



The Limits of Changing Armenian Foreign Policy after the “Velvet Revolution”

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The April – May 2018 “Velvet Revolution” in Armenia caught many by surprise. A few, if any, domestic or foreign experts anticipated such a quick removal from power of the long-term leader Serzh Sargsyan and the Republican Party. Many questions regarding the factors which facilitated the revolution remained unanswered. However, protest leader Nikol Pashinyan has been elected Prime Minister on May 8, and he will hold that position at least until the snap Parliamentary elections, either in November 2018 or in spring 2019. A lot has been discussed concerning the domestic agenda of