rises dramatically, we continue to urge its leadership to use these revenues wisely for both current and future generations. We hope that the Azerbaijani government will avoid the temptation of thinking that renewed fighting is a viable option. In our view, it is not. We have noted our concern with persistent bellicose rhetoric by some Azerbaijani officials. We have urged the government of Azerbaijan to focus on the peaceful resolution of the Nagorno-Karabakh dispute and its resultant benefits for regional integration, which will lead to greater prosperity and stability for the entire Caucasus region.

In sum, Azerbaijan has the opportunity to accelerate its economic and political development, to build on its successes in establishing good relations in its region, and to settle the Nagorno-Karabakh dispute.

#### ARMENIA

Armenia can be a great success story, but its recent history has been one of difficulties. The Armenian people have demonstrated extraordinary resilience through their long history of hardship and tragedy. Achieving independence from the Soviet Union in 1991, the new republic was also rising from the ruins of a catastrophic earthquake in 1988. That event mobilized aid from around the world, including the first U.S. humanitarian mission in the Soviet Union, and a wave of support from Armenian Diaspora groups.

This effort to rebuild was strained by the war in Nagorno-Karabakh, which led to an energy embargo and closed borders with both Azerbaijan and Turkey, exacerbating the post-independence political and economic stresses.

Despite those hardships, however, the last decade has witnessed an economic turnaround in Armenia, with double-digit GDP growth year upon year coupled with, until recently, low inflation. The Diaspora community around the world continues to extend its hand to Armenia, in both humanitarian and philanthropic giving and direct investment. Through their advocacy and indications of a will to reform, Armenia in 2006 entered into a Millennium Challenge Corporation compact worth \$236 million. I also can’t let this opportunity pass without thanking Armenia for a recent doubling of its troop level in Kosovo to 70 and the continuation of the Armenian troop presence in Iraq, which numbers 44.

Yet Armenia faces serious challenges today: geographic isolation, widespread corruption, and recent setbacks to its democratic development. Supporting Armenia’s regional integration is a particular priority for the United States.

One 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.

Achieving normal relations between Armenia and Turkey is another principle concern. As a key part of that effort, the United States supports the opening of the Turkish-Armenian border. The status quo is not helpful to anyone. Fortunately, 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 U.S. also supports more cross-border dialogue and cooperation between the people of Armenia and Turkey through research initiatives, conferences, and exchange programs. An example of this cross-border exchange, supported by U.S. assistance funds, was the performance of the Armenian Komitas Quartet in Istanbul last week, and the scheduled performance of the Turkish Bosphorus Quartet in Yerevan today.

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.

In the short term, however, Armenia's greatest challenge is to strengthen its democratic institutions and processes, including respect for human rights and fundamental freedoms, and regain democratic momentum lost after the significantly flawed presidential election in February and its violent aftermath. There had been some positive signs before the election, such as the invitation of a robust election observation mission from OSCE's Office of Democratic Institutions and Human Rights (ODIHR), and certain electoral reforms. But our concerns grew during the lead-up to the vote, when international observers noted a biased media environment, with the state media vilifying former President Ter-Petrossian and other key opposition candidates. Media outlets such as Radio Liberty that provided balanced coverage to opposition candidates faced intimidation and harassment, which continues to this day. The pro-opposition TV station, Gala TV, continues to be investigated, ostensibly for tax reasons, in what is widely seen as a government move to silence coverage viewed as unfavorable to the ruling party.

The election itself was marred by credible claims of ballot stuffing, vote buying, intimidation and even beatings of poll workers and proxies, and other irregularities. Recounts were requested, but ODIHR observers noted "shortcomings in the recount process, including discrepancies and mistakes, some of which raise questions over the impartiality of the [electoral commissions] concerned." OSCE observers were also harassed in the period following the election.

When peaceful mass protests followed the disputed vote, the United States and others pressed continuously for the government of Armenia to refrain from responding with force. However, on March 1, within hours of formal assurances by the Armenian government that they would avoid a confrontation, police entered the square. Ensuing clashes later in the day between demonstrators and security personnel led to at least 10 deaths and hundreds of injuries. Mr. Ter-Petrossian was taken to his residence by security forces, where he appeared to remain under de facto house arrest for weeks. A State of Emergency (SOE) was declared in Yerevan. Freedom of assembly and basic media freedoms were revoked. Opposition newspapers were forced to stop publishing and news websites were blocked, including Radio Liberty. The government then filled the information void with articles and broadcasts disseminating the government version of events and attacking the opposition. While it was alleged that some protesters were armed before the March 1 crackdown, there have been no convictions to date on such charges.

Mass arrests of opposition activists, especially demonstration organizers, soon followed. Since then, numerous activists have been imprisoned on questionable charges. Some have fled the country while others remain in hiding. Of the cases that have come to court, several defendants have been given harsh sentences for seemingly small offenses.

I contacted now-President Sargsian on March 1 and shortly afterwards asked my colleague, Deputy Assistant Secretary Matthew Bryza, to go to Yerevan, where he met with all sides, including then-President Kocharian, President-elect Sargsian and Mr. Ter-Petrossian. Since then, we have sought to foster dialogue between the parties with the aim of restoring full freedom of speech and assembly and securing the opposition's pledge that protests will be peaceful. We have criticized the government's crackdown and have called for the immediate release of all those who have been detained for political reasons. The CEO of the Millennium Challenge Corporation (MCC), Ambassador Danilovich, sent a public letter on March 11 to President Kocharian warning that the election and post-election events threatened Armenia's eligibility for MCC funding absent a demonstrated commitment to democratic practices.

The Armenian government allowed the State of Emergency to expire after 20 days, which allowed re-establishment of most print and on-line media freedoms, though coverage of the political opposition is still limited on television, where almost all stations are loyal to the government. In addition, many of the SOE restrictions were hastily written into law before the SOE expired, giving the government vast latitude to prohibit and prevent demonstrations and rallies. Furthermore, Armenia's tax authorities have begun intimidating investigations of four opposition newspapers. While the military presence on the street has ended, the police presence remains palpable, particularly in Freedom Square, where access is still being denied to opposition activists who participated in post-election protests there. Reports of intimidation and arrests of opposition activists continue.

The United States has called for an independent investigation into the events of March 1 and 2, and prosecution of anyone who used violence on either side. We seek full restoration of all basic freedoms in both law and practice. We seek a national dialogue among the government, opposition, and civil society leaders to chart new electoral reforms and perhaps conclude a "contract for democracy" that will ensure freedom of assembly in exchange for a pledge to protest lawfully and peacefully. We

want to see the release of all those who have been arrested for political reasons. And we seek timely, substantive and dramatic steps by the government of Armenia to restore the democratic momentum.

Our efforts to assist Armenia during this crisis have been hampered by the fact that we have not had an ambassador in Yerevan for nearly two years. The position was due to be filled in 2006, but the nomination got caught up in the controversy here at home over what words should be used to describe the atrocities that the Ottoman Empire committed against Armenians in the early years of the 20th century.

Whatever language we choose to describe this horrific period, the United States can best help Armenia—and Armenian-American relations—by having an experienced U.S. ambassador at the helm in Yerevan. The setbacks in Armenia’s democratic development deeply concern us as long-time friends and partners of the Armenian people, and we need all of our resources to conduct a full dialogue with Armenian officials at the highest levels of government. Armenia’s leaders are at a crossroads in their path toward democracy and they have much work to do. We are committed to working with Armenia as it takes these steps, as we hope it will.

#### GEORGIA

Before the 2003 Rose Revolution, Georgia was often described as a country near collapse—a “failed state.” Since the Rose Revolution, however, Georgia has enjoyed rapid growth and a marked decline in corruption. The World Bank named Georgia “the world’s leading economic reformer” in its 2007 “Doing Business” report, and Georgia is now rated by the World Bank as the 18th easiest country in the world in which to do business, placing it ahead of many EU member states. The Georgian government has initiated judicial reform, established fair standards of entrance into universities, and made exemplary progress in combating trafficking in persons.

Georgia’s challenge at home is to build strong democratic institutions and processes to match its commitment to economic and commercial reform. Notwithstanding progress on democratization since the Rose Revolution, Georgia has work to do, and the events this past fall marked a setback for democracy in Georgia. Large segments of the Georgian public expressed serious dissatisfaction during protest rallies in September, October, and November. This dissatisfaction stemmed from a combination of continuing poverty and unemployment, a sense the Georgian government had grown disconnected from certain segments of society, and anger over a political system that seemed to be structured to prevent the development of a vibrant opposition.

On November 7, Georgia’s Ministry of Internal Affairs forcibly dispersed protestors camped out in the vicinity of Parliament and later that day the government imposed a State of Emergency. In several confrontations that day police clashed with protestors elsewhere in Tbilisi. The U.S. government condemned the imposition of a state of emergency, the closure of the independent Imedi television station, and what appeared to be the use of excessive force by the Georgian government against protestors.

President Saakashvili addressed the crisis by taking an unusual step, calling for a snap presidential election on January 5 that shortened his term by a year. The conduct of the presidential election, in which incumbent President Saakashvili narrowly won a first-round victory, was regarded by OSCE and other observers as an improvement over previous elections, but flawed, and thus did not fully restore Georgia’s democratic reputation. Georgian leaders and citizens will long argue over whether irregularities skewed the outcome of the election. Our assessment, after careful consideration by our Embassy, was that—absent evidence to the contrary—Mikheil Saakashvili had been legitimately re-elected, but that election irregularities had to be remedied prior to spring parliamentary elections if Georgia were to restore the faith of its voters and the international community in the country’s democratic trajectory.

While we have not yet seen the OSCE’s final report on the May 21 parliamentary elections, our assessment at this point is that they were a marked improvement over the January balloting. According to the preliminary assessment of international observers, including the OSCE’s Office of Democratic Institutions and Human Rights (ODIHR) and the Parliamentary Assemblies of the OSCE and NATO and the European Parliament, the election in Georgia offered the people an opportunity to choose their representatives from a wide array of choices. Georgian officials made efforts to conduct elections according to OSCE and Council of Europe commitments and standards for democratic elections.

Despite the improvements, international and domestic monitors identified a number of problems during the campaign and balloting. For example, before the elec-

tions there were allegations of voter intimidation and a lack of balance in the media, and questions about fair adjudication of complaints. We have urged the Georgian authorities to investigate all allegations of irregularities and to work with all sides to address the challenges and shortcomings identified by international and domestic observers. There are charges of violence against opposition members which we have encouraged the government to investigate expeditiously and to make the results of that investigation public.

The United Opposition has claimed that the elections were outright stolen. While we find this argument unconvincing, the Georgian body politic remains deeply polarized. As a result, Georgian democracy continues to lack a necessary element—a credible and viable opposition—and the United National Movement and the United Opposition share the blame for this shortcoming. Without a viable opposition, an empowered, independent parliament and strong, credible judiciary, and a reform process that respects dissenting voices, democracy will not be consolidated.

To sum up: Georgia's young democracy has made progress, but Georgia needs to make more progress if it is to live up to the high standards that it has set for itself. The United States will help as it can to support democratic reform, urging the Georgian authorities to take seriously their ambition to reach European standards of democracy.

While Georgia's domestic political development has proceeded, Georgia's ability to find regional and international security is at risk. Georgia has expressed its desire to join NATO, part of its overall effort to join the European and transatlantic family. As it has done so, Georgia has been subjected to unremitting and dangerous pressure from Russia, including over the separatist regions of Abkhazia and, to a lesser degree, South Ossetia. Georgian political mistakes in the early 1990s led to conflicts in these regions, and the separatists, with Russian military support, won. The Abkhaz, who comprised only 17 percent of that region's inhabitants before the war, drove out virtually all the ethnic Georgians, about 250,000 people, or nearly half of the pre-war population. The legacy of these wars has been a displaced persons problem that has placed heavy economic, social and political burdens on Georgia, and the unresolved nature of these conflicts is a major inhibitor of stability and security in Georgia.

Moscow has in recent years put economic and political pressure on Georgia: closing their common border; suspending air and ground transport links; and imposing embargoes against exports of Georgian wine, mineral water, and agricultural goods. This year, despite recently lifting some of the economic and transport embargoes, Moscow has intensified political pressure by taking a number of concrete steps toward a de facto official relationship with Abkhazia and South Ossetia, where Russian peacekeeping forces have been deployed since the early 1990s—up to 3,000 in Abkhazia, and 500 Russians plus 500 North Ossetians in South Ossetia. In March, Russia announced its unilateral withdrawal from Commonwealth of Independent States (CIS) sanctions on Abkhazia, which would allow Russia potentially to provide direct military assistance (though the Russian government has offered assurances that it will continue to adhere to military sanctions). On April 16, then-President Putin issued instructions calling for closer ties between Russian ministries and their Abkhaz and South Ossetian counterparts. Russian investors are known to be buying property in Abkhazia in disregard of Georgian law. Some of these properties may have belonged to displaced persons, making their eventual return even more difficult. Russian banks maintain correspondent relationships with unlicensed and virtually unregulated Abkhaz banks, an open invitation to money launderers.

Besides political pressure, Russia has also increased military pressure. Russian officials and military personnel have been seconded to serve in the separatist governments and armed forces. Two Russian officers were killed last September leading a unit of Abkhaz troops in a firefight with a Georgian unit. Russian peacekeepers in Abkhazia are specifically mandated to facilitate the return of refugees, but there has been no net return of Georgians to Abkhazia in over a decade.

On April 20, a Russian fighter shot down a Georgian unmanned aerial vehicle over Georgian airspace in Abkhazia; a UN investigation confirmed that a Russian fighter was responsible. Russia also has increased its military posture in Abkhazia without consultation with the Government of Georgia. In April, without consulting Georgia, Russia sent highly-trained airborne combat troops with howitzers to Abkhazia as part of its peacekeeping force, and in May Russia dispatched construction troops to Abkhazia to repair a railroad link to Russia.

We are very concerned about these actions, which challenge Georgia's territorial integrity and have increased tensions in the separatist regions. They risk igniting a wider conflict and call into question Russia's role as a peacekeeper and facilitator of negotiations between Georgia and Abkhazia and South Ossetia respectively.

The United States has called on Moscow to reverse its unconstructive actions and actively facilitate with us and others a diplomatic process to resolve these conflicts. We could start from the peace plan proposed by President Saakashvili and that Prime Minister Putin has publicly supported. Georgia, for its part, must continue to resist the temptation of a military reaction or unwise political demands, even in the face of repeated provocations. President Saakashvili has wisely offered to negotiate with the Abkhaz leadership wide autonomy for Abkhazia, an offer that has support in many European capitals and from the United States. Europe and the United States are working together to support a peaceful approach to the Abkhaz problem. We continue to steadfastly support Georgia's territorial integrity within its internationally recognized borders. We want to work with Russia in this effort, and Russia, if it chooses, could play a constructive role in a settlement that took account of both the parties' interests.

The increase of Russian pressure against Georgia comes in the context of Georgia's transatlantic aspirations, particularly its attempt to secure a Membership Action Plan (MAP) from NATO. The United States and most NATO members strongly supported a MAP for both Georgia and Ukraine at the April NATO Summit in Bucharest—and I wish to note appreciation for bipartisan support for this effort from many Members of Congress. Although there was no consensus at Bucharest for a MAP invitation, NATO's leaders stated flatly in the final communiqué from the summit that Georgia and Ukraine will become members. NATO foreign ministers will review Georgia's and Ukraine's MAP applications at their December meeting, and they are empowered to take this decision at that time.

Having accepted the principle of membership for Georgia and Ukraine, the United States believes that NATO should proceed at its next Ministerial meeting next December to offer them MAP. MAP is not NATO membership. But it is a way to help aspiring countries meet NATO's requirements. Georgia has work to do before it is ready for NATO membership. But Georgia has distinguished itself both by the thoroughness of its military reforms and the deployability of its troops as well as by the progress that I noted earlier. Today, Georgia is the third-largest troop contributor in Iraq, with over 2,000 soldiers on the ground in Baghdad and Wasit Province. Georgia has agreed to extend its deployment and will continue to stand with Coalition Forces in Iraq. The Alliance should base its MAP decision on these objective factors—holding Georgia to high standards, and not allowing Russia to exercise a veto over an Alliance decision.

#### CONCLUSION

The countries that I have described are diverse both in their histories and in the challenges that they face today. America's policy toward them has been steady, steadfast and supportive. The United States has consistently sought to advance the frontiers of freedom in Europe. This has been a bipartisan policy of the last three presidents. We will continue this policy by working together with Russia and the nations of Europe toward the goal of peaceful resolution of regional conflicts and creating an environment that will allow the countries I have described to join the Euro-Atlantic community if they wish to do so, and if they meet NATO and European Union requirements.

We support an open world, without monopolies, spheres of influence, or great power domination, in all aspects of development, from the energy and economic sectors to political life. With a set of consistent policies designed to support that end, we will pass on to the next administration a solid platform on which to build in this region in the future.

At the beginning, I described how a wave of freedom and democracy swept eastward after the fall of the Berlin Wall. We believe that wave is still on the move, and it will continue to advance as long as we promote the cause of freedom, democracy, and prosperity.

Thank you. I look forward to responding to your questions.

Chairman BERMAN. Thank you very much, Mr. Ambassador. And I will yield myself 5 minutes just to start the process off.

Has the Turkish land blockade affected the Armenian economy?

Ambassador FRIED. Yes, in the early and mid-nineties, less so now. The United States supports an opening of the Turkish-Armenian border. We have stated that. We have stated that publicly. We have stated that privately with the Turks. Opening that border would be a political and economic benefit not just for Armenia but

also for Turkey and for regional stability. There is no question that that is the case.

We believe that an opening of the border will take place as part of a general establishment of normal diplomatic and good neighborly relations between Turkey and Armenia. We support this. We are taking steps to work with both countries in this to this end.

