



# ARMENIAN ASSEMBLY OF AMERICA

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## **SENATE AFFIRMS POLICY OF REGIONAL COOPERATION IN SOUTH CAUCASUS** *Adopts Amendment to Prevent Armenia's Isolation*

Washington, DC – The Armenian Assembly today praised a key Senate committee for affirming U.S. policy in the South Caucasus by prohibiting funding for a bypass rail link sponsored by the Turkish and Azerbaijani governments and aimed at excluding Armenia from economic and regional transportation opportunities.

Lawmakers approved the Export-Import Bank Reauthorization Act of 2006, which included an amendment ensuring that no Export-Import funding is used for a costly and unnecessary rail line connecting Turkey, Georgia and Azerbaijan while bypassing Armenia. Committee Chair Richard C. Shelby (R-AL) and Ranking Member Paul Sarbanes (D-MD) included an amendment offered by Senator Robert Menendez (D-NJ) in the manager's amendment. The provision was modeled after the South Caucasus Integration and Open Railroads Act (S. 2461), which was introduced by Senator Rick Santorum (R-PA), together with Menendez, earlier this year.

“Armenia is a valued friend of the United States and our government ought not to be supporting programs or initiatives in the South Caucasus that exclude that country from participation,” said Santorum. “The manager's amendment adopted today by the Committee on Banking will make sure such a scenario does not happen.”

“We cannot continue to stoke the embers of regional conflict by supporting projects that deliberately exclude one of the region's most important members,” said Menendez. “Fundamentally, this amendment is about fairness and about inclusion, rather than exclusion. With this amendment, we are sending a simple message -- that we believe that the United States should support an integrated and inclusive approach to economic and regional development in the Caucasus region.”

The amendment, adopted by the Senate Banking, Housing and Urban Affairs Committee, states that “The [Export-Import] Bank shall not guarantee, insure, or extend (or participate in the extension of) credit in connection with the export of any good or service relating to the development or promotion of any railway connection or railway-related connection that does not traverse or connect with Armenia and does not traverse or connect Baku, Azerbaijan, Tbilisi, Georgia, and Kars, Turkey.”

“Attempts to isolate Armenia are counterproductive to stated U.S. policy goals of regional cooperation and economic integration in the South Caucasus,” said Assembly Executive Director Bryan Ardouny. “We commend the leadership of Senators Santorum and Menendez for introducing legislation that would prevent Armenia's neighbors from isolating her, as well as the efforts of Senators Shelby and Sarbanes in supporting the passage of today's legislation.”

Ardouny also noted that today's action reinforces a vote by the House of Representatives and sends a strong message to Baku and Ankara that such attempts only serve as a destabilizing factor in the region. On July 25, the House approved a similar amendment sponsored by Representatives Joseph Crowley (D-NY), together with Congressmen Edward Royce (R-CA) and Brad Sherman (D-CA).

U.S. Assistant Secretary of State Daniel Fried and Ambassador to Azerbaijan Anne Derse have both noted that the rail plan does not foster regional cooperation.

“Removing trade barriers would improve regional integration and enhance economic cooperation and development,” said Fried. “The proposed railway would bypass Armenia and thus not be beneficial to regional integration.”

The proposed railway is estimated to cost upwards of \$800 million and is expected to take years to construct. An existing line, which crosses Armenia, is in working condition and could be operational in a matter of weeks at very little cost. Armenian government officials have repeatedly said that a new costly railway is unnecessary given that a railroad linking Armenia, Georgia and Turkey already exists.

The Senate bill (S. 2461), which also has a counterpart in the House of Representatives, would prohibit assistance for the promotion or development of a railroad that would connect the three countries and exclude Armenia. The House bill, introduced by Armenian Caucus Co-Chair Joe Knollenberg (R-MI), along with Co-Chair Frank Pallone, Jr. (D-NJ) and Caucus Member George Radanovich (R-CA), is supported by nearly 100 lawmakers to date.

The Export-Import Bank is a federal government agency which provides loans, loan guarantees and insurance to support exports of U.S. goods and services to international markets.

The Armenian Assembly of America is the largest Washington-based nationwide organization promoting public understanding and awareness of Armenian issues. It is a 501 (c) (3) tax-exempt membership organization.

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**Photograph:**



**Caption:** Senator Rick Santorum (R-PA), left, and Executive Director Bryan Ardouny discussed the Senate rail bill (S.2461) on Capitol Hill last week.

