

ARMENIA: CAUGHT BETWEEN RUSSIA AND EUROPE

In September 2013, the Armenian President surprised many by announcing a sudden “U-turn” in Armenian policy, promising that Armenia would join Russia’s “Customs Union” project. That single decision significantly weakened the chance for an Association Agreement and related Deep and Comprehensive Free Trade Area Agreement between Armenia and the European Union. The impact of that unilateral decision also added a new threat to the country’s important reform program. But as the decision sank in, the Armenian public concluded that it went too far – even for generally pro-Russian Armenian society. This article demonstrates that anger over Russian pressure has grown, and with Armenia’s increasing dependence on Russia and thus its weakening sense of sovereignty, there is a backlash against both the Armenian President and Moscow.

Marine Manucharyan*



* Marine Manucharyan is the head of an independent nongovernmental organization active in the areas of human rights, democratization, and youth issues in Yerevan, Armenia.

The geography and the geopolitics of the South Caucasus region have made the three small countries of the region –Armenia, Georgia, and Azerbaijan– victims. Historically, the larger and more powerful Ottoman and Persian empires have had great influence in the region. It was the Russian Empire, however, that has an even longer and stronger record of power and influence. Today, Russian power continues to play a significant role over the region and its countries.

Following the collapse of the Soviet Union, Russia has taken advantage of different regional challenges to provoke and exploit its power and influence. At times, Russia has even benefited from conflicts like those in Georgia or Nagorno-Karabakh. Each of the three South Caucasian countries has reacted and responded to Russia in different ways. Armenia has always been a close partner, and sometimes even a prisoner, by becoming overly dependent on Russia as a security and military partner.

Georgia, of course, has had a long history of tension and problems in dealing with Moscow. As the 2008 Russia-Georgia War demonstrated, the crisis between the two countries remains serious, especially after Russia recognized the breakaway regions of Abkhazia and South Ossetia as independent states. As for Azerbaijan, both the Russian-Armenian partnership and the energy ties to the West have combined to push Moscow away from Baku.

But for Armenia, recent events are now changing this picture. Although the Armenian population remains generally pro-Russian, many are upset with Russian President Vladimir Putin. Further, many Armenians see a new threat to their country's sovereignty and independence, especially as Putin pressured the Armenian President and forced him to say "no" to the European Union (EU) and say "yes" to Russia's Customs Union. This new position means that Armenia is now caught between the competing powers of Russia and Europe.

Russia's "Eurasian Union" Project

The close relationship between Armenia and Russia has grown in recent years, leading to worries over Armenia's dependence on Russia. Although certainly, a close relationship with Russia is important for Armenia, Russia has taken over much of the Armenian economy, including its energy sector, a nuclear power plant, and even the Armenian railway network. Russia has also acquired big shares in the mining, construction, and telecommunications sectors. This has also only deepened this small country's dependence on Russia, making it even weaker.

More recently, a new challenge to Armenia has appeared, as Russia is advancing its new project aiming to reintegrate the former Soviet area in a “Eurasian Union.” As Russia uses its power and influence, the countries of the entire former Soviet space –but especially Ukraine, Moldova, and Georgia– are struggling to resist Russian force and pressure.

“Today, Russian power continues to play a significant role over the [Caucasus] region and its countries.”

But Russia’s plans are still unclear. The details of the plans for the Eurasian Union are not yet known and any real economic benefits or advantages are distant, if there any at all. For example, membership for Belarus and Kazakhstan promises only small economic benefits and little real gains from the Union.

The reason for this Russian policy of consolidating its sphere of influence in its “near abroad” is the launch of the “Eurasian Union” project of broader reintegration within the former Soviet Union. But it is based on Russian power and pressure targeting the former Soviet states. The move is a natural expansion of existing Russian-led projects of reintegration, based on the Commonwealth of Independent States (CIS), but is also about the EU.

For example, Russia’s attempts to institutionalize the “reintegration” of the “near abroad” is a response to recent EU engagement along Russia’s periphery. Specifically, Russia is reacting to the EU’s Eastern Partnership program, which is expressed through the targeting of pending Association Agreements and Deep and Comprehensive Free Trade Area agreements (DCFTAs).

The success of the Eurasian Union project depends on what happens to Ukraine and how the EU deals with Armenia and the other Eastern Partnership countries left without an Association Agreement. Ultimately though, the future of each of the former Soviet states will depend more on their capacity to defend their own national interests and withstand Russian pressure, and less on the Western response.