Happily, I am also able to report to you, Mr. Chairman, that air links between Turkey and Armenia do exist.

Chairman BERMAN. I know that.

Ambassador FRIED. There are regularly scheduled charter flights. There is a lot of Turkish-Armenian trade that goes through Georgia. Many Armenians work in Turkey.

Chairman BERMAN. But there are issues involving land transportation that do distort trade relationships between Turkey and Armenia and put added costs on the Armenian economy, are there not?

Ambassador FRIED. Yes. There is no question that—

Chairman BERMAN. Okay.

Ambassador FRIED [continuing]. An opening of the land border would help the Armenian economy. And there is no question that we support an opening of the land border between Turkey and Armenia.

Chairman BERMAN. In recent discussions with high level officials in the Turkish Government they seem to be saying Nagorno-Karabakh and those issues have to be resolved before we would do anything here.

Your answer suggests that there is a normalization process that is starting to get underway between Turkey and Armenia that could lead to an answer to this without it being contingent on a final resolution of the Nagorno-Karabakh issue. I just want to push you on that. We are not going on with the notion that that is what the land blockade issue has to wait for, are we?

Ambassador FRIED. No, certainly not. We do not believe that an opening of the border, of the land border and Turkish-Armenian relations should be contingent on a settlement of Nagorno-Karabakh. Of course we support a Nagorno-Karabakh settlement and we are working hard to that end, but we do not regard it as a prior condition.

But I would also like to address your earlier remark and point out, as you suggested that many thoughtful Turks are looking for ways to improve ties with Armenia. They also understand that it is in their country's interest to have normal, good neighborly relations with Armenia, and we are encouraging them in that direction.

Chairman BERMAN. On a totally different subject, I would like you to deal with three issues very quickly. Are any of these countries supplying Iran with uranium? Because there is a rumor going around that there is such a connection. My guess is if there was you would know about it. One consequence of the difficulty in relationships between Turkey and Armenia is a greater role for Iran, which is in and of itself, I think, an important reason to get the end to this land blockade.

And then at this particular point on the issue of the political prisoners in—you called them political prisoners in Armenia; what

role are we playing? Could you just make a more specific reference to what we are doing there?

Ambassador FRIED. To answer those quickly, I am not aware of supplies of uranium from any of the countries of the South Caucasus to Iran. But let me take that because I do not want to try to prove a negative from memory. I am not aware of any but let me get back. I will get back to you if I learn otherwise.

Certainly your observation about the effect of Turkish-Armenian—the lack of Turkish-Armenian relations on Iran's influence in Armenia is correct. That is, Turkish-Armenian normalization would provide Armenia with greater strategic choices and would tend to blunt the leverage that Armenia may have over—that Iran may have over Armenia. So that is an observation with which I agree.

I would not use the word “political prisoners” but I would use the word persons arrested as political—

Chairman BERMAN. Mr. Ambassador.

Ambassador FRIED. Yes, sir.

Chairman BERMAN. I am going to have to interrupt your answer to my question, which I hate to do, because my time has expired. So we will get back to that later.

Ambassador FRIED. It may come up again. Thank you, sir.

Chairman BERMAN. Yes. The gentlelady from Florida is recognized for 5 minutes.

Ms. ROS-LEHTINEN. Thank you so much, Mr. Chairman. I am going to yield my time to Mr. Knollenberg, but, Mr. Secretary, I would like to ask that at some point in your remarks you discuss al-Qaeda and other extremist groups that might use the Caucasus region as a springboard to attack Europe or the United States. You do not have to do it at this time but if you can weave it in somehow.

Mr. Knollenberg. Thank you, Mr. Chairman.

Mr. KNOLLENBERG. Thank you, Madam Ranking Member, appreciate that very much. And again I apologize for the opening; I did not realize we got 1 minute down here as well.

Let me just very quickly indicate the direction I want to go here, Secretary Fried. You and I have had conversations obviously, and I want to make sure that we understand it has been a couple of months since those conversations took place, I believe, but since that time what we talked about then with respect to the attitude of Azerbaijan who, in a pro-military mood, and I might add that Azerbaijan is not a democracy, it may not be getting close, it is a dictatorship, and it has been that way. And I met with his father some years ago, I have yet to meet with this gentleman, but I think we have the same kind of leadership in the current President Aliyev that we had with the former.

I have a number of quotes from the President of Azerbaijan and other high ranking government officials that are evidence of Azerbaijan's intent to go to war. And one of those more recently than the conversation we last had says something like this: We hope that territorial—I beg your pardon—“Territorial integrity of Azerbaijan will be re-established because everything should be within certain limits. And the Azerbaijani army is the strongest in the region and is able to liberate its land.”

I have several others. "Force is a decisive factor." That is another comment coming from the current President. "The war is not yet over." "Our policies must be aggressive." "At any moment we must be able to liberate our territories by military means." Those are statements that are not exactly at any kind of peacekeeping level.

I want you to understand too, and your deputies also have had conversations with President Aliyev, but and I understand how hard you have worked, and you have told me about that with respect to checking out all of the possibilities. But and you mentioned we need to increase our pressure on the Azeri Government. And I believe you are doing that. But here is my point, here is my question. What are you doing besides merely talking to stop the Azeri war machine? Because it is a machine and they are making threats repeatedly about using it. We all know about the proximity of Azerbaijan to Armenia, to Turkey, to Georgia on the north, Iran on the south. I mean it is a tough neighborhood, we have to admit that.

What I would like to ask you is what have you done specifically since our last conversation to stop this war machine?

Ambassador FRIED. Congressman, I share your view that that rhetoric, the bellicose rhetoric that sometimes comes out of Baku is unhelpful and does not serve the interests of a settlement of Nagorno-Karabakh or of the region or, in our view, of Azerbaijan itself. What we have done, and what I have done personally, is explain to the Azerbaijani Government that warlike rhetoric can force a very damaging cycle of rhetoric, counter rhetoric and incidents.

Mr. KNOLLENBERG. And their reaction to that?

Ambassador FRIED. Their reaction is mixed. They deny that they have an intention of precipitating a conflict. They have also engaged in intensive efforts to advance a Nagorno-Karabakh peace settlement, as I described earlier, work on the Basic Principles document.

We have also explained to them frankly that Azerbaijan's wealth comes from the export of gas and oil and that a war puts that at risk very quickly. It is also the judgment of the United States that Azerbaijan does not have a military superiority over Armenia and that a war would be costly to both sides and unwinnable by either one.

Mr. KNOLLENBERG. Yes. And that is a comfort level of a sort. But it does not stop, it does not stymie the Azerbaijani to make those claims that they do have strength, that they do have the capability of moving right on through Armenia any time they want to. And they are getting funding from the U.S., which I will get into in just a moment.

But let me——

Chairman BERMAN. I think the gentleman's time has expired.

Mr. KNOLLENBERG. I thought it was 5 minutes.

Chairman BERMAN. It was. It goes fast when you are having fun.

Mr. KNOLLENBERG. I used 2 minutes. I watched the clock run here, you did not give me 5.

Chairman BERMAN. No, it was 5. Your 5 minutes, it was 5. It just seems like——

Mr. KNOLLENBERG. Well.

Chairman BERMAN. I know, when I am doing the talk——



Mr. KNOLLENBERG. I would object to that but I am not going to because I think the important thing is I want to continue to provide some questions that I would like to have your response to.

Chairman BERMAN. Well, I have to say, I mean in all fairness it was 5 minutes, number one. And, number two, the gentleman is not a member of the committee and I think we have been exceedingly generous in this regard.

Mr. KNOLLENBERG. I appreciate your attempt to be extremely gracious.

Chairman BERMAN. It was 5 minutes.

Mr. KNOLLENBERG. Thank you.

Chairman BERMAN. The gentlelady from California, Ms. Watson, is recognized for 5 minutes.

Ms. WATSON. Thank you, Mr. Chairman. And I will go very quickly. But I want to focus on the Armenian genocide. I have a very large and substantial Armenian community. I represent Hollywood, Los Angeles, California. And they have asked me this question over and over again, so now I get a chance to quiz you about it.

We know that the Armenian genocide is well documented in historical records. And I think all of us understand it is beyond denial. And I understand that the State Department has not—I guess they have asked their representatives not to use the term “Armenian genocide” when describing the massacre of Armenians in 1915. Can you explain this? This is what we are hearing. And I would like to be able to talk with my constituents about it.

Ambassador FRIED. You are correct that the killings, mass killings, murder, forced exile and brutality perpetrated against up to 1.5 million Armenians by the Ottomans in 1915 and the years after is a matter of historical record. Those are facts. They are extraordinarily well documented. And they are noted by President Bush, have been noted by President Bush every year.

Ms. WATSON. Let me just cut through this because I want to recognize the 5 minutes that we have, and I have 3.6 left. And does the United States not recognize that it was genocide? And I think you were going to lead up to that saying that we cannot determine that was genocide. Is that what you are saying?

Ambassador FRIED. Not entirely, ma’am. We have, the United States and the President have never denied any of these events. We do not use the term “genocide” to describe them.

Ms. WATSON. Why is that? It has all of the features of what a genocide is historically. Why do we take the position here against calling it a genocide? Can you explain the difference?

Ambassador FRIED. The President’s policy has been since 2001, like the previous administration—

Ms. WATSON. No, do not give me—. Why now?

Ambassador FRIED. Because we do not think the use of that—

Ms. WATSON. That it was genocide?

Ambassador FRIED. No, I did not say—

Ms. WATSON. Let me get you on record.

Ambassador FRIED. I did not say. I did not say that.

Ms. WATSON. What are you saying?

Ambassador FRIED. I said that we do not—I said that we do not use the term because we do not think that the use of that term

would contribute to a reconciliation between Armenia and Turkey, nor would it contribute to Turkey's examination of the darkest spots in its own history, which Turkey has to do.

Ms. WATSON. Okay. Let me, my time is short. Can I get you on record, you do not think what happened in 1915—this administration does not think what happened in 1915 was genocide, yes/no? Yes/no?

Ambassador FRIED. That is not—

Ms. WATSON. Yes—

Ambassador FRIED. That is not—

Ms. WATSON. Yes/no?

Ambassador FRIED. We have never denied, nor do I deny now—

Ms. WATSON. Let me get, can you give me a yes or a no?

Ambassador FRIED. Ma'am, I am trying to.

Ms. WATSON. Well, it is simply, yes or no?

Ambassador FRIED. We have never said—

Ms. WATSON. Okay, let me go on to something else. I think I am not going to get a direct.

In fact, I am going to yield back my time, Mr. Chairman, this is fruitless. Thank you so much.

Chairman BERMAN. The time of the gentlelady has expired and the gentleman from California Mr. Royce is recognized for 5 minutes.

Mr. ROYCE. Thank you, Mr. Chairman. Just picking up on the Congresswoman's point, I think for us, reading our Ambassador to the Ottoman Empire's comments at the time that "there was never the slightest idea of re-establishing the Armenians in a new country," he wrote. "They knew that the great majority would never reach their destination." He is talking to the Ottoman Empire. "And that those who did would either die of thirst or starvation or be murdered by the wild desert tribes." It really represented a new method of massacre, he said. And in 1915 he says, "The whole history of the human race contains no such horrible episode as this," referring to the Armenian genocide.

So these are the words of our U.S. Ambassador. So if this does not constitute genocide I guess what does? And what will it take to recognize the atrocity as such?

The second point I wanted to make was the one, was the comment, Ambassador Fried, that I opened with and that was the President of Azerbaijan Ilham Aliyev's comment that Azerbaijan is ready to liberate our territories, they have reached \$1.3 billion a year in expenditures and they are going to continue to grow. The defense minister's comments that the chance of war with Armenia is close to 100 percent. So, Ambassador, what do you make of this rhetoric? Is Azerbaijan indeed readying itself for war with Armenia, because that is what it would look like?

And, lastly, given the embargoes from Azerbaijan and Turkey, that blockade of Armenia is costing the Armenian economy about \$2,000 to move goods, you know, through Georgia to go around that blockade every time they move a shipment, are there any negotiations to help bring an end to this or are the two sides deadlocked?

Ambassador FRIED. Let me try to answer all three points quickly if I may. I am familiar with Ambassador Morgenthau's reports.

And his assessment was stark, stunning and, sadly, accurate. That is, there is no question that the intent was not to remove people in a peaceful way. That is why President Bush has used the term “mass killings” and “murder” to describe what happened to the Armenians in 1915 and after. These were horrific events. They should be remembered and, indeed, they are remembered. We should not sugar coat them or make them—make the memory fade.

And although the administration does not use the term “genocide,” we do not in any way minimize the importance of these events, the horror of them. And, indeed, the President has commemorated them and the sorrow of these terrible events every April 24.

Secondly, I do not believe, and it is the assessment of the United States that Azerbaijan is not, despite this unwelcome rhetoric that you referred to, preparing for war. It is participating with Armenia in a search for a solution. As I have described it, the two Presidents have met recently in St. Petersburg. This was a useful meeting. And although we consider the rhetoric to be unhelpful, we do not consider Azerbaijan to be preparing for war. We are, however, keeping that under constant review. We are watching that.

Third, Turkey and Armenia. It was interesting and important that the new Foreign Ministers of both, the Foreign Ministers of both countries exchanged greetings. When there was a new Armenian Foreign Minister his Turkish counterpart sent an official letter of congratulations and welcome. There are many Turks that are looking ahead to better relations. We are encouraging them to do that.

So a quick answer, a simple answer to your question is fortunately, no, there is not a deadlock between the two countries. We hope that their relations can be normalized, and normalized quickly.

Mr. ROYCE. Very quickly. With Radio Free Europe, Radio Liberty, now that the state of emergency was lifted I was wondering whether the broadcasts have been allowed to resume into Armenia or not?

Ambassador FRIED. I believe they have. But I will—I believe they have but if there are other problems I will get back to you.

Mr. ROYCE. And is the Web site up, if you would let me know afterwards. Thank you. Appreciate it.

I yield back.

Chairman BERMAN. The gentleman from Florida, Mr. Wexler, is recognized for 5 minutes.

Mr. WEXLER. Thank you very much, Mr. Chairman.

Ambassador Fried, it is always a pleasure to welcome you. I would like to follow some of the discussion with respect to Turkey and Armenia with a question somewhat following what I think is a very important article that was written by a gentleman Richard Giragosian titled, “Are Armenian-Turkish relations headed for breakthrough or breakdown?” And I think it is quite important to note, particularly given the emotions and passion that so many people feel regarding Armenian-Turkish relations that a historic opportunity may exist as we speak to do or create an incredibly positive environment that may in fact benefit both the Armenian and Turkish peoples.

And this article points to the statements and the positions of the newly-elected Armenian President where he calls for Turkish membership in the European Union, a progressive policy that apparently he calculates as Turkey moves closer toward Europe that that would in fact enhance Armenian national security. And likewise simultaneously statements by President Gul and Prime Minister Erdogan that seem to go much further from the Turkish perspective in encouraging a positive dialogue with Armenia. And it seems that the sides have at least at the initial discussion level set aside some of the diplomatic barriers that may have not even had the opportunity to be discussed in the past.

I see from your body language that you may have a bit of a different perspective. Oh. Oh, okay. I was just asking what, given what appears to be an opportunity where, most importantly, both sides to this equation, the Armenians and the Turks, seem to have in place elected officials that wish to engage, what are we doing to encourage both parties to follow a process that might allow them to overcome some of their historic problems?

And I apologize to be presumptuous about your body language. I thought maybe——

Ambassador FRIED. No, I——

Mr. WEXLER [continuing]. You knew things I did not know, which is most likely the case.

Chairman BERMAN. Get you an interpreter.

Ambassador FRIED. Your assessment of the public statements is in my view accurate. I think both Turkish and Armenian leaders understand that they can no longer afford for their respective national reasons to continue in a period of stasis. It does not do them any good. They are cautiously, I believe, exploring a way forward. We are encouraging them to do so.

How shall I put this? It is in the nature of such things that they are best discussed not in—the details are best not discussed in the open until things are ripe. But both sides take their responsibility seriously. And the fact that we can talk about the possibility of a breakthrough is encouraging. We are not there yet. These things are not guaranteed. But the hopeful public rhetoric and the constructive public language reflects what I believe is genuine will to move ahead. And I hope they succeed. We are trying to help.

Mr. WEXLER. Thank you. With my remaining time I was wondering if I could just ask you essentially I think in part what the chairman asked. In terms of Iran, what roles are Turkey, Armenia, Azerbaijan, Georgia playing that we should be mindful of, either in the positive or the negative?

Ambassador FRIED. All three countries have very different relations with Iran. Armenia because of its relative isolation finds it difficult to remain as distant from Iran as it might otherwise wish.

Azerbaijan has a more difficult relationship with Iran because it has been under pressure, including the Caspian Sea, from Iran. That is complicated because 20 percent, about 20 percent of Iran's population is ethnically Azeri. So there are complicated issues.

Georgia is the furthest from Iran, has the most distant relationship. Georgia wants to join NATO. It sees itself as part of Europe and works with us very closely. Azerbaijan is playing a very helpful role strategically as an energy source and conduit. Azerbaijan takes

its sovereignty seriously. That is another reason why it is best it should avoid bellicose rhetoric; that puts it into a trap, it does not open up horizons.

So we are working with all three countries. The more we can resolve issues the better off we will be.

Mr. WEXLER. Thank you very much.

Chairman BERMAN. The time of the gentleman has expired. The gentleman from Colorado, Mr. Tancredo.

Mr. TANCREDO. Thank you, Mr. Chairman. I would yield my time to Congressman Shuster.

Mr. SHUSTER. I thank the gentleman for yielding his time. Again, Mr. Secretary, thank you for being here today.