**Senator Menedez issued the following statement:**

**Export-Import Bank Reauthorization  
Armenia Railroad Amendment  
September 21, 2006**

First, I would like to thank both the Ranking Member and the Chairman for your leadership today in marking up the Export-Import Reauthorization Bill. This important piece of legislation makes sure that the United States continues as an economic leader in the world and supports U.S. companies as they work to export their goods and services.

I would also like to thank both Ranking Member Sarbanes and Chairman Shelby for accepting my amendment today, with minor changes, as part of the Export-Import Bank Reauthorization. I would also like to thank the many Members of this Committee on both sides of the aisle who supported this amendment. As many of you know, this amendment is based on free-standing legislation which Senator Santorum and I introduced and which was cosponsored by both Senator Allard and Senator Sarbanes.

Fundamentally, this amendment is about fairness and about inclusion, rather than exclusion. With this amendment, we are sending a simple message -- that we believe that the United States should support an integrated and inclusive approach to economic and regional development in the Caucasus region.

The amendment today would prohibit the Export-Import Bank from supporting a railroad in the Caucasus region which deliberately excludes Armenia. Instead, we would like to support a railroad which includes all of the relevant countries in the Caucasus.

This amendment is consistent with current Administration policy and supports regional stability and integration in the Caucasus region.

As many of you know, Armenia is a landlocked country between Turkey, Georgia, Azerbaijan and Iran and can only get goods in and out of the country by going through one of these countries.

So, Armenia is economically dependent on links such as railroads through these countries. Unfortunately, Turkey and Azerbaijan won't allow Armenia to use these links and have carried out an economic blockade against Armenia.

The latest example is the proposed Kars-Akhalkalaki-Tbilisi-Baku railroad, a project that not only ignores an existing rail link which traverses Armenia, but creates a new one that deliberately bypasses it.

Similar to the proposed Baku-Ceyhan pipeline, this rail link would specifically go around Armenia, despite the fact that a straight link that passes through Armenia would be far more cost-efficient.

Now, geographically, we all know that a pipeline or rail line that seeks to connect Turkey, Georgia and Azerbaijan would logically, geographically have to pass through Armenia. One would have to make a special effort to bypass Armenia, making any such project unnecessarily more expensive.

Azeri President Aliyev has stated publicly that the aim of the rail project is to isolate Armenia by enhancing the ongoing Turkish and Azerbaijani blockades and to keep an existing Kars-Gymri rail link that connects Turkey, Armenia, and Georgia shut down. This ill-conceived project runs counter to U.S. policy, is politically and economically flawed, and serves to destabilize the region.

Let me quote our Ambassador to Azerbaijan, Anne Derse, during her confirmation hearing this May. In response to questions submitted to the Senate Foreign Relations Committee by Senator Sarbanes, Ambassador Derse said, “because the proposed railway would bypass Armenia, and thus not be beneficial to regional integration, we have no plans to support such a railway financially.”[1] As I’m sure you are all aware, Ambassador Derse was confirmed by the Senate thereafter and is now our representative in Baku.

It would seem to me that, as the U.S. representative to Azerbaijan, it is incumbent upon her to remain consistent with existing U.S. policy. Not supporting the rail link that would exclude Armenia would be in line with that policy, a policy that seeks to foster regional cooperation and economic integration and supports open borders and transport and communication corridors.

We cannot continue to stoke the embers of regional conflict by supporting projects that deliberately exclude one of the region’s most important members.

As I stated previously, there is already a railway which connects these countries and passes through Armenia which could be used to build a trans-Caucuses railroad. Why would we spend additional funds to build a new railroad link that goes around Armenia?

The amendment prevents the U.S. from supporting a costlier and longer route.

I would also like to note that an almost identical amendment was passed on a bipartisan and non-controversial basis as part of the House Ex-Im Bank Reauthorization bill (H.R. 5068) and I look forward to working with both the Ranking Member and Chairman to make sure these sections are included in conference.

In conclusion, I would again like to thank the Ranking Member, the Chairman, and their staffs, for all of their hard work on this amendment. As I said in the beginning, with this amendment we are supporting fairness in the Caucasus region, we are supporting economic integration and regional stability, and we are affirming current Administration policy.

I urge all of the Members of the Committee to join me in supporting the adoption of this amendment.

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