Armenia Surrenders to Moscow

This competition between Russia and the EU has set the framework for Armenia’s sudden surrender to Moscow. More specifically, in a largely unexpected development, Armenian President Serzh Sargsyan announced a sudden strategic shift in

“Russia’s attempts to institutionalize the ‘reintegration’ of the ‘near abroad’ is a response to recent EU engagement along Russia’s periphery.”

policy, with serious implications for the future of reform in Armenia. After being summoned to Moscow by Russian officials, the Armenian President met on 3 September 2013 with his Russian counterpart, in what Russian officials defined as “a last-minute meeting” for talks over the “integration process” among former Soviet states. Following the brief meeting, Sargsyan surprised many with an unexpected commitment to joining the Russian-led “Customs Union” and a promise to actively support Moscow’s efforts to “integrate” the former Soviet space. That decision effectively ended Armenia’s long-planned conclusion of an Association Agreement and DCFTA with the European Union that –after nearly four years of negotiations– was set to be “initialed” at the Vilnius Summit in late November 2013.

Clearly, this sudden shift in policy represents a missed opportunity for Armenia, and also stands as a serious strategic blunder. Moscow’s apparent success in forcing Yerevan to backtrack on its intention to finalize pending agreements with the EU poses several significant challenges for Armenia. In the short term, as Armenia retreated and broke its promise on its planned “initialing” of the Association Agreement and related DCFTA, it will be hard-pressed to recover its confidence and credibility.

Such a move not only imperiled several years of difficult negotiations and reform, but also tested European patience and diminished European interest in Armenia. The decision to join the Customs Union also offers Armenia little –if any– alternative benefits, and may lock Armenia even more firmly within the Russian orbit. This may limit its future to little more than a prisoner to Moscow’s grand project for a rival Customs Union, as the first step toward the so-called “Eurasian Union”.

Further, Armenia has clearly missed a strategic opportunity and opening to the West. The longer term impact may be significant, undermining the Armenian government’s already meager legitimacy by endangering the overall reform program and significantly weakening pro-Western reformers within the government. From a broader perspective, the Armenian retreat from its planned Association Agreement with the EU and its move toward Russia’s Customs Union also reveals several deeper deficiencies within the Armenian government in terms of closed public policy, inadequate strategic planning, and an informal decision-making process. In fact, many people even within the government were unhappy with the President’s unilateral

decision. Because there was no research or even discussion within the government over its implications, the decision was a mistake policy-wise too. Since Sargsyan has never been truly popular, this decision has exposed his weakness and damaged his government as well.

One of the more fundamental implications of this policy shift is the limits it places on Armenia's strategic options. More specifically, this move only solidifies Armenia's pronounced overdependence on Russia, while threatening Armenia's hard-won success in maximizing its strategic options based on the imperative to overcome a deeper threat of isolation. However, Armenia's "strategic partnership" with Russia has become steadily one-sided, and limited by an inherent lack of respect. Yerevan's

deepening dependence on Russia provides little real advantage beyond a military security relationship. Although a close and stable relationship with Russia is essential for Armenia over the longer term, the asymmetry of the bilateral relationship has become increasingly evident.

“The decision to join the Customs Union also offers Armenia little –if any– alternative benefits, and may lock Armenia even more firmly within the Russian orbit.”

What Comes Next for Armenia?

In the aftermath of Yerevan's decision, the EU now needs to explore alternative measures to engage Armenia that are based on a more realistic recognition of the limits and liabilities of Armenia as a partner. Yet, the challenge now is how to repair and redefine a relationship between the EU and Armenia, and how to enhance Armenia's position within the Eastern Partnership program.

More importantly, there is still a sense of opportunity for two reasons. First, it is not sure if Armenia will actually become a member of the Customs Union; in any case, both the Armenian government and the general population remain committed to deepening ties to the European Union, although in a new framework short of an Association Agreement.

Second, the change in Armenian domestic politics is also important because it opens the space for a new political opposition force to enter the scene. Such a new opposition can offer a fresh alternative that is strengthened by stronger civic activism.

This will help to trigger debate and raise new issues, like Russia's treatment of its "ally" Armenia, and may produce a change in political culture, away from such over-dependence on Russia and capable of challenging the weak leadership of Serzh Sargsyan and his government.

This new political culture will further be bolstered by the loss of popularity of other, older Armenian political parties. Therefore, although there are challenges, the rise of new opposition forces can use the new energy of activism and social protests, speaking out on Armenia's position – now caught between Russia and the Europe. Finally, the new opportunity to revise relations with the EU might create a new opposition more capable of leading, and rescuing, Armenia.