As I mentioned in opening statement, my concern for the energy in the region and what we in America are doing to promote that and assist along those lines. Most recently the President of Turkmenistan visited Azerbaijan and there are some very positive signals that came out of that. And as a follow-up, the President of Azerbaijan issued an executive order hosting an international conference of oil and gas capacity of Azerbaijan, Turkmenistan, energy, economy, environment: A strategy of cooperation.

And I think those are very, very positive developments. And my question is what are we, what is this administration planning on doing to further the Trans-Caspian Pipeline projects and other assets in that region?

Ambassador FRIED. We believe that it is in our interest and in Europe's interest to develop multiple sources of gas from Central Asia and the Caspian to Europe, sources not controlled by Russia or going through Iran. We believe that energy security comes through multiple sources in an open system, not a closed system.

We have supported the so-called Nabucco pipeline. That is a European project to take gas from Azerbaijan to Central Europe. The United States has been successful in support of the Baku-Jahajhan oil pipeline and the Shah-Deniz gas pipeline. Similarly takes oil and gas from the Caspian basin and moves it to world markets.

We have supported Azerbaijan's efforts to reach out to the new leadership in Turkmenistan and bring them into market-based, Trans-Caspian energy trade. We think that President Aliyev is right to reach out and we are supportive of their efforts.

I can tell you we are very active diplomatically working with the governments of the region. We have appointed Ambassador Boyden Gray as an energy envoy. But others in the State Department have been active at this, in this for years. And we consider this to be a European—in Europe's interest and a project we are working on closely with our European allies.

Mr. TANCREDO. Thank you. The other question I have is on the disputed territories we have been focusing on Nagorno-Karabakh but there is also if you look at the Ukraine, Moldova, Georgia, in all those countries there are disputed territories. How significant a role is Russia playing in this? In some of those countries it is pretty clear they are playing a significant role in making sure that they are destabilizing these countries. Can you talk a little bit about that in all these, and how much is Russia playing in the Azerbaijan and the Armenian disputed territory?

Ambassador FRIED. Russia is playing a constructive role in the search for a solution of the Nagorno-Karabakh dispute. We have been disappointed by Russia's role in Abkhazia where it has acted in a way that is, frankly, provocative. That is the shoot-down on April 20 by a Russian military jet of an unarmed Georgian drone. The role of Russian officers leading Abkhaz troops into fire fights with Georgians, increased troop levels, and general pressure on Georgia is not constructive.

We want to work with Russia, however, to find a solution in Abkhazia, not against Russia. It does us no good to get into a fight with Russia. We do not believe in spheres of influence, we believe in an open system to help Georgia solve the territorial disputes and then find its own way in the world.

We hope that Russia plays a constructive role in all of these post-Soviet disputed territorial issues. And Russia should respect the true sovereignty and the territorial integrity of all of its neighbors.

Mr. TANCREDO. Thank you. And a final question. Azerbaijan has been a great ally of ours, one of the first countries, I believe it was the first Muslim country to commit troops to the effort in the war on terror, cooperating with us on energy. What is the administration's view, is it time for us to eliminate Section 907 so that they do not have a hurdle to cross over every time that they are looking to America for assistance?

Ambassador FRIED. We have since 2001 been able to work much more comfortably with Section 907. We have never supported that, of course. But we also understand that we have to work—

Mr. TANCREDO. Never supported Section 907?

Ambassador FRIED. We do not, we do not support it.

Mr. TANCREDO. Yes, you had to put a waiver. Okay.

Ambassador FRIED. Yes. We have worked around, we have worked through waivers and with existing authorities and will continue to do so.

Chairman BERMAN. The time of the gentleman has expired.

Mr. TANCREDO. Thank you.

Chairman BERMAN. And the gentleman from California, Mr. Sherman, is recognized for 5 minutes.

Mr. SHERMAN. The Section 907 is part of the embarrassing history of the administration either evading congressional enactments or, as in the case of the Iran Sanctions Act, simply violating laws passed by Congress. But they continue to recognize us as an advisory body and I am glad the Assistant Secretary has decided to honor us with his presence.

Are State Department officials counseled to avoid using the term "genocide" to describe the terrible massacres of Armenians that started in 1915? And if so, does this undermine the State Department's credibility and reputation for truthfulness?

Ambassador FRIED. The State Department follows the policy that the President sets. The President has set the policy in his annual statements on remembering on Armenian Remembrance Day every April 24. So, of course, State Department officials are counseled to respect administration policy; that is natural.

At the same time, I have also made it clear to everyone in the European Bureau that they are welcome to present alternative

views on this or any other issue in-house. And I have made clear that such views will be heard and respected.

Mr. SHERMAN. What pressure is the United States putting on Turkey to lift its 15-year blockade of Armenia? And is there any tangible thing that would be in Ankara's hands today that is not there because we have not given it to them because they continue their blockade?

Ambassador FRIED. As I said before, we strongly support an opening of the Turkish-Armenian land border. And we have encouraged Turkey and Armenia to work together to normalize relations. We have continued to do so.

As I said earlier, there are various good signs that both governments take seriously the opportunity they have now to normalize relations, and this is what we are encouraging them to do. We are very active in this regard.

Mr. SHERMAN. We are active. But you cannot say, because Turkey continues to blockade, she is not benefitted in a particular way; you give them advice but no particular incentive?

Ambassador FRIED. The incentive for Turkey is that it is in Turkey's interest to have normalized relations with Armenia, and they recognize this. We are working hard to try to encourage both countries to work together. I think they recognize that it is in their interest to do so. And—

Mr. SHERMAN. Mr. Secretary, I do have another question. So the point is that we are not providing an incentive but you do advise the Turks that it is in their interest?

Ambassador FRIED. Correct.

Mr. SHERMAN. What is the administration's justification for cutting aid for Armenia in its request by 50 percent, over 50 percent, while increasing its proposed aid to oil-rich Azerbaijan and while maintaining or increasing aid to every other former Soviet republic, including those who, like Armenia, are eligible to receive MCC funds? And do you regard the MCC as, or the Millennium Challenge Account, as supplemental or as replacing other forms of aid?

Ambassador FRIED. The MCC is supplemental, it does not replace other forms of aid.

I am not sure, sir, what you mean by a cut. Our aid to Armenia Fiscal Year 2008 request is \$62 million. That is over twice what it is to Azerbaijan. Last year it was \$63 million. That is a small decrease but it is much smaller than the decrease of the overall budget. So Armenia's percentage in our overall assistance to that region has increased. Armenia—

Mr. SHERMAN. I am looking at a chart that says your request for Fiscal Year 2009 is only \$24 million.

Ambassador FRIED. Well, I have the Fiscal Year 2008, Fiscal Year 2007 numbers. We have—

Mr. SHERMAN. But this is Congress, we are writing the 2009 appropriations bills.

Ambassador FRIED. Right.

Mr. SHERMAN. When I say, you know, I am focused on the administration request. Obviously that is for 2009. Your request is down to \$24 million, less than half of what we appropriated in 2008. Why a huge cut while you want us to increased aid to an oil-rich country Azerbaijan? And can any of this be justified under the

view that the Millennium Challenge Account replaces regular foreign aid requests?

Ambassador FRIED. Well, of course the Millennium Challenge Account assistance to Armenia is over \$250 million. That is very generous and important. Our overall assistance budget has decreased sharply. In Azerbaijan much of our assistance is also on the democracy side.

Chairman BERMAN. Mr. Ambassador, I am sorry to do this, and maybe it was not clear with respect to Mr. Knollenberg, but the 5 minutes includes the questions and the answer, and so.

Mr. WEXLER. Mr. Chairman, may I have a point of personal privilege for 15 seconds?

Chairman BERMAN. That is a very limited point of personal privilege.

Mr. WEXLER. Yes.

Secretary Fried more than any other diplomat that I have come across has made himself available both to this committee and to subcommittees. And I just want to at least from my perspective set the record straight. Any suggestion that this gentleman here has done nothing, anything other than come before our committee, make himself available and respond in the most forthright and honest fashion I just want to suggest that I take great umbrage in terms of this is an extraordinary patriot. And I just thank you for the time.

Chairman BERMAN. Well, I will assume there was nothing I said that led you to the implication of a need to take the point of personal privilege.

Mr. WEXLER. Yes, absolutely.

Chairman BERMAN. I share your perspective.

Mr. SHERMAN. Mr. Chairman, I think he may have been responding to something I said.

Chairman BERMAN. Oh, well.

Mr. SHERMAN. I would like 15 seconds.

Chairman BERMAN. As a point of personal privilege?

Mr. SHERMAN. Point of personal privilege.

Chairman BERMAN. All right, 15 seconds.

Mr. SHERMAN. The Secretary is a true patriot, a gentleman, and generous with his time before Congress. He is part of an administration that treats Congress as a mere advisory body and deliberately violates the statutes that are passed as a result of this committee's work.

Chairman BERMAN. Your sins are sins of association.

Ambassador FRIED. I obviously do not share the assessment. But thank you.

Chairman BERMAN. All right. Mr. Wilson of South Carolina is recognized for 5 minutes.

Mr. WILSON. Thank you, Mr. Chairman. And thank you, Mr. Chairman, for hosting the breakfast this morning for Prime Minister Sergei Stanishev of Bulgaria. We had a, it was an extraordinary experience to have the prime minister there. It was a very positive restatement of the friendship the United States and Bulgaria have. And as we now consider the Caucasus, there have certainly been very positive developments in the Balkans. And how incredible; I was an election observer in Bulgaria 18 years ago and



on my subsequent visits to see that country evolve from totalitarianism to a dynamic, free-market democracy. In fact, the World Bank last week identified Bulgaria as one of the top ten most successful countries in reforming their economy and attracting foreign investment.

And so who would ever imagine that possibly the Balkans could be a positive example for the Caucasus. As we considered the Caucasus earlier this month, Azerbaijani President Aliyev and newly elected Armenian President Sarkisian met to discuss settling the Nagorno-Karabakh conflict. What are the most difficult issues that need to be addressed for an agreement to be reached? And what role does the United States have in bringing both countries to agreement?

Ambassador FRIED. The United States is active in the search for an agreement on Nagorno-Karabakh with France and Russia as part of the so-called Minsk Group. For the past several years we have negotiated a document called a Basic Principles which would serve as the outline of an agreement. That agreement would provide for the return of territories outside of Nagorno-Karabakh that Armenia currently occupies. It provides for populations to return to their homes. It provides for confidence building measures, for various links between Nagorno-Karabakh and Armenia.

It is a good framework. It has not been completed. Both sides are working on it and we are active in the search for a solution. Obviously, a solution would resolve relations between those two countries and open up prospects for Armenia.

Mr. WILSON. Additionally, what developments have there been at all relative to Armenia and Turkey in terms of developing normal relations? And a concern that many of us have is the blockade; is there any movement at all?

Ambassador FRIED. I am happy to say that there has been some movement. There was earlier a discussion of some of the positive statements from both Armenian and Turkish leaders about the desire to move ahead. The Turkish Foreign Minister formally greeted the—sent a letter of congratulations to his Armenian counterpart. And it is our view that both sides are exploring ways in which they can move ahead and resolve their differences.

We thoroughly support this. We strongly believe, and have said before publicly and privately, that Turkey should open its land border with Armenia.

Mr. WILSON. And it would certainly be mutually beneficial?

Ambassador FRIED. It certainly would be. Absolutely.

Mr. WILSON. Another country that I have high hopes for is the Republic of Georgia. I have actually visited troops from Georgia serving in Afghanistan and Iraq. It is an impressive country. But they were not offered at the NATO summit in Bucharest the membership action plan. What is the next step for Georgia to be considered for membership in NATO?

Ambassador FRIED. The next step will come at the December meeting of NATO Foreign Ministers. And NATO leaders at the Bucharest summit did say that Georgia and Ukraine will someday be members of NATO. So they have made a decision in principle, now it is a question of taking the next steps.

I share your high hopes for Georgia. And it is important to remember that they have been major, not simply symbolic but major troop contributors in Iraq. They seek to join the European family of nations. And it is our belief that if they measure up we should let them in.

Mr. WILSON. And I have been impressed, I have had the privilege through the Democracy Assistance Program to host members of the Georgian Parliament visiting in my home state. And it has been so impressive to meet the persons who are so dedicated to again promote free-market democracy in the Republic of Georgia. And so I wish you well on your efforts.

Ambassador FRIED. Thank you. And thank you for your support. And help for Georgia is important as we try to get them to build strong democratic institutions and support their sovereignty.

Mr. WILSON. And we wish, again, the best for them.

Ambassador FRIED. Thank you.

Mr. WILSON. Thank you, Mr. Chairman.

Chairman BERMAN. The time of the gentleman has expired. The gentleman from Georgia, Mr. Scott, is recognized for 5 minutes.

Mr. SCOTT. Thank you very much. Mr. Secretary, I would like for my questions to sort of center on energy and the security of the region, the stability in that region, and Russia and Iran and China as players in there. But first of all let me ask you what is the progress of building these multiple oil and gas pipelines so that Russia does not have, does not retain the virtual monopoly on energy exports from the Caspian region?

Specifically, the first pipeline I would like you to refer to is the Nabucco pipeline. There is some controversy there; I would like for you to give us a progress report on that pipeline and, in doing so, tell us exactly what the Russians are up to. I understand they have a counterproposal.

Ambassador FRIED. The biggest success we have had in a multiple pipeline strategy was the opening of the Bakujahan oil pipeline and the parallel Shah-Deniz gas pipeline. But you asked about Nabucco; that is another major project. It is European in origin. The United States supports it. It is for Europe to take the lead. The progress goes in fits and starts; I have to be honest with you about that. Russia seems determined to—has no enthusiasm for this pipeline. They have alternatives. We believe that it is important for Europe to have sources of gas in addition to Russian controlled and Russian sources of gas.

So we are working with the governments of the region, working with Europe to try to clear away the obstacles for the Nabucco pipeline. We believe it makes strategic sense and commercial sense.

Mr. SCOTT. Now, tell me about the progress of the Trans-Caspian oil and gas pipeline?

Ambassador FRIED. That is further back. There has been talk about Trans-Caspian gas pipelines for some time but the leaders of—the leader of Kazakhstan seems interested in moving step by step, perhaps first sending his gas over in barges, then taking further steps. In Turkmenistan at the hearing there has been some discussion of the visit by the Turkmen President with President Aliyev as Azerbaijan quite rightly reaches out across the Caspian to develop energy strategic and political ties.

So this is a project that makes sense. I think it is further down the road.

Mr. SCOTT. And how significant might oil shipments from this Caspian basin become to our own United States markets?

Ambassador FRIED. Opening up the Caspian oil to world markets benefits us in two ways. One, obviously increased production is in our interests, given energy market tightness around the world.

Secondly, it is strategically in our interests to have oil moving out not under anyone's monopolistic control but moving out in an open system where market forces can prevail. So for both of those reasons we support Caspian gas energy development.

Mr. SCOTT. Now, moving on to my concern about China, energy ties between the Caspian region nations and China affect building the pipeline to transport Caspian energy to European markets. What is your assessment of that situation?

Ambassador FRIED. The faster we can develop Caspian energy infrastructure to carry the gas to world markets and European markets, the better. That is our focus right now working with Europe. China is obviously working around the world to secure energy supplies for itself. This is a global, it is a global reality. Countries are going hunting for energy sources. There are longer term issues of nuclear power and other things. But our focus in the Caspian is to get the gas and oil moving on a commercial basis to European markets.

Mr. SCOTT. I would like to comment on this situation. It has come to our attention that between Russia and Iran they are now controlling 44 percent of all of the known natural gas reserves. What does this mean? And are you worried about it? And what does it project for the future?

Ambassador FRIED. In the time I have, we want Russia to be a modern, open supplier of energy to world markets on a commercial basis, and on that basis work with Russia.

Chairman BERMAN. The time of the gentleman has expired.

The gentleman from Indiana, Mr. Burton, is recognized for 5 minutes.

Mr. BURTON. Let me start off by digressing just a bit. I want to apologize for being in and out; I had to do some radio shows.

We are all talking about energy here today and we are talking about how important it is that pipelines be built and that we have access to it. I would just like to say to my colleagues on the other side of the aisle, you know, we have enough energy in our country to be energy independent. And here we are always talking about getting oil from Russia, getting oil from Azerbaijan, getting oil from Iran possibly, getting oil from Saudi Arabia, getting oil from our good friend in Venezuela Mr. Chavez, who does not like us very much, but we will not drill here. You know, gasoline is over four bucks a gallon and we keep talking about all these problems around the world and how it is going to affect our supply of energy. And we have our finger in our ear not paying any attention.

We can drill offshore on the continental shelf in an environmentally safe way. We can drill in the ANWR. We have probably a 300- or 400-year supply of natural gas, which is a clean burning fuel. We have oil shale that will give us tons and tons of gasoline, and we can do that in an environmentally safe way. But they say,

well, that is not going to be immediate so we have to just wait and wait and wait and continue to be dependent on everywhere else in the world.

And if a conflict breaks out in some other part of the world we sit there with our finger in our ear saying, Oh my gosh, is that not terrible that gasoline is now \$4, \$5, \$6, \$7 a gallon? What if they sink two ships in the Persian Gulf, what are we going to do then, guys?

You know, I get so sick and tired of that it just makes me—I do not understand you guys. And this should be a bipartisan issue, energy independence.

And now I will get back to the issue at hand. The Energy Department estimates that there are 7 billion to 13 billion barrels of proven oil reserves and 30 to 48 trillion cubic feet of natural gas reserves in Azerbaijan. So obviously we want to see that get to the world markets so we can kind of do something about the price of energy. But, you know, the thing that concerns me, Mr. Secretary, is that we have these areas all over the world. We have them in the Middle East and elsewhere where we see territorial questions arising, and they will not sit down and work things out. And now we are concerned about Azerbaijan maybe attacking Armenia because of a territorial dispute.

Are we doing enough to get the parties together to try to come to some resolution of this? And I know some of these differences have been going on for hundreds of years, much of it since the Turkish and Ottoman Empire. But what are we doing and what can we do to get the different organizations and countries together to resolve these problems in a civil way without conflict?

Ambassador FRIED. It is in our interests for the reasons you mentioned, sir, and for other reasons to help resolve these conflicts. We are actively involved working to resolve the Nagorno-Karabakh dispute. And I am happy to report to this committee that we have made some progress.

We are also working to support Georgia in its efforts to have peaceful resolution of its breakaway, disputes with the breakaway territories of South Ossetia and Abkhazia. This takes up an enormous amount of time because it is enormously important. The South Caucasus is an area where we have key strategic interests both because of geography, because of energy and because we believe in the advance of democratic systems. For all of those reasons we are active in the South Caucasus and will continue to be.

Mr. BURTON. Well, at a time when the world is asking and hungry for more and more energy it seems to me that the entire free world, in fact the entire world ought to be doing everything they can to make sure where there are sources of energy that we minimize the prospect of conflict because all that does is hurt the situation.

I have vented my spleen. Glad to have you here. Thanks a lot, Mr. Chairman. I yield back.

Ambassador FRIED. Thank you, sir.

Chairman BERMAN. First spleen vented in less than 5 minutes for all of us.

The gentleman from California, Mr. Costa, is recognized for 5 minutes.

Mr. COSTA. Thank you very much, Mr. Chairman. I do believe this is timely and commend you and the committee for putting this hearing together. Mr. Ambassador, it is good to have you here.

Since we are in the business I guess in part of venting spleens I would agree with my colleague's comments in the sense that we should be working on a bipartisan effort to deal with reducing our dependency on foreign sources of energy. But it is important to point out that we have, starting with the Clinton administration, and continuing with this administration, increased permits to drill, applications of permits to drill by 361 percent. And that is a fact to be commended on. And we have 28,000 permits that are now available to drill. And our companies on public lands, both onshore and offshore, are drilling on 18,000 of those permits, which means that 10,000 of them are not being currently utilized. But we ought to be figuring out ways to come together. That is not happening. And the rhetoric that we continue to pass by one another I think sadly points that out.

I want to focus on the Caucasus though. And having been to Turkey in the last 2 years and speaking with the Foreign Minister who is now the leader of Turkey, and talking about the sensitive discussions going on between Armenia and Turkey, what do you think, Mr. Ambassador, are the keys to unlocking the doors to removing the embargo, to bringing the sort of respect of nation states, given all the history that exists there? Because, clearly, I do not—I am not satisfied with the progress we are making and I would like to know if you are?

Ambassador FRIED. I will not be satisfied, sir, until Turkish-Armenian relations are normalized and they have good neighborly relations and open borders. But I think you are correct, the signs are relatively favorable. I think the missing element, the element that is missing is the political will on both sides to take the risk to reach out to the other. I think that both sides may be preparing themselves to take those important steps, and I think it would be in both sides' interests.

As was said earlier, both sides have made some public statements suggesting that they are ready. And I commend them for doing so. This is an important moment, it would serve the interests of both countries.

But to answer your question plainly and bluntly, we will not be satisfied until we have succeeded.

Mr. COSTA. But the keys to unlocking the door, I mean you try to get around the symbolic issues of the words that are used to discuss the 1.5 million Armenians that lost their lives, I mean for me it is genocide. And I told that to the Foreign Minister who is not the president. I said, you know, we had times in our country's history that we would just as soon forget. But modern day Turkey is not the Ottoman Empire. The ability for Armenia to move forward, you know, how would you describe the current discussions going on between the two countries today?

Ambassador FRIED. Promising. Promising is the word I would use. I think both sides realize that they have to get out of this cycle of focus on nothing but what divides them. And it is in both of their interests to look ahead. And then on the basis of better relations to look back and try to resolve the issues of history and memory

and the terrible events of 1915. These could be relatively hopeful times.

Mr. COSTA. What are the most promising areas that you talked about promising areas that they can work on where they can find agreement would you outline?

Ambassador FRIED. I think both sides understand that it is in their mutual interests to open the borders, to have a regular relationship, to have normal trade relations, and to get beyond the rancor and tension that has characterized so much of the past. I also find that Turkey is supportive of the efforts we are undertaking to help resolve the Nagorno-Karabakh dispute. So it is a relatively hopeful time.

Mr. COSTA. And the preconditions for blockade?

Ambassador FRIED. I think that both sides are looking at ways to resolve all of these issues. I do not think, as I said earlier, that resolution of Nagorno-Karabakh should be a precondition, but we should proceed as fast as we can to resolve that issue as well.

Mr. COSTA. Thank you. My time is up.

Chairman BERMAN. The time of the gentleman has expired. And now we welcome two additional members of the House, not members of the committee, first Mr. Schiff for 5 minutes.

Mr. SCHIFF. Thank you, Mr. Chairman. And again I appreciate your willingness to let us participate today.

Mr. Secretary, I want to talk with you about the blockade but in light of some of the comments you have made on the genocide issue I need to touch on that initially. You described the events of 1915 and thereafter as mass killing and murder. Mass killing and murder though are not synonymous with genocide, are they? You can have murder and you can have mass killings and that is not the same as a genocide, is it?

Ambassador FRIED. That is correct.

Mr. SCHIFF. But some mass killings are genocide; right?

Ambassador FRIED. That is also correct.

Mr. SCHIFF. Would you describe the mass killing during the Holocaust as a genocide?

Ambassador FRIED. Yes.

Mr. SCHIFF. Would you describe the mass killing in Cambodia as a genocide?

Ambassador FRIED. I would like to reserve only because I am not as familiar with that.

Mr. SCHIFF. Would you describe the mass killing in Rwanda as a genocide?

Ambassador FRIED. We have used that word, the administration has used that word, yes, sir.

Mr. SCHIFF. And would you describe the mass killing in Darfur as genocide?

Ambassador FRIED. I would like to reserve on that but I believe that we have used that word.

Mr. SCHIFF. You have used that word, I can tell you you have. And we should.

Would you describe the mass killing of the Armenians as genocide?

Ambassador FRIED. This administration and the President's policy is not to use that word. Although I want to be clear, we have

never denied the historical facts of the mass killings, murder, forced exile and brutality that occurred in those years. Those are matters of historical fact.

Mr. SCHIFF. I would only say, Mr. Secretary, that in your original testimony you said that we encourage Turkey to come to grips with its past.

Ambassador FRIED. That is true, sir.

Mr. SCHIFF. If we are not willing to come to grips with the past ourselves, if we are not willing to come to grips with the genocide that all reputable historians have labeled as genocide, if we, the most powerful nation on Earth are not willing to come to grips with that history, why on Earth should Turkey?

Ambassador FRIED. Congressman, that is a powerful, powerful argument. I would say this, that if we want Turkey to come to terms with the dark spots of its own history, which we believe it should, we believe that it is better not to use this word but to help and encourage Turkey and urge Turkey to open, to open its collective mind and discuss this issue.

What I have said publicly—

Mr. SCHIFF. Mr. Secretary, because my time is limited I would just say I think it is important for us to lead by example. But let me turn to the blockade.

You have said that we should decouple resolution of Karabakh with ending the blockade. And I agree completely. I appreciate the chairman's making that observation at the outset. We should push forward as aggressively as we can to resolve the Karabakh conflict peacefully, but we should decouple that from the issue of the blockade.

You have said you are encouraging Turkey to end the blockade but I do not hear you say anything with any greater specificity. Can you tell us what steps, if any, we are taking to compel Turkey to stop the blockade that is so injuring Armenia?

Ambassador FRIED. First let me state again that I completely agree with you that Nagorno, resolution of Nagorno-Karabakh should not be a precondition. Turkey should open its border with Armenia, that is our position. We are working closely with Turkey and with Armenia to encourage them to normalize their relations. There are, as I have said,—

Mr. SCHIFF. Mr. Secretary, I just have a minute left before you get cut off. Can you tell me precisely what steps we have taken, if any, beyond encouragement what steps we have taken to get Turkey to end the blockade?

Ambassador FRIED. We have encouraged them. We have told them that we believe this is in their interests. And we have worked with both governments, including Armenia, to facilitate a process of normalization of relations.

Mr. SCHIFF. I would just say, Mr. Secretary, that I think we need far more aggressive steps or we will be having this conversation 5 or 10 years from now while the blockade continues and while Armenia's economy continues to deteriorate. I do not see the progress that you referred to. I do not see it on the genocide issue where Turkey last week just convicted another Turkish writer of violating Turkish law by referring to the genocide. I do not see any progress on that front. And I do not see much progress on the economic

front either. I think the absence of specific steps we are not likely to see any change in Turkish policy.

Ambassador FRIED. I will repeat that I, we will not be satisfied or comfortable until Turkey and Armenia have normalized good neighborly relations. And I look forward to working with you and this committee to try to advance that shared objective. And I very much hope that this will not be a matter that goes on for years.

Mr. SCHIFF. Thank you, Mr. Chairman.

Chairman BERMAN. The time of the gentleman has expired.

The gentleman from Arizona, Mr. Flake, is recognized for 5 minutes.

Mr. FLAKE. I thank the chair.

Putting aside the questions of Armenian genocide, whether it was or was not, put that aside for a minute. Can you explain the benefits that accrue to us, the United States, for having a close relationship with Turkey?

Ambassador FRIED. Turkey is a valuable partner in many dimensions. Both regionally it has been a good ally. In terms of energy as a transit country, in terms of Turkey's support for our efforts in Iraq where it allows us transit and overflight. Turkey has been a troop contributor in Kosovo. And Turkey in its deepening democratization, though incomplete, has demonstrated that it is a rapidly modernizing country in a part of the world that needs modernization and democracy. So Turkey has been a good friend over many years. Our interests in Turkey are enormous.

Mr. FLAKE. Thank the gentleman. I share the same issues that have been raised with Armenia and what happened there. Whatever you call it, it was an awful thing. And I am not sure it is incumbent on us to bestow whatever name might fit. But I am pleased that we do have a close relationship with Turkey. I hope we have a close relationship with all the countries in the region. And I am glad to see us moving forward in that regard.

Thank you.

Chairman BERMAN. The time of the gentleman has expired.

The gentleman from New Jersey, Mr. Pallone, recognized for 5 minutes.

Mr. PALLONE. Thank you, Mr. Chairman. And thank you for letting me ask some questions today.

My biggest concern with regard to the Caucasus is another war in the region. I mean I know that there are so many issues, the genocide, the blockade that relate to this but my concern is that, you know, we have seen more and more violations of the cease fire on the part of Azerbaijan and that we might even have a greater attack on Nagorno-Karabakh than the one that we had in March 2008.

So I would like to see whatever we could do for confidence building measures, you know, between Azerbaijan and Karabakh and Armenia. And also, you know, to have the U.S., I think one of the things that is important is for the U.S. to have more contacts not only between the United States and Karabakh but between these countries in a sort of almost a de facto recognition of Karabakh. So let me ask a couple questions in this regard.

First of all, with regard to military aid to the countries. I know that after 9/11 we agreed to make an exception to Section 907, and



now we have military assistance going to both countries and, hopefully, in a parity situation. But I, frankly, feel that given the war-mongering and what has been going on with the violations of the cease fire that we should not be giving any military funding to Azerbaijan. So my first question would be why do we continue to provide military assistance to Azerbaijan? We should support cutting it off. And what are we doing in terms of confidence building measures to prevent another violation by Azerbaijan or an even more serious one of a cease fire?

Ambassador FRIED. Our military assistance to Azerbaijan is relatively modest. In 2007 it was \$11 million; 2008, \$7 million. It is focused on modernizing the Azerbaijani army but also helping reorient it away from a kind of land-based, offensively minded military to a military that can defend itself in the Caspian, is more modern, is more forward looking and, frankly, less likely we believe to engage in adventurism.

Mr. PALLONE. What about the cease fire, the confidence building measures? You know, this committee and the Foreign Operations Committee have often written language into their legislation seeking to create more confidence building measures. What is being done in that regard by the U.S.?

Ambassador FRIED. We have worked to try to build confidence between Armenia and Azerbaijan. After the March cease fire violations we were very active, urging Azerbaijan especially to stand down and to cease the bellicose rhetoric. We have also been working to try to advance a settlement of Nagorno-Karabakh, which is the underlying issue.

Mr. PALLONE. But what I mean, in terms of specific things that they might work on across the borders, you know, whether it is, you know, I think historically they talked about, you know, cooperation in water, on trade. You see, part of my problem, Mr. Secretary, is that, you know, because the United States continues this policy of not having contacts or de facto recognition, if you will, of Karabakh, which is what I would like to see, it seems that we have limited U.S. contact with N-K. You know, I would like to see Karabakh representatives included in the peace process. But my understanding is that we keep putting restrictions prohibiting direct communications between the United States and Nagorno-Karabakh. Is anything being done to prevent that?

I mean more contacts, more communications between the United States and Karabakh or between Karabakh and Azerbaijan, I mean these kinds of things I think would help, you know, build confidence rather than, you know, isolate Karabakh.

Ambassador FRIED. Our efforts now are focused on obtaining agreement on the basic principles of an overall settlement of Nagorno-Karabakh which would resolve many of these issues at a stroke. That is the big game. If we can succeed in doing this, the underlying cause of the tensions between Azerbaijan and Armenia will vanish, they will be able to build normal relations with each other, and Armenia's strategic situation in the region will change markedly for the better.

Mr. PALLONE. All right, let me just ask one more thing. Is the State Department basically acceding to Azerbaijan's preferences by limiting official United States contacts with Nagorno-Karabakh?

Ambassador FRIED. We are working as best we can through the Minsk Group to broker a settlement between the two countries. It is important that we maintain the credibility of both sides. Neither side is always satisfied with everything we do, but we have made progress in recent years moving forward on this document which can underpin a general settlement. That is, as I said, where we are putting our weight.

Mr. PALLONE. Thank you, Mr. Chairman.

Chairman BERMAN. The time of the gentleman has expired. Unless a member of the committee wants to, I am going to recognize myself to ask two relatively short questions. And if another member of the committee wants to they can, and then we will be done. So I yield myself 5 minutes and hope to use less.

Mr. Scott earlier talked about Nabucco. The Europeans sometimes talk about the viability of the pipeline and the need to be able to carry Iranian gas. My question to you, question number one is can you confirm to the committee today that the administration absolutely opposes and is letting those involved in the development of this pipeline know of your opposition to any use of the projected Nabucco pipeline by Iran to export its natural gas?

Ambassador FRIED. Yes.

Chairman BERMAN. And?

Ambassador FRIED. Yes and yes.

Chairman BERMAN. Okay. Firmly yes? Clearly yes?

Ambassador FRIED. Unqualified yes. We think it is a bad idea to have Iranian gas in the Nabucco pipeline; first yes.

Second yes, we have communicated that view to the Europeans.

Chairman BERMAN. Oh, great.

Secondly, in the context of trying to resolve the disputes let me throw out a notion that has bothered me for a long time. I take it the most logical, cheapest, most efficient way for that pipeline to go would be to go through obviously Azerbaijan, Armenia, Georgia, Turkey. Why not push and join with the Europeans in pushing for the construction of that pipeline to pass through Armenia? Why is that not both the logical thing to do and part of a process of bringing people together here?

Ambassador FRIED. It could be the best solution. But until there is a settlement of Nagorno-Karabakh, Azerbaijan will not hear of it. And so as is so often the case, these issues are interlinked. To open that up we need to solve Nagorno-Karabakh, which is what we are trying to do, and why our efforts are weighted toward resolving Nagorno-Karabakh as a priority.

Chairman BERMAN. Oh wait, let me make sure I understand. Does Azerbaijan not benefit by the construction of this pipeline?

Ambassador FRIED. Azerbaijan will benefit either way, either by a pipeline that goes through Georgia and Turkey or goes through Armenia. But until there is a settlement of Nagorno-Karabakh and a normalization of Azerbaijan-Armenian relations there will not be a pipeline, there cannot be a pipeline from Azerbaijan through Armenia.

Chairman BERMAN. Because they say there cannot be?

Ambassador FRIED. Because of that, right, because that is—

Chairman BERMAN. If it is about whether or not there is a pipeline, maybe their position would be different?

Ambassador FRIED. The Azerbaijan Government has its position and we are working with them to resolve, and with Armenia, to resolve the Nagorno-Karabakh dispute. But at the same time we want to open up energy issues and not hold them, not hold a resolution there hostage to the Nagorno-Karabakh issue. So we want to proceed on all fronts as fast as we can.

Chairman BERMAN. Well, I just will close with a notion of Nagorno-Karabakh and your efforts to resolve that are very important and should proceed.

Ambassador FRIED. Yes, sir.

Chairman BERMAN. The notion that one party could assert that the failure to resolve that issue any more than you would allow that to be the basis for continuing and accepting a Turkish land blockade sort of reminds me of the Middle East. There are compelling reasons to resolve the Israeli-Palestinian dispute. The notion that all other issues in the Middle East wait until that dispute is resolved is not a satisfactory alternative strategy. And this administration does not think that is an alternative strategy. I just throw out the possibility of rethinking the premise of the argument that we are not going to push for the most logical and potentially inclusive proposal until this issue is settled may be part of the problem that keeps this issue from being settled.

Any other member? Mr. Wilson and Mr. Scott.

Mr. WILSON. Thank you, Mr. Chairman. A final question or concern I have, is there any evidence of al-Qaeda operations in the Caucasus region? Is al-Qaeda recruiting? Is it working to establish a safe haven there to attack the United States and Europe?

Ambassador FRIED. There are violent extremists who have operated in the North Caucasus, that is Russian territory; Chechnya during the conflict, and other places. There are issues of some radical, violent extremist infiltration into Azerbaijan. And we have worked with the Azerbaijani Government and are continuing to work with them to counter this.

There is little evidence of any penetration in Armenia and Georgia. And we are active both monitoring this and countering it.

Mr. WILSON. And we appreciate their assistance.

Thank you, Mr. Chairman.

Chairman BERMAN. The gentleman from Georgia, Mr. Scott.

Mr. SCOTT. Yes. Mr. Secretary, I would like to go back and revisit what I talked about a little earlier and then pick up on what the chairman was talking about a few moments ago. And that is if the issue that I am concerned about and what we are talking about here is energy security in this region. Now, I asked you a question a few minutes ago about Russia and the concern of 44 percent of the natural gas reserves in the world being controlled by Russia and Iran. And your comment was, if I remember correctly, that we want Russia to be a good partner and have their gas and play it in the marketplace. But I found that a little bit confusing just what you said a few minutes ago in response to the chairman.

So is there not an effort in terms of cooperation between the European Union and the United States concerning European energy security, particularly on the issue of urging the European countries to reduce their dependency on Russia as an energy supplier? Is that a fact or not?

Ambassador FRIED. Yes, it is. And you have expressed that, I agree with your characterization. We believe that it is a mistake for Europe to rely on any one single supplier. That is why diversity in general and diversity in particular to sources from the Caspian not controlled by Russia is in, we believe, Europe's interest.

Mr. SCOTT. Good. Now, my concern about that is I am a member of the NATO Parliamentary Assembly. And twice a year we all get together. I am part of this committee on the energy security. And I raised that issue at our last meeting in Berlin a few weeks ago. The point I made was that I think aroused some great concern was this: I raised that fact of this situation with Russia and Iran controlling all this natural gas in that region because we are not only in terms of energy security have to be fearful of what the terrorists will do, but what some of these nations will do themselves who have had a history of using energy as a blackmailing operation, much as Russia has done, and to my understanding continues to do with some of the countries which they are supplying oil, most notably Lithuania and that region. So there is a history there of some concern.

And even as we are urging the European states to diversify their energy sources so as to avoid this dependency on Russia, the other part of my question concerns Iran. And are we making it clear about Iran as well? You know, I am kind of hazy with your response there. And kind of my initial understanding was that you were more of a laissez faire when you first were starting. And I just want to know, are we firm with Russia, are we firm with Iran?

Ambassador FRIED. We have been—I said that we believed in a market approach. But a market approach will need some help from us. And we are quite determined to work with the countries, with Europe and with the Caspian basin countries so that oil and gas can reach markets from the Caspian basin in ways not necessarily controlled by Russia. And we also believe that pipelines from the Caspian basin should not be developed dependent on Iranian oil or gas. And that will take considerable work and effort because Russia, as you said earlier accurately, has used energy as a political tool against Lithuania. As you said, the pipeline suddenly has a breakdown when a deal goes the way Russia does not like, or Ukraine when suddenly there is an election that the Russians do not seem to like and they turn off the gas to Ukraine after a sudden price dispute on New Year's Eve.

So I am familiar with what I think underlines your question. I agree with the premise. And our effort is to work directly with the Caspian countries. That will take more than laissez faire. Our objective is an open market. Our methods have to be pretty determined.

Chairman BERMAN. The time of the gentleman has expired. Unless there is objection from a member I think I am going to adjourn this hearing.

Thank you very much for coming and being very patient with us and very responsive. Thank you.

[Whereupon, at 12:10 p.m., the committee was adjourned.]



## A P P E N D I X

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### MATERIAL SUBMITTED FOR THE HEARING RECORD

#### PREPARED STATEMENT OF THE HONORABLE GENE GREEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Thank you, Mr. Chairman, for holding this hearing, and I would like to welcome Secretary Fried to our committee.

In 1991, Armenia, Azerbaijan, and Georgia gained their independence.

Since then, the region has been plagued with various territorial disputes that continue to be a delicate political issue for the international community.

Recently, I met with representatives of some of these countries, and there is no doubt that these conflicts are hindering the prospects for regional cooperation, peace, and stability.

It is in the international community's interest that we see these issues resolved.

These countries are the gateway to the East and house an immense amount of natural resources, particularly Azerbaijan.

This has been going on for over seventeen years, and Secretary Fried, I look forward to your insight on how we move forward.

Do you view the situation in Nagorno-Karabakh as a threat to the stability of the region and, if so, what is the United States doing to address this situation?

I am curious about this, because Armenia is partnering with Iran on more and more projects.

I am hopeful that maybe you have something positive to report from the closed-door meeting on May 6 between the Azerbaijani and Armenian presidents?

I also think that it is important that we address the increasing tension between Russia and Georgia here today.

There are thousands of displaced persons in all of these conflicts, and we cannot let them get lost in the rhetoric.

The United States should work to ensure that all of these countries work towards peace and stability so that the region can politically and economically move forward.

Again, thank you, Mr. Chairman, and I look forward to your testimony, Secretary Fried.

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#### PREPARED STATEMENT OF THE HONORABLE JOE WILSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF SOUTH CAROLINA

Thank you, Chairman Berman for holding this hearing today on the Caucasus region.

The nations and multiple ethnic groups that comprise this region are diverse and proud people. They have rich histories and strong cultures, and I believe they deserve the opportunity to grow as free people. I am a strong believer in the power of free citizens to build a peaceful and prosperous society, but there are obvious and extremely powerful factors that have slowed progress in the region or outright impeded it.

We know from history, that there are shining examples of nations that spent generations under tyranny yet were able to emerge and become successful members of the global community. I was fortunate to meet today with Prime Minister Sergei Stanishev of Bulgaria—a nation that until the defeat of communism in the early 1990s was under totalitarian control. Today, they have been ranked by the World Bank as one of the top 10 most successful nations at reforming their economy and government to attract business investment. This is a remarkable accomplishment and a lesson.

Nevertheless, I know we are all conscious of the many difficulties the countries and the people of the Caucasus region face. America has a vested interest in seeing this region prosper. We have already seen Georgia and Azerbaijan make headway in establishing closer ties with the United States—particularly in regards to the Global War on Terrorism which is as much a threat to their wellbeing as it is to our national security.

What I hope we can establish by going forward with today's hearing and subsequent work on this issue is what role our diplomacy may play in promoting peace and prosperity among the Caucasus region. Advocates of democracy and free markets will have no greater friend than the United States, but we must always proceed responsibly.

Again, I wish to thank Chairman Berman and my fellow committee members for this opportunity, and I look forward to today's testimony.

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PREPARED STATEMENT OF THE HONORABLE SHEILA JACKSON LEE, A REPRESENTATIVE  
IN CONGRESS FROM THE STATE OF TEXAS

Thank you, Mr. Chairman, for convening today's important hearing. Let me also welcome our very distinguished witness: The Honorable Daniel Fried, Assistant Secretary, Bureau of European and Eurasian Affairs, U.S. Department of State. I look forward to your informative testimony.

As my colleagues are aware, the Caucasus, located at the crossroads of Europe and Asia, is one of the most turbulent areas of the world. Including the nations of Georgia, Armenia, and Azerbaijan, the region also includes part of Southern Russia, and the disputed territories of Abkhazia, Chechnya, South Ossetia, and Nagorno Karabakh. The Caucasus is one of the most linguistically and culturally diverse regions on earth, inhabited by people belonging to a number of ethnic groups and religions.

The three nations of the region, Armenia, Azerbaijan, and Georgia, are all in the midst of varying degrees of political and regional upheaval. The first of these, Armenia, held presidential elections on February 19, 2008, in which the candidate endorsed by the outgoing President, Prime Minister Sargsyan, was declared the winner with 52.82% of the popular vote. European observers stated that the election was "administered mostly in line with OSCE and Council of Europe commitments and standards," citing problems including an absence of a clear separation between government and party functions, and major irregularities in vote counting in a substantial number of polling stations.

The aftermath of this election has been cause for some concern. Demonstrations by opposition groups, claiming electoral fraud, were forcibly suppressed in the capital city of Yerevan on March 1st. After reports of street battles and looting, the government declared emergency rule in the city, arresting or detaining dozens of opposition politicians. On March 21st, the state of emergency was lifted, but a law was enacted to limit political rallies. These events drew criticism from the Parliamentary Assembly of the Council of Europe, which passed a resolution calling for a "credible international investigation" of the crackdown, and for the release of those detained for political reasons.

Armenia's relations with its neighbors are, in many cases, strained. Relations with Turkey remain cold, with the two countries not sharing full diplomatic relations. Turkey closed its land borders with Armenia in 1993 and this fact, combined with Turkey's support for the construction of transport routes bypassing Armenia, have negatively impacted Armenian economic growth. Further straining diplomatic relations between the two nations is the Turkish government's refusal to recognize the historical facts surrounding the early 1900s genocide against the Armenians by the Ottoman Empire. Together with over 200 of my colleagues, I am proud to co-sponsor H.Res. 106, the Armenian genocide resolution passed by this committee last year.

Azerbaijan's presidential elections are scheduled to take place on October 15, 2008. The opposition party block has denounced recent changes to the electoral code, and has signaled its intention to boycott the election. There are a number of outstanding concerns surrounding the conduct of these elections, including eliminating the dominance of government representatives on election commissions and clarifying the reasons for refusing to register candidates, which I believe need to be resolved if the process is to be free, fair, and transparent.

Relations between Armenia and Azerbaijan are tense, largely because of the conflict over Azerbaijan's Nagorno Karabakh region. An Autonomous Region under the Soviets, this richly fertile region has a history of bitter rivalry between ethnic Armenians and Azeris. Intense armed conflict raged from 1990 to 1994, resulting in

15,000 casualties and hundreds of thousands displaced. Despite ongoing efforts at peace negotiations, talks have been disrupted by ceasefire violations, and no agreement has been reached.

The final nation in the region, Georgia, also recently held elections. Since 2003, when the Rose Revolution deposed President Shevardnadze, Georgia has been led by President Mikheil Saakashvili and his United National Movement (UNM) party. Georgia's legislative elections were held on May 21, 2008, and despite calls from the main opposition block that the UNM was subverting the electoral process and president Saakashvili should resign, UNM won a dominant majority. International observers stated that the Georgian government "made efforts to conduct these elections in line with OSCE and Council of Europe commitments," but "a number of problems . . . made this implementation uneven and incomplete." Problems cited included wide variations in the population of single-mandate districts, a ban on self-nominated candidates, use of government resources for campaign purposes, lack of balanced media coverage, problems with the complaint and appeal process, and irregularities in vote counting.

Georgia faces breakaway efforts from two regions: South Ossetia, which is seeking either independence or unification with Russian North Ossetia, and Abkhazia, which declared independence in 1992. Separatist conflict in South Ossetia began in 1990, and led to a reported 1,500 deaths before a cease-fire was brokered by the Russians in 1992. Russia maintains troops in the region as "peacekeepers," and, though President Saakashvili continues to seek a solution that would retain the region as part of Georgia, no significant progress has been made.

Russian troops were also deployed in Abkhazia in 1994, as part of an effort to end the conflict there, which resulted in an estimated 10,000 deaths and 200,000 displaced. The United States has objected to efforts in 2008 by President Putin to increase ties with both breakaway regions, and the international community has raised concerns over Russia's announced intention to boost the number of peacekeepers in Abkhazia from 2,000 to over 2,500. Despite overtures by President Saakashvili, Abkhazia continues to reject any offer short of independence.

Mr. Chairman, despite the ongoing conflicts between the states in the region, the area is rich in minerals. According to the U.S. Department of Energy, Azerbaijan has 7–13 billion barrels of proven oil reserves, and 30–48 trillion cubic feet of proven natural gas reserves. Its neighbors have smaller quantities. The Bush Administration has argued that boosting regional exports would improve the energy security of a number of European states currently reliant on Russia, and the United States has encouraged the construction of multiple oil and gas pipelines to end a Russian monopoly on Caspian energy exports. U.S. support aided in the construction of a 1,040 mile long oil pipeline from Baku, Azerbaijan through Tbilisi, Georgia to the Turkish Mediterranean seaport of Ceyhan. The Administration has continued to urge the construction of additional pipeline routes capable of transporting gas to Europe.

Mr. Chairman, the Caucasus is a region with a troubled history, but with an enormous potential. Despite ongoing conflicts, the region boasts a strategic location and important reserves of vital resources. I look forward to the testimony of our witness today, as we begin to discuss what U.S. policy toward the region should be.

Thank you, Mr. Chairman. I yield back the balance of my time.

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PREPARED STATEMENT OF THE HONORABLE RON KLEIN, A REPRESENTATIVE IN  
CONGRESS FROM THE STATE OF FLORIDA

Mr. Chairman, thank you for holding this hearing. It is imperative for Congress to examine our interests in the Caucasus region as the Caucasus nations, their security, their allies, their resources, and their issues of war and peace can and do determine events that affect the world.

Iran plays a role in this region and has an interest in maintaining the status quo. Iran is better off if Armenia remains tense with Turkey.

It has been said over and over in this committee and in this Congress that the world is less safe with a nuclear Iran. The countries in this region can play a key role in inhibiting the progress of Iran's energy sector.

In testimony, I hope that our witness will focus on Iran's influence in this region and how Iranian ties with any of these countries impact United States' interests.

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PREPARED STATEMENT OF THE HONORABLE FRANK PALLONE, JR., A REPRESENTATIVE  
IN CONGRESS FROM THE STATE OF NEW JERSEY

I want to thank Chairman Berman and Ranking Member Ros-Lehtinen for affording me the opportunity to address Assistant Secretary Fried today. As Co-Chair of the Caucus of Armenian Issues, the tenuous situation in the Caucasus deeply concerns me. Armenian-Americans are worried about their country's future and want to ensure that the United States government is doing all that it can to integrate the country into the region and reduce tensions with Azerbaijan.

Armenia has moved past the chaos that ensued on March 1st and is working to compressively address and implement all of the provisions of PACE resolution 1609. Alleviating strains between Armenia and Azerbaijan over Karabakh is of urgent necessity. Reintegrating Armenia into its regional economy is essential to improve the quality of life of Armenians and to better the economic vitality of the Caucasus. For this to take place, Turkey must end its longstanding blockade. Despite Armenian's annual gains in GDP, Turkey's blockade has managed to severely hit Armenia's economy.

Assistant Secretary Fried, I appreciate you being here today to discuss in earnest the realities of the Caucasus. I am confident that your three years as the Assistant Secretary for the Bureau of European and Eurasian Affairs and over three decades of service with the Foreign Service provides you with a strong understanding of the complexities of this region.

Secretary Fried, in the State Department's FY 2009 International Affairs Congressional Budget Justification, your department makes clear its support for Armenia's "democratic, economic, and social reforms." In the proposed budget, the State Department reduced funds towards Armenia by 55% (\$62,388M to \$27,900M). The State Department has increased aid to oil-rich Azerbaijan and is maintaining or increasing aid to every other former Soviet republic, including countries like Georgia and the Ukraine, which also receive MCC funds. What is the Administration's justification for such drastic cuts in aid to Armenia?

Assistant Secretary, the State Department talks often of supplementing U.S. diplomatic efforts to peacefully resolve the long-running conflict with Azerbaijan and Armenia over Nagorno-Karabakh and reopen the closed borders with Azerbaijan and Turkey. This illegal dual blockade between Turkey and Azerbaijan has cost Armenia upwards of \$720 million annually. Turkey's blockade has had the distorting monetary effect of inflation. It also prevents international assistance from crossing its borders. I appreciate the State Department's support for lifting the blockade, but what are you actually doing to pressure Turkey to lift the illegal blockade?

As you mentioned, on June 6th, President Sargsyan and President Aliyev met in St. Petersburg, Russia during an informal Commonwealth of Independent States (CIS) summit. It was the first official meeting between the two leaders. Your colleague and American representative of the OSCE Minsk Group, Matthew Bryza, confirmed that both presidents agreed to continue to work within the framework of the Madrid Principles that were laid out last year.

On June 4th, only two days before the president's meeting in St. Petersburg, a spokesman for Azerbaijan's Defense Ministry, (Eldar Sabiroghly) warned, "If Armenia continues occupation of Azerbaijani lands, the situation in the region may worsen." On that same day, President Aliyev noted Azerbaijan's rapid military growth and said, "Armenia should release Azerbaijani occupied lands, otherwise war is inevitable."

Despite these positive first steps between President Sargsyan and President Aliyev, Azerbaijan's highest leadership continues its warmongering rhetoric, matched by the country's furious military build up. Is it likely that Azerbaijan will mount an even greater attack on Nagorno Karabakh than the one in March 2008, which was the worst ceasefire violation in over a decade? What is the State Department doing to ensure that a negotiated peaceful resolution in Karabakh is the way forward?

Azerbaijan has built an oil pipeline through Georgia and Turkey that excludes Armenia. Armenia has been dropped from additional infrastructure projects. In the past, the Administration has made clear that it sees Armenia as a viable integrated partner in the Caucasus. What actions has the Administration taken to ensure this?

The State Department continues to provide Azerbaijan with military funding again in its proposed FY09 Budget request, despite the warmongering rhetoric of President Aliyev and military officials. What is the State Department's rationale for this?

What are the actual confidence building measures that the State Department has enacted between representatives of Nagorno Karabakh, Armenia, and Azerbaijan?

Karabakh representatives will need to be included in the peace process. What restrictions, if any, are in place prohibiting direct communications between U.S. and Nagorno Karabakh officials?

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PREPARED STATEMENT OF THE HONORABLE BILL SHUSTER, A REPRESENTATIVE IN  
CONGRESS FROM THE STATE OF PENNSYLVANIA

Thank you for the opportunity to submit testimony before the House Foreign Affairs Committee regarding the Caucasus.

As the Co-Chairman of the Congressional Azerbaijan Caucus, we have worked hard to foster and develop positive relations between the United States and Azerbaijan. Following my recent visit to Azerbaijan in January 2008, I became even more convinced of the importance of the Caspian region, and the urgency for greater U.S. involvement in the region.

The Caspian region is central to U.S. interests; specifically in regional security matters and energy. In an era of increasing energy prices, and threatened energy routes, the United States should remember that Azerbaijan has been a trusted historical ally. Azerbaijan was a pioneer in opening the Caspian Sea to international cooperation and oil and gas exploration, despite pressures from Russia and Iran. Azerbaijan was also the first Muslim country to send troops to Iraq, and recently doubled its forces in Afghanistan.

Until 2002, despite Azerbaijan's willingness to engage in full cooperation with the United States, US assistance to Azerbaijan was limited to export controls and border security. An obscure provision of the *FREEDOM Support Act, Section 907*, prohibits direct U.S. assistance to the Government of Azerbaijan.

Following September 11, 2002, then-President Heydar Aliyev was one of the first leaders of the world to offer unconditional assistance in the fight against terror. Congress provided and President George W Bush exercised a waiver of Section 907. The two countries began bilateral Defense consultations. Priorities for the cooperation have been identified as developing and enhancing capabilities for interoperability between military units of both sides, including peacekeeping units; improving the naval capability to secure the maritime borders of Azerbaijan.

Caspian Guard, one of the biggest of the region's security-related US-sponsored projects, has been launched to improve air, ground and maritime security for the Caspian region. This project will contribute to effective cooperation in counter-proliferation, counter-terrorism, illicit trafficking, protection of key economic zones and indications and warnings.

Azerbaijan is augmenting its military forces to fit into the European Atlantic model. The U.S. has assisted Azerbaijan in drafting the National Security Strategy and implementation of NATO Individual Partnership Action Plan (IPAP).

In addition to taking steps to impede terrorism, Azerbaijan has deterred several groups engaged in terrorist activities.

In February 2007, Northern Mahdi Army members were charged with having ties to Iran's Islamic Revolutionary Guards Corps (IRGC). In October, the group went before a closed trial on charges of cooperation with a foreign intelligence service, high treason, possession of illegal weapons and robbery. Their goal was to establish a country ruled by Sharia or Islamic Law. The IRGC offered the group money to fight against the West, including Israel and the United States.

Azerbaijani authorities arrested 11 persons in November 2007 for threats made against the U.S. Embassy in Baku in October. The authorities found the group had been well armed and was determined to terrorize U.S. interests in Baku.

In April 2006, the government of Azerbaijan convicted 16 people, and charged them for being Al Qaeda trained operatives, with special training in the Pankisi Gorge.

On May 29, 2008, Azerbaijani authorities seized a Russian company's shipment containing nuclear equipment because the required documentation was not available.

After the signing of the "Contract of the Century" in 1994, the world's second longest oil pipeline, the Baku-Tbilisi-Ceyhan (BTC) route was built with the assistance of the U.S. Government and with the participation of U.S. companies. The pipeline became fully operational in July 2006, and will provide one third of the new oil to international markets. The accompanying Baku-Tbilisi-Erzurum Gas pipeline became functional roughly a year later.

In March 2007 Azerbaijan and the United States signed a Memorandum of Understanding on Energy Security in the Caspian region. The MOU is designed to increase the strong cooperation in the supply and transport of Caspian energy resources and to bolster the energy security of the West.

I visited the pipeline and saw both starting and end-terminals of Baku-Tbilis-Ceyhan pipeline, and was impressed with its capabilities and production.

Upon return, my Co-Chair on the Caucus, Solomon Ortiz, and I offered H Res. 1187, *Promoting global energy supply security through increased cooperation among the United States, Turkey, Azerbaijan, and Georgia, by diversifying sources of energy, and implementing certain oil and natural gas pipeline projects for the safe and secure transportation of Eurasian hydrocarbon resources to world markets.*

In short, the resolution commends Turkey, Azerbaijan, Georgia and Kazakhstan for their positive contributions to the East-West Energy Corridor and energy security in the region. It suggests the Administration should be involved in the facilitation of the energy security of transit countries based on usage of the East-West Energy Corridor,

calls on the Administration to actively engage with European allies and encourages the European Union to developed a unified stance on the Nabucco project.

I agree with my Senate colleagues, Joe Biden and Richard Lugar, regarding the need for the U.S. to pay greater attention to the region. I applaud the appointment of a Special Envoy for Eurasian Energy, and hope that he remains fully engaged with countries in the region, notably Azerbaijan, Turkmenistan, Turkey and Kazakhstan. I encourage frequent high level visits to the region to send the correct message that the United States recognizes the importance of the Caspian.

The United States should double its efforts to resolve the conflict between Armenia and Azerbaijan based on maintaining the territorial integrity of both countries involved. The resolution of this conflict would open up multiple opportunities for the countries to engage in regional cooperation.

It is unconscionable that despite the strategic relationship the United States enjoys with Azerbaijan, Section 907 of the *FREEDOM Support Act* prohibits direct assistance and is still U.S. law. Adopted in 1992 without debate, the provision was opposed by both Bush Administrations and the Clinton Administration. It has never reflected political or diplomatic reality in the Caucasus, and complicates U.S. influence in one of the most pro-western countries in the former Soviet Union.

In short, a strong U.S.-Azerbaijan relationship is good for the United States, good for Azerbaijan, and good for our global partnership. Congress should do everything it can to strengthen and deepen this relationship.

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PREPARED STATEMENT OF THE HONORABLE JOSEPH KNOLLENBERG, A  
REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

I want to start by thanking Chairman Berman and Ranking Member Ros-Lehtinen for allowing me to take part in this important hearing. Secretary Fried, thank you for coming before the House Foreign Affairs Committee to discuss the Caucasus region as there are many pressing issues that the United States must deal with when it comes to this important region and our allies.

First, I want to start by taking a moment to remember the 1.5 million victims of the Armenian Genocide. The Administration and I have very different views on recognizing the Genocide but I strongly believe it is important to mention it in this forum as the issue relevant in any conversation related to the Caucasus region.

As Co-Chair of the Congressional Caucus on Armenian Issues I strongly support the U.S. policy of enhancing stability through regional cooperation. In fact, my work as Co-Chair revolves around this policy and I believe it can and should work in the Caucasus region. However, at times, and very recently in fact, I feel our own Administration does not heed to this policy.

Let me take a moment to outline some examples.

*First, the ongoing build up to war by Azerbaijan.* I have had the chance to speak to not only yourself but Matt Bryza, and others in the department about Azerbaijan's public, hate-filled war mongering. However, time and time again the Administration turns a blind eye to Azeri President Aliyev, which only empowers him to continue.

I understand that you and your deputies have spoken to President Aliyev about his war rhetoric. However, I have examples since 2005 to just a couple months ago of Aliyev beating the drums of war. Unfortunately, your conversations are not working.

*(Mister Chairman with your permission I would like to enter into the record a number of quotes from President Aliyev and other high ranking officials in the Azeri government that prove the war rhetoric is not rhetoric but real and dangerous threats.)*

Instead of fueling this war machine with the Administration's request to increase military aid to Azerbaijan I have proposed zeroing out their military funding. A

strong signal must be sent to Azerbaijan, or any other country that threatens to go to war against a U.S. ally, and zeroing out their military funding does just that. Why would we continue to fund a military eager to go to war with our ally Armenia?

*Another example of the U.S. not abiding by its own policy is the illegal blockade of Armenia by Turkey and Azerbaijan.* Since instituting the blockade, Turkey has hindered Armenia's economy with its economic blockade. In fact, the State Department has estimated that the blockade has increased Armenia's transportation costs by 30–35%.

As Armenia continues to suffer under the oppressive acts of its neighbors the United States has done little to help. Year after year the Administration proposes to reduce Armenia's economic assistance, yet year after year Armenia struggles to compete in the global economy. In talks with Turkey does the Administration discuss the illegal blockade of Armenia and the negative impact it has on the country as a whole? I fear that the answer is no.

It is a well known that economic ties between two countries foster a better relationship. The relationship between Turkey and Armenia is severely damaged at best and I strongly believe that increased international support for normalizing economic relations between the two countries would solve more than economic issues.

*In closing,* I want to reiterate that the Administration needs to be engaged on bringing Turkey to the table with Armenia. You need to hold Azerbaijan accountable and you need to be involved in fostering cooperation between all countries in the region. This is the essence of U.S. policy.

Between now and January 20, 2009 I sincerely hope the Administration will take the opportunity to confront these issues head on. I look forward to working with the Administration on these issues. The next six months will be important not only for the region but also for setting the stage for the next Administration in 2009.

Once again, thank you Chairman Berman and Ranking Member Ros-Lehtinen for allowing me to be a part of such an important hearing on the Caucasus region.

ATTACHMENT A—AZERBAIJANI RHETORIC  
QUOTE SHEET

*President Ilham Aliyev speaking in reference to the Karabakh conflict and Armenia:*

- According to the President, in the course of the following months, things should be made clear as to the continuation of the talks. **“We hope that the territorial integrity of Azerbaijan will be reestablished, because everything should be within certain limits, and the Azerbaijani Army is the strongest in the region and is able to liberate its lands”**, (April 18, 2008)
- In 2008, speaking a day after Azeri forces failed to capture an Armenian position along the Line of Contact, leaving 8 Azeris dead: “We are buying military equipment, aircraft, ammunition, to be ready to liberate our territories. Our military budget has reached \$1.3 billion [a year] and will continue to grow . . . **Force is the decisive factor** [in the world]. (*Regnum*, March 5, 2008)
- In 2008: The capital of Armenia **“Iravan [Yerevan] was a gift to the Armenians in 1918.** This was a great mistake. The Iravan khanate was Azerbaijani land, the Armenians were guests here.” Following that statement, head of Azeri Parliament Oktay Asadov promised to establish a commission to find out who is to blame for the “mistake.” (*Trend*, January 17, February 1, 2008)
- In 2007: **“The war is in not yet over**, only its first stage has been completed. We are buildup up our army and economy and must be ready to use all means necessary to liberate our lands from occupation. And we are nearing that day . . . We are ready for a military operation at any moment.” (*Kavkazskiy Uzel*, July 2, 2007)
- In 2006, **“Our policies must be aggressive.** We must attack. We must step up an information and economic attack while strengthening our military potential. We must increase pressure on Armenia. We must be ready for war.” (*AFP*, October 2, 2006)
- In 2005: “At any moment we must be able to liberate our territories by **military means.** To achieve this we have everything.” (*AFP*, July 25, 2005)
- In 2004: “Azerbaijan will soon become economically strong, and militarily superior. **We cannot react positively to those calling us to compromise.**” (*Zerkalo*, July 23, 2004)

*Defense Minister Safar Abiyev in reference to war with Armenia:*

- In 2007: “Chance of war is close to 100 percent” (*RIA Novosti* and *AP*, 11/26/07)
- In 2005, through spokesman Ramiz Melikov “When our hopes [for a favorable settlement] drop below 5 percent . . . we will launch war.” (*Zerkalo*, March 17, 2005)
- In 2004, through spokesman Ramiz Melikov: “**Within the next 25 years there will be no state of Armenia in the South Caucasus. These people . . . have no right to live in this region.** Modern Armenia was built on historical Azerbaijani lands. I think that in 25–30 years its territory will again come under Azerbaijan’s jurisdiction.” (*RFE/RL*, August 4, 2004)
- In 2002, asked if the Azeri army is “ready to go to [the Armenian capital] Yerevan,” Abiyev replied: “We can go even farther.” (*Azerbaijan News Service* via *BBC Monitoring*, March 22, 2002)
- In 2001 “The Armenian state was created on occupied Azeri lands.” (*Azerbaijan News Service*, December 7, 2001)

*Baku Mayor Hajibala Abutalybov on Armenians:*

- In 2005, at a meeting with a municipal delegation from Bavaria, Germany “**Our goal is the complete elimination of Armenians.** You, Nazis, already eliminated the Jews in the 1930s and 40s, right? You should be able to understand us.” (*Realny Azerbaijan*, February 17, 2006)

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WRITTEN RESPONSES FROM THE HONORABLE DANIEL FRIED, ASSISTANT SECRETARY, BUREAU OF EUROPEAN AND EURASIAN AFFAIRS, U.S. DEPARTMENT OF STATE, TO QUESTIONS SUBMITTED FOR THE RECORD BY THE HONORABLE ILEANA ROS-LEHTINEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

THE NORTH CAUCASUS  
(TERRITORY WITHIN THE RUSSIAN FEDERATION)

*Question:*

*Do the international terrorist group Al Qaeda and its affiliates and similar organizations consider the North Caucasus, a part of Russia, to be an important region in their global efforts?*

*Response:*

In the first Chechen war (1994–1996) and the early years of the second Chechen war (2000–2005), there is evidence that international terrorist organizations, like al-Qaeda and its affiliates, considered the region to be an important area in their global efforts. There are indications that this importance has declined in recent years. Al-Qaeda and its affiliates now appear to be more interested in participating in the conflicts in Iraq and Afghanistan.

*Question:*

*Please comment on the current situation in the North Caucasus region of Russia. There appears to be a brewing Islamist insurgency in Dagestan and other parts of that region. How do alleged links that Al Qaeda has with the Islamist insurgents in parts of the North Caucasus affect US relations with the Russian Government? For example, are we disregarding the tactics Russia may wish to use in dealing with that threat—even if the tactics it chooses (such as brutal repression of the population) may ultimately prove to be counter-productive?*

*Response:*

We are following the situation in the North Caucasus region closely. The level of violence, including kidnappings and killings by both government and anti-government forces, declined in Chechnya in 2007, but there has been a steady level of violence in 2008. At the same time, violence has increased in the neighboring republics of Dagestan and Ingushetiya.

The United States Government condemns terrorism, and we work together with the Government of Russia to combat international terrorism through fora such as our bilateral Counter Terrorism Working Group.

The human rights situation in the North Caucasus remains poor and is an issue of concern for the U.S. Government. Our counterterrorism cooperation with Russia does not diminish our concerns about its human rights practices. We remain deeply concerned about the human rights violations committed by the Russian government in the North Caucasus and agree that these can be counterproductive. We have

raised these concerns directly with Russian officials and document those violations in our annual Country Report on Human Rights Practices, and in other international fora, as appropriate.

*Question:*

*In a 16-minute video released last year, Doku Umarov, a Chechen separatist and self-proclaimed “emir of the North Caucasus,” stated that his battle against Russia has been extended to include a “holy war” against the United States, Britain and Israel. Are Islamic extremists in the North Caucasus focused solely on their conflict with Russia or are they—as that report indicates—indeed interested and active in supporting efforts by Al Qaeda or other Islamic extremist groups far removed from the Caucasus region?*

*Response:*

Islamic extremists in the North Caucasus, including Doku Umarov, have said they see their conflict in the North Caucasus as part of a broader conflict against “infidels.” Their primary web outlet, [www.kavkazcenter.com](http://www.kavkazcenter.com), features interviews with extremist leaders who attempt to explain the connection between the war against Russia and war against other countries. The website is available in several languages, including English, Russian and Arabic. Most analysts believe this website, especially its availability in Arabic, is an effort by the local Islamic extremists to obtain support, especially financial support, from al-Qaeda and other foreign donors and to recruit faithful, idealistic young men in the Caucasus. (Paradoxically, Umarov’s creation of a Chechen emirate may have weakened the extremist resistance as it exacerbated the split between Umarov and the Chechen government-in-exile led by Akhmed Zakayev.)

A very small number of Chechen extremists have more actively supported al-Qaeda’s efforts in other parts of the world.

*Question:*

*Through very brutal tactics, the Russian military has pacified Chechnya at this time, but what support are the remaining Islamist extremists in other parts of the North Caucasus receiving from Islamic extremists in Al Qaeda, the Middle East, Pakistan, Iran, Tajikistan or elsewhere? Wasn’t such support—in the form of foreign fighters and funding—very much in evidence at the height of fighting in Chechnya in the 1990s?*

*Response:*

Following the outbreak of the first Chechen War (1994–1996), a number of foreign Islamic extremists traveled to Chechnya to fight the Russians. These extremists provided financial, logistical and military support to the Chechen separatists. When war broke out again in Chechnya in 1999, foreign extremists resumed a role in that conflict.

The influence and support provided by foreign Islamic extremists has, however, been in gradual decline since 2002. The Russian government’s counterinsurgency campaign—especially the deaths of Islamic extremist leaders in the North Caucasus (Aslan Maskhadov, Akhmed Sadulaev, and Shamil Basayev)—has contributed to the declining importance of Chechnya (and the Muslim North Caucasus) to international terrorist organizations in comparison with the wars in Iraq and Afghanistan. As a result, as far as we know, the remaining Islamic extremists in the North Caucasus receive little support from abroad.

#### GEORGIA

*Question:*

*If Russia is allowed to continue supporting the separatist regions in Georgia with military and other support, what confidence will Ukraine have that it can compel Russian forces to leave its Black Sea ports in a few years? Will Moldova simply give up on its efforts since the early 1990s to get Russia to withdraw its troops from the separatist region on its territory?*

*Response:*

Ukraine and Russia signed the 1997 Friendship, Cooperation and Partnership Treaty in which Russia recognized Ukraine’s territorial integrity and accepted Ukraine’s sovereignty over Crimea. A separate agreement signed the same year allows Russia’s Black Sea Fleet to quarter in the Crimean port city of Sevastopol until 2017. We are concerned, however, about recent Russian rhetoric questioning the status of the Crimea, including linking the Friendship and Cooperation Treaty to Ukraine’s NATO aspirations. We have made clear to Moscow that each country has

the right to decide its own security arrangements, including its relationship with NATO, and we remain committed to NATO's open door policy. We have also made clear that Ukraine's territorial integrity is not a topic open for discussion.

The United States and NATO Allies have consistently supported Moldova's decision to seek full implementation of Russia's 1999 Istanbul OSCE Summit commitment to withdraw its military forces from Moldovan territory. We have no reason to believe Moldova has changed its view on this matter.

The United States continues to work with Russia, Ukraine, the OSCE and the EU to help find a solution to the Transnistrian conflict that that preserves Moldova's territorial integrity and addresses the withdrawal of remaining Russian forces. Although major progress in those talks (the "5+2 talks") has been stalled since early 2006, we are hopeful informal discussions among the parties and confidence-building initiatives will lead a resumption of talks soon.

*Question:*

*What is the US doing to persuade Russia to cease its military, political and economic support for the separatist regions in Georgia? Beyond simple calls and urgings for Russia to cease its activities, what concrete steps will the US take? Will it call for Russia to leave the "G-8" group of states or oppose its entry into the World Trade Organization? Will it call for a special review of Russia's activities in Georgia by the European Union and the Organization on Security and Cooperation in Europe?*

*Response:*

We have engaged the Russian government at the highest levels, pressing for responsible behavior and deescalating the situation in Georgia. In this regard, we continue to work closely with our European partners to emphasize our concern regarding recent Russian actions in Georgia, including upgrading its relations with the Abkhaz and South Ossetian authorities, increasing the number of peacekeepers and introducing railroad troops into Abkhazia without Georgia's consent, and the shoot down of a Georgian unmanned aerial vehicle (UAV) by a Russian jet fighter. Deputy Assistant Secretary Bryza has traveled to the region and to Moscow, and we are actively engaging the Europeans, Georgians, Russians and Abkhaz on these issues and working to move forward based on Georgia's proposed peace plan.

Georgia has been a topic of discussion in many international fora, including the G-8, the UN, the NATO-Russia Council, and the OSCE. Specifically in the UN, a special session of the Security Council was convened on May 30 to discuss a report issued on May 26 by the UN Observer Mission in Georgia which concluded that a Russian jet had shot down an unarmed Georgian drone over Georgian territory on April 20. In the OSCE, the organization invoked a special clause, Chapter III of the Vienna Document, to hold three special meetings in early June on the UAV shootdown. These were followed on June 11 by a special joint session of the OSCE Permanent Council (PC) and Forum for Security Cooperation (FSC), on the same subject. The June 11 meeting also provided a forum for presentation of the results of an investigation by international experts of the incident. Several regular sessions of the PC and FSC have also dedicated time to the UAV shootdown.

*Question:*

*Why doesn't the US support a UN peacekeeping force in the separatist regions of Georgia? Aren't the "peacekeeping" forces provided by Russia and by the Russian-dominated "Commonwealth of Independent States" simply an extension of Russia's military forces? Isn't it something of an exception to the general rule for such peacekeeping forces that they consist largely of Russian troops—troops from another country in the region that has strong, historical interests in that region? Even if the US cannot get approval of a peacekeeping force for the Georgian separatist regions in the UN Security Council, due to Russian opposition, shouldn't the US at least try to get it?*

*Response:*

The Commonwealth of Independent States (CIS) peacekeeping force in Abkhazia, Georgia is indeed composed entirely of Russian soldiers. It is also true that the UN and other international peacekeeping organizations generally disapprove of the use of peacekeepers from neighboring countries because their geopolitical interests often conflict with their peacekeeping mandate. Russia's extensive distribution of passports to the residents of Abkhazia, its investments in Abkhazia, and its heavy military footprint certainly have led some to question its motives in the region. The United States has sought to work constructively with Russia within the Group of Friends of the Secretary General to rejuvenate the peace process and catalyze direct Georgian-Abkhaz negotiations on both confidence-building measures and an eventual political settlement. We expect that Russia would have to be a part of the solu-

tion to the conflict in Abkhazia, Georgia and we do not believe that substituting a UN peacekeeping force for the existing CIS peacekeeping force would be feasible at this time. We are currently evaluating options for deploying a sorely needed international police presence to Abkhazia, since the CIS peacekeepers lack a law-enforcement mandate and have been unable thus far to provide for the security of the residents in the zone of conflict.

*Question:*

*Under President Shevardnadze, members of religious minority groups were subjected to more than 100 violent attacks. While under President Saakashvili such violence has sharply declined, popular prejudice against religious minorities reportedly is still widespread. Has the U.S. government developed any exchange or educational programs to increase tolerance for religious and ethnic minorities?*

*Response:*

Our Embassy in Tbilisi, Georgia has a long history of active outreach to promote tolerance, regardless of religious or ethnic background. Fifteen students and scholars from religious minority groups have participated in our various exchange programs since the Rose Revolution. This also includes individuals from Abkhazia and South Ossetia.

In addition to our exchange programs, the U.S. Government promotes tolerance and understanding in Georgia through other projects. This summer we will be opening two new "American Corners" in regions with concentrations of ethnic and religious minorities (in Rustavi and in Akhaltsikhe). These new "American Corners," partnerships between the Public Affairs sections of U.S. Embassies and host institutions which provide access to current and reliable information about the U.S. via book collections, the Internet, and through local programming to the general public, will give us the opportunity to reach out to minority populations in the regions and give them greater access to American culture and U.S. foreign policy.

We have also given small grants to local NGOs working on tolerance issues and worked with a local television station to produce a public service announcement on cultural and ethnic pluralism in Georgia.

We have been active in working with the Government of Georgia to promote tolerance through the implementation of its National Integration Strategy. USAID is currently implementing a \$2 million project to promote an increased sense of national unity among the citizens of Georgia. This project includes technical assistance to government authorities, training on integration issues and programs that improve awareness and mechanisms for discussion of tolerance and integration.

We will continue to work with the Georgian Government and people to promote religious and ethnic tolerance.

#### ARMENIA AND AZERBAIJAN

*Question:*

*Earlier this month, Azerbaijani President Aliyev and newly-elected Armenian President Sarkisian met to discuss settling the Nagorno Karabakh conflict. What are the most difficult issues that will need to be addressed for an agreement to be reached? What role is the U.S. government playing in bringing both countries closer to an agreement?*

*Response:*

The United States, as a Co-Chair of the OSCE Minsk Group mediating the Nagorno-Karabakh conflict, has led the way in formulating a set of Basic Principles that offers the best hope for a negotiated and peaceful settlement. We are actively involved in encouraging the Government of Azerbaijan and the Government of Armenia to work together within the Minsk Group to finalize the Basic Principles and proceed on that basis with drafting a comprehensive peace settlement. The June 6 meeting in St. Petersburg between Azerbaijani President Aliyev and Armenian President Sargsyan restored momentum in the Minsk Group talks and should clear the way for an invigorated effort to bridge remaining differences on the Basic Principles. The most difficult issues that need to be addressed relate to our quest for a fair and balanced settlement that proceeds from our support for Azerbaijan's territorial integrity, and our belief that the future status of Nagorno-Karabakh must be a political compromise reached through negotiation. Specific remaining issues include parameters for: the return of internally displaced persons; the corridor linking Armenia to Nagorno-Karabakh; and the future status of Nagorno-Karabakh.



*Question:*

*Please give us your assessment of what happened after the Armenian presidential elections in February, specifically the reports of post-election violence by opposition activists, arrests and imposition of restrictions on free assembly. Has the Armenian government since taken sufficient steps to restore political rights? Are there lingering issues or problems?*

*Response:*

The conduct of the February presidential elections and their violent aftermath on March 1, in which at least ten individuals died, were deeply disturbing and disappointing. The U.S. Government seeks to help the Armenian government and people restore democratic momentum and achieve their own stated goal of becoming a country where government institutions are transparent and accountable and where rule of law prevails. In the short term, the Armenian government should support an independent, objective, and inclusive investigation into the fateful events of March 1, and release those who have been held on politically-motivated charges. It is important that freedom of assembly and freedom of expression be fully protected. The Armenian authorities need to show the will to move forward with a reform program that is responsive to the legitimate desires of the people and that inspires public confidence in the country's political and economic processes.

Since March 1, the government of Armenia has taken some steps to restore political rights, and we welcome them. However, the key will be to fully implement those steps, not just announce them. Implementation of other reforms has not been as fast as we had hoped, and we continue to press for changes not just in law, but also in practice. While we welcome recent revisions to the Law on Rallies, Marches and Protests, we have been disappointed that the opposition has been unable to gain permission to hold a rally, despite applying almost fifty times. We welcome the fact that the opposition was allowed to hold demonstrations on June 20 and July 4, notwithstanding the lack of official permission. While we welcome the recent release of some persons detained for their political views, we note that many dozens more remain in prison and must be released. We encourage the government of Armenia to do all that it can to heal the rifts created in Armenian society by the March 1 violence and its aftermath.

*Question:*

*Please comment on the current political situation in Azerbaijan. Given obstructions to fair parliamentary elections there in 2005 and the successful transfer of presidential power from the late Haidar Aliyev to his son Ilham Aliyev in 2003 through what was viewed by many as a manipulated electoral process, do you anticipate that the presidential elections scheduled for this October—and their preparations over the preceding months—will be conducted in a free and fair manner that will meet international standards?*

*Response:*

We have told the Government of Azerbaijan at the highest levels that the upcoming presidential election presents the Government of Azerbaijan with an important opportunity to demonstrate its commitment to democratic reform by holding an election that is democratic and is assessed that way by the public and international community. We are doing our part to assist through election-related programs, with the goal of supporting elections that are as free and fair as they can be. Planned U.S. assistance, in excess of \$3 million, supports:

- Electoral reform to bring Azerbaijan's electoral code into compliance with the Council of Europe's Venice Commission recommendations and to improve the administration of elections;
- Political party training;
- Improved capacity of the media to improve coverage of elections and increase voter awareness;
- Support for domestic and international monitoring of the election; and
- Ensuring freedom of assembly.

The pre-election climate—particularly with respect to fundamental freedoms such as freedom to organize political parties or interest groups, freedom of the media, assembly, and association—is just as important to the conduct of an election as election-day and the vote counting processes.

One important factor in measuring the conduct of democratic elections is domestic election monitoring, and unfortunately, Azerbaijani courts recently deregistered and annulled Azerbaijan's largest independent domestic election-monitoring NGO, the

Election Monitoring Center. The United States would like to see this NGO's registration restored. It is Azerbaijani society that will benefit from credible, independent election monitoring. Obviously, if independent NGOs are not permitted to conduct election-related work, this makes it more difficult to provide effective electoral oversight.

We believe that the new amended law on freedom of assembly has some welcome features but that implementation will be key. We were disappointed by some of the changes to the election code as well as by some hoped-for changes that were not made. We urge the authorities to look closely at the joint OSCE/ODIHR-Venice Commission opinion released June 23 on the recent election code amendments and to address the concerns raised in this report. We also urge the authorities to implement election related laws in a way that enables citizens to better exercise their fundamental human rights and foster the conduct of democratic elections.

The U.S. Government holds all countries to the same standards. In the case of Azerbaijan, as an OSCE participating State, it has voluntarily made a number of commitments in the areas of democracy, human rights, and rule of law. It also has taken on commitments in these areas as a member of the Council of Europe and a signatory to UN instruments such as the International Covenant for Civil and Political Rights.

*Question:*

*Azerbaijan is an increasingly wealthy country due to its oil revenues. Yet few resources benefit the population and the government strongly discourages private charity. Is the State Department encouraging the Azerbaijani government to draw up laws on charitable giving, including from religious organizations? Is there any concern over the potential use of private charities as a cover for terrorist financing?*

*Response:*

At present, there is no law in Azerbaijan specifically regulating charitable actions or activities of charitable organizations. The Department of State, through various civil society assistance programs, supports efforts by non-governmental organizations (NGOs), private companies and the Government of Azerbaijan to facilitate the establishment of a charity-enabling environment, including assistance with the development of strategic philanthropic activities in accordance with international best practices. Moreover, U.S. assistance supported a coalition of local NGOs that drafted the Law on Charity, which was submitted to Azerbaijan's Parliament for discussion and debate. The draft law aims to establish a legal framework for charitable activities and determining legal status of charitable organizations.

The Government of Azerbaijan has recently created a \$1.5 million state-sponsored Fund for NGOs that will provide small grants to NGOs working in 15 areas, including human rights, freedom of speech and media, electoral rights, and anti-trafficking, among others. The Government of Azerbaijan consulted widely with the USG and other donors when designing the Fund; however, no grants have yet been awarded, so it is difficult to assess the contribution of the Fund to independent organizations at this time.

Azerbaijan's Parliament has preliminarily approved a draft anti-money laundering and counterterrorism financing law (AMTF), which could serve as a curb against money being funneled to terrorist organizations. The draft AMTF legislation is currently being debated in Parliament. The U.S. Government provided comments and advice on the draft AMTF legislation prior to submission to Parliament. Azerbaijan's security services actively seek to disrupt the flow of funds to organizations that support terrorism and in 2001 closed the offices of the Kuwait-based Revival of Islamic Heritage Society.

#### ARMENIA AND TURKEY

*Question:*

*Have there been any new, recent developments in the relationship between Armenia and Turkey that might indicate progress toward normal relations? Do you believe that improving Armenia's relationship with Turkey is primarily dependent on a resolution of the conflict over Nagorno Karabakh in Azerbaijan?*

*Response:*

Recent developments in the relationship between Armenia and Turkey have been encouraging. After the election of President Sargsyan in February, Turkish President Gul was one of the first heads of state to congratulate him. Armenian cabinet members received similar statements from their Turkish counterparts. At that time, Turkey's Prime Minister Recep Tayyip Erdogan stated, "our doors are open to new dialogue in this new period."

In a July 9, 2008 Wall Street Journal Europe op-ed, President Sargsyan reiterated his public invitation to Turkish President Gul to travel to Yerevan for a September 6 World Cup qualifier match. President Sargsyan also agreed in principle to the establishment of a historical commission, though the two sides are working out the details. These moves have created a real opportunity for Armenian-Turkish rapprochement.

We do not believe that normalization of relations between Turkey and Armenia and an opening of their land border should be contingent on resolution of the Nagorno-Karabakh conflict.

*Question:*

*Turkey is a long-time NATO ally and is reported to be working to foster regional cooperation in the Caucasus region. Among other things, it supported the EU's European Neighborhood Policy, in line with which it encouraged the individual Action Plans that were signed by Armenia, Azerbaijan and Georgia in 2006. It also invited Armenia to be a founding member of the Black Sea Economic Cooperation organization, along with Georgia and Azerbaijan. In terms of important US and European interests in the region, Turkey is cooperating with Georgia and Azerbaijan in East-West energy transit projects to carry oil and gas across their territories to the West, preventing such energy exports from relying solely on routes out through Russia or Iran. In light of Turkey's role, as I have outlined it, what is the Administration's view of Turkey's outreach in the region and what should we do to encourage Turkey's actions?*

*Response:*

Turkey is indeed a long-standing NATO ally of the United States and an important partner in promoting peace and stability in the region; one with which we share democratic values. Turkey openly supports the peaceful settlement of frozen conflicts. Its leadership in the region can promote democracy and economic development, and the Administration welcomes and encourages Turkey's cooperation on regional energy projects that could ease Europe's dependence on Russian and Iranian energy.

An example of Turkey's cooperation on regional energy projects is the Baku-Tbilisi-Ceyhan (BTC) oil pipeline, which the Administration supports since the pipeline will deepen economic and political relations in the region and enhance the diversity, and hence the security, of Europe's energy supply. The pipeline, which came online in July 2006, has a capacity of about one million barrels per year. The BTC oil is loaded onto tankers at the Turkish port of Ceyhan bound for global markets. Since November 2007, the Turkey-Greece portion of the Turkey-Greece-Italy gas interconnector has conveyed a small amount of Azerbaijani gas to Greece. Turkey is central to most "Southern Corridor" transit projects that would deliver Caspian basin oil and gas to European consumers and world markets.

Turkey has supported indirect bilateral talks between Armenia and Azerbaijan on Nagorno-Karabakh and initiated meetings in 2002 and 2004 for the Turkish, Armenian, and Azeri foreign ministers.

Turkey is a strong supporter of Georgia's Euro-Atlantic integration and has taken concrete steps in that regard, such as completing the Baku-Tbilisi-Ceyhan oil pipeline, concluding a free trade agreement, eliminating visas for Georgian tourists, increasing trade and investment in Georgia. Turkey was ready to support MAP for Georgia if that was the NATO consensus at Bucharest.

Armenia maintains an ambassador in Istanbul accredited to the Black Sea Economic Cooperation organization, through which Turkey and Armenia work cooperatively to foster peace, stability and prosperity and encourage good-neighborly relations in the Black Sea region. We are encouraging Turkey to open its border, reinstitute transportation, communication, and utility links with Armenia, and re-establish diplomatic relations. Turkey has suggested convening a bilateral commission to deal with historic and contemporary issues, as part of the normalization process. Armenian President Sargsyan has indicated his willingness to consider such a proposal if Turkey opens the border and establishes diplomatic relations, a move the U.S. administration would support.

#### ARMENIA AND IRAN

*Question:*

*Please comment on the growing relationship between Armenia and Iran, particularly in the area of energy cooperation. Does this growing relationship pose a threat to U.S. interests? If so, what is the U.S. government doing to discourage growing ties between Iran and Armenia?*

*Response:*

While a “growing” relationship between Armenia and Iran could threaten U.S. interests, it is not our assessment that the relationship is growing significantly. The two countries have fairly minimal neighborly relations. A gas pipeline does run between the two countries, but is limited in its carrying capacity and involves only barter, not financial payment in either direction. Excess Armenian hydro-electric energy produced in summer is bartered for Iranian gas in winter. Other projects that have been discussed, notably a joint Armenian-Iranian refinery, seem implausible and look unlikely to become reality.

We caution Armenia regularly about its relationship with Iran and the implications of the Iran Sanctions Act. Moreover, we make clear that major deals with Iran, especially those involving investment in the oil and gas sector, undermine international efforts to bring pressure to bear on Iran to comply with its international obligations particularly as relates to its nuclear program and support for terrorism. However, the realities of geography and economics tend to create a natural limitation on the scope of joint infrastructure projects and inhibit any major, near-term growth in the economic relationship. Political relations are almost purely rhetorical.

*Question:*

*It has been reported that Iran’s Mahmoud Ahmadinejad and the former President of Armenia, Robert Kocharian, opened a natural gas pipeline last year. It has also been reported that Russia and Iran are now considering the construction of a refinery in Armenia that would export much of its product, perhaps refined from Iranian oil, to third countries. Are these reports accurate? If so, how do they fit in with the US-led effort to end cooperation with an investment in Iran’s energy development until Iran renounces terrorism?*

*Response:*

We are aware of these reports. According to available information, the joint Armenian-Iranian refinery seems unlikely to become a reality. The Iran-Armenia gas pipeline, however, is under construction, though not fully operational. The first section, which reaches about 25 miles into Armenia to the city of Kajaran, was completed last year. The second, much longer segment will reportedly run to Ararat Marz.

Iranian press reports on supposed developments in their oil and gas sector are notoriously unreliable. Iran has a vested interest in projecting a false image to the world that it is “business as usual” in Iran.

However, now is decidedly not the time for “business as usual” with Iran. The State Department’s goal is to dissuade foreign investment in Iran’s petroleum industry. We continuously gather information on reported deals, and have pursued an aggressive diplomatic campaign, talking to CEOs and senior government officials, to discourage new investment that contributes to Iran’s ability to develop its petroleum sector.

As we have repeatedly made clear, in our view, major deals with Iran, especially those involving investment in the oil and gas sector, undermine international efforts to bring pressure to bear on Iran to comply with its international obligations particularly as relates to its nuclear program and support for terrorism.

## AZERBAIJAN AND IRAN

*Question:*

*How would you describe Iranian-Azerbaijani relations? Given that between 20 and 30 million ethnic Azeris live in northern Iran (compared to only 9 million in neighboring Azerbaijan itself), does Iran see Azerbaijan as a potentially destabilizing force for Iran’s cohesiveness? Is there an element of Azeri nationalism in Iran that worries the government in Tehran?*

*Response:*

As neighbors with economic, cultural and religious ties, Iran and Azerbaijan both seem interested in maintaining a functional relationship. This relationship, however, is strained by a number of competing interests. The ongoing dispute over the boundaries of the Caspian Sea causes tension, as does Azerbaijan’s concern that Iran seeks to promote its sectarian Shiite socio-political model in Azerbaijan’s traditionally more secular society. Iran, for its part, fears Azerbaijan could use nationalism to foment civil strife in northern Iran—home to a significant Azeri population that has been subject to government-sponsored oppression. Iran is also troubled by Azerbaijan’s ties with the West, particularly by the security relationship developing with the United States.

*Question:*

*What form does cooperation between Russia and Iran take to mutually press Azerbaijan to support the two countries' interests? The clearest example seems to be the Russian willingness to let Iranian objections to a demarcation of the Caspian Sea hold up energy development and transit that might damage both Russian and Iranian energy interests. What other cooperation is underway between Russia and Iran in this regard?*

*Response:*

It seems Russia and Iran are acting independently with respect to Azerbaijan more than they are cooperating.

Russian-Iranian relations are influenced by their competing interests over Azerbaijan. Iran sees Azerbaijan as falling within its sphere of influence because Azerbaijan was formerly a part of the Persian Empire. The connections between the two countries are particularly strong in southern Azerbaijan along its border with Iran. Northern Iran is home to approximately 16 million ethnic Azeris. Russia sees Azerbaijan, a former Soviet republic with a long secular tradition, as a natural part of its sphere of influence. However, relations are sometimes strained as a result of Russia's overt military support for Armenia. Russia and Iran share a common concern about Azerbaijan's growing economic strength and its ties with the West, particularly the developing security relationship with the United States.

On Russian-Iranian cooperation in general, Russia has cooperated with the United States and not Iran on the nuclear issue by supporting three successive UN Security Council resolutions imposing Chapter VII sanctions on Iran.

## ENERGY SECURITY

*Question:*

*Is the US doing enough to make it clear to participants in the proposed "Nabucco" natural gas pipeline project that it opposes Iranian participation in that project?*

*Response:*

The United States supports "Southern Corridor" projects, such as Nabucco and the Turkey-Greece-Italy pipelines, as a way to help Europe diversify its sources of gas supply to ensure markets operate efficiently and prices are set by competitively, rather than by monopoly forces.

Nabucco's principal challenge is to secure long-term gas supply sources. Azerbaijan is a principal potential source of gas for Nabucco in the near-to-medium term. However, needed volumes may not be ready at the right time—despite hefty proven reserves—due to a lack of upstream access and increasing regional demand. The European Union has been working to secure gas from Iraq, Turkmenistan and Egypt, but these are longer term options.

The Nabucco consortium has considered both Russia and Iran as possible gas sources. Using Russian gas would not advance the goal of diversification and the U.S. Government categorically opposes any use of Iranian gas. Nabucco Phase II construction plans include building a connection to Iran from Erzurum, but the lead consortium member, Austrian company OMV, asserts that Iranian gas will only be used when the political situation has been resolved.

U.S. officials have consistently stated—both publicly and privately at the highest levels—that the United States will not support Nabucco if Iranian gas is used and, in fact, will actively oppose the construction of the Nabucco pipeline should it use Iranian gas.

*Question:*

*It was reported that Alexei Miller, CEO of "Gazprom" (Russia's state-owned gas monopoly) was in Azerbaijan recently to offer President Aliyev a deal to buy Azerbaijani gas under a long-term contract. Is Azerbaijan seriously considering entering into a contract with Gazprom? If so, how might such an agreement impact US-led efforts to create gas export lines that cross the Caspian and Azerbaijan heading west toward Turkey and Europe rather than North into Russia?*

*Response:*

Numerous countries and companies have expressed interest in long-term gas sales and purchase agreements with Azerbaijan, including Russian energy giant Gazprom. This interest reflects the increased recognition of Azerbaijan's potential as a major regional supplier of natural gas. Azerbaijan currently is in negotiations with international energy companies to conclude contracts that will enable it to produce ever larger volumes of natural gas and is talking to potential customers.

Azerbaijan is not short of customers for its gas, but has clearly expressed its preference to export its gas to Europe. However, Azerbaijan gas sales to Europe are predicated on a transparent gas tariff regime through Turkey, something which still is under negotiation, and Turkey itself is interested in buying a major portion of Azerbaijan's next tranche of gas exports. If Azerbaijan is unable to secure acceptable volumes and transit terms from Turkey for the large volumes of gas that will become available on or around 2013 from the second phase of development of the offshore "Shah Deniz" mega-field, Azerbaijan and its European customers will have to explore alternative routes for moving gas westward, or Azerbaijan will have to look for other customers to which it can sell its gas without transiting Turkey. Russia and Iran—both of whom have told Azerbaijan they would buy all of Shah Deniz Phase Two volumes—would indeed be two options. Azerbaijan also could slow down the development of its natural gas resources until the Turkish transit issue is resolved or simply sell the majority of its gas to Turkey. Both of these scenarios would negatively impact U.S. efforts to encourage the development of a "Southern Corridor" of gas infrastructure to transport Central Asian and Caspian natural gas westward towards Europe.

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WRITTEN RESPONSES FROM THE HONORABLE DANIEL FRIED, ASSISTANT SECRETARY, BUREAU OF EUROPEAN AND EURASIAN AFFAIRS, U.S. DEPARTMENT OF STATE, TO QUESTIONS SUBMITTED FOR THE RECORD BY THE HONORABLE J. GRESHAM BARRETT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF SOUTH CAROLINA

*Question:*

*Seeking independence for Nagorno-Karabakh or its unification with Armenia, Armenia initiated a conflict with Azerbaijan in 1988 and waged full military action in 1991. This military action resulted in the occupation of Nagorno-Karabakh, as well as seven additional regions of Azerbaijan, making one out of every eight Azerbaijanis a refugee or an Internally Displaced Person (IDP). There are currently over one million Azerbaijan IDPs. In 1993, the UN adopted four Security Council resolutions demanding the unconditional withdrawal of Armenian forces from these occupied territories. Several international organizations have also called for the restoration of Azerbaijan's indigenous regions. However, Armenia has ignored these calls and continues to deny Azerbaijan their territorial integrity while keeping up to 20% of Azerbaijan's territory under occupation. With that being said, what is the United States doing in conjunction with the international organizations to help rectify this situation and assist in the integration of these countries?*

*Response:*

The United States, as a Co-Chair of the OSCE Minsk Group mediating the Nagorno-Karabakh conflict, has led the way in formulating a set of Basic Principles that offers the best hope for a negotiated and peaceful settlement of the conflict. We are actively involved in encouraging the Government of Armenia and the Government of Azerbaijan to work within the Minsk Group to finalize the Basic Principles and proceed on that basis with drafting a comprehensive peace settlement. The June 6 meeting in St. Petersburg between Azerbaijani President Aliyev and Armenian President Sargsyan restored momentum in the Minsk Group talks and should clear the way for an invigorated effort to bridge remaining differences on the Basic Principles. The Minsk Group Co-Chairs, including the U.S. representative, will travel to the region next on June 27–28 to further these aims.

*Question:*

*During the Armenian military action for Nagorno-Karabakh, Russia supplied the Armenia military with \$1 billion in illegal arms transfers, and later helped broker the cease-fire that remains in effect today with Armenia still occupying Azerbaijani land. More recently, Armenia has been warming to Iran via hosting official visits of Iranian President Ahmadinejad and Defense Minister Najjar. These visits have helped to solidify bilateral commitments in developing joint energy and transportation projects that will further strengthen Iran and Russia. Furthermore, Russia and Iran are planning to construct a refinery in Armenia with the annual capacity to refine 53 million barrels of oil and produce gasoline and diesel fuel. The majority of these refined oil products will be exported abroad. It is increasingly apparent that the Russian government sees its dominant role in the supply of energy to the rest of Europe as a means of influencing politics and economic decisions. As Armenia develops closer ties and agreements with Russia and Iran, how will these relationships affect the peace process for Nagorno-Karabakh? In your opinion, will Armenia's in-*

*creased relationships with Russia and Iran help to keep tensions high throughout the Caucasus region?*

*Response:*

The United States enjoys excellent cooperation with the other two Co-Chairs of the OSCE Minsk Group, France and Russia. During the past two years, the Co-Chairs have worked with the parties to move closer than ever to a framework agreement based on the Basic Principles that have been the subject of intensive negotiations. The Minsk Group Co-Chairs remain fully committed to helping Armenia and Azerbaijan finalize these Basic Principles. The June 6 meeting in St. Petersburg between Presidents Sargsyan and Aliyev restored momentum in the Minsk Group talks and should clear the way for an invigorated effort to bridge the remaining differences between the sides, irrespective of Armenia's growing ties with Iran or Russia.

It is clear that a resolution to the Nagorno-Karabakh conflict would lead to a significant shift in the geopolitics of the region, which would both diminish Armenia's isolation and dependence on Russia and provide the impetus for Armenia to scale back its energy cooperation with Iran.

The tensions in the Caucasus are due principally to ethnicity-based protracted conflicts unrelated to the state of Armenia's relationships with Russia or Iran.

*Question:*

*Turkey was among the first to recognize Armenia's independence in December 1991, and has since consistently followed a policy of amicable relations. However, due to several factors, the two countries have not established full diplomatic relations. Turkey closed its land borders with Armenia in April 1993, in solidarity with Azerbaijan's 1989 severing of links with Armenia during conflict over Azerbaijan's breakaway Nagorno Karabakh region. In addition to the occupation of Azerbaijani territory, Turkey remains concerned at Armenia's reference in their Declaration of Independence to the Eastern Anatolia Region of Turkey as "Western Armenia", their Constitution claim that Mount Agri (which is in Turkey) is an integral part of the official coat of arms of Armenia, and fact that the National Security Strategy Document of Armenia defines Turkey as "an external threat to the national security of Armenia". How is the US working towards reconciliation between these two countries?*

*Response:*

The United States supports greater cross-border dialogue and cooperation between the people of Armenia and Turkey through research initiatives, conferences, and exchange programs. Our Embassies take every opportunity in meetings with the Governments of Armenia and Turkey, and with civil society leaders from both countries, to encourage improved dialogue. Since 2006, the U.S. Government has provided over \$700,000 in support of initiatives to increase people-to-people connections between Armenia and Turkey, including research projects, conferences, documentary production, and exchange and partnership programs with the goal of increasing cross-border dialogue and cooperation. These programs are focused on bringing together Armenian and Turkish NGOs, think-tank researchers, academics, and business leaders at the grass roots level by creating opportunities for them to work together on common projects that will benefit both countries.

*Question:*

*Have there been any recent developments in the relationship between Armenia and Turkey that might indicate progress toward normal relations?*

*Response:*

In February 2008, the President, Prime Minister and the Foreign Minister of Turkey each publicly congratulated their Armenian counterparts in the new Government of Armenia upon their respective election and appointments. Both sides' leaders have expressed publicly their desire to work together toward better Turkish-Armenian relations and regional economic development. As Turkey works through its current political challenges and Armenia through its recent political upheaval, we believe the two sides can begin to make real progress toward normalizing relations.

Already, President Sargsyan has expressed his intent to invite President Gul to join him in Yerevan to watch Turkey and Armenia play a World Cup qualifier on September 6th, with an aim toward stimulating Turkish-Armenian relations. The national teams will also play a match in Istanbul. We believe both matches can be conducted in a respectful manner and would constitute another positive step in building confidence between the two countries. Most promising is President Sargsyan's agreement in principle to the establishment of a joint historical commission, an idea raised in the past by Turkey, once bilateral relations are normalized.

This joint historical commission would be composed of historians and other experts from both sides to study together the events of 1915 and to open the archives of Turkey and Armenia, as well as the archives of all relevant third-party countries and share their findings publicly.

Other progress has been achieved in recent years: there are regular charter flights between Yerevan and Istanbul and other flights from Armenia to Antalya; bus connections via Georgia are numerous; and trade with Turkey through Georgia is common. However, both countries would benefit greatly from increased direct trade, connecting their electrical grids, and implementing other measures natural to neighbors.

*Question:*

*Do you believe that improving Armenia's relationship with Turkey is primarily dependent on a resolution of the conflict over Nagorno Karabakh in Azerbaijan?*

*Response:*

Turkish officials often state that the border was closed in 1993 as a result of Armenian occupation of Azerbaijani territory in the Nagorno-Karabakh war. Resolution of that conflict would undoubtedly lead to improved Turkish-Armenian relations. Even limited progress toward resolving the Nagorno-Karabakh conflict would add momentum to improving Turkish-Armenian relations. At the same time, Turkey's border closure has not contributed to the resolution of the Nagorno-Karabakh conflict, and we tell Turkish officials that Turkey's lack of relations with Armenia prevents it from playing a more constructive role in the resolution of this conflict. We believe that Turkey should open its border with Armenia, even in advance of a resolution of the Nagorno-Karabakh conflict. Turkish-Armenian relations are also complicated by the Turkish perception that the Government of Armenia has not formally recognized the Turkish-Armenian border as negotiated in the 1921 Treaty of Kars. Launching a joint study of Turkey and Armenia's shared history and formal border recognition by Armenia would contribute greatly to normalized relations. There are numerous other smaller steps that Turkey and Armenia could take to improve relations that could positively impact the resolution of the Nagorno-Karabakh conflict.

*Question:*

*Even though Turkey has technically "closed" their boarder with Armenia, they still allow goods and people to cross unhindered (although Armenia restricts movement crossing from Armenia into Turkey). According to the Turkish-Armenian Business Development Council, Turkish-Armenian trade was in excess of \$200 million in 2007. Considering Turkey's efforts to ensure trade continues are the necessary humanitarian supplies crossing into Armenia? If not, what measures should be taken to ensure this happens?*

*Response:*

The border is closed by Turkey to road and rail transit from Armenia, but transit of people and goods occurs through Georgia. There are direct airline connections between Yerevan and Istanbul, and seasonally between Yerevan and other points in Turkey.

According to Armenia's Ministry of Foreign Affairs and its Ministry of Industry and Commerce, bilateral trade turnover between Turkey and Armenia amounts to \$70–150 million per year, while the International Monetary Fund estimated bilateral trade turnover in 2005 at \$56 million. We are not aware of attempts to deliver U.S. humanitarian supplies to Armenia through Turkey by road. That said, we have no reason to believe Turkey would interrupt the supply of humanitarian goods in the event of an emergency, and Turkish officials often refer to their assistance to Armenia following its devastating earthquake in 1988.

*Question:*

*Azerbaijan has expressed a strong interest in becoming part of the trans-Atlantic security framework, and has expressed a strong interest in collaborating with the US on combating terrorism. Does the US foreign policy offer a special framework for countries who want to work with us?*

*Response:*

We cooperate with Azerbaijan on counterterrorism bilaterally and through the UNSCR 1540 Committee process, and we support Azerbaijan's interest in continued counterterrorism cooperation.

One forum of continued and improving engagement is NATO's Partnership for Peace (PfP). PfP is a programme of practical bilateral cooperation between Partner



countries and NATO. It allows Partner countries to build up an individual relationship with NATO, choosing their own priorities for cooperation. Azerbaijan takes advantage of this program to assist in its internal defense reforms and to fashion a NATO-interoperable military. Azerbaijan's relationship with NATO has allowed it to be an integral part of the evolving trans-Atlantic security framework, most clearly illustrated by Azerbaijani participation in NATO peacekeeping operations formerly in Kosovo and currently in Afghanistan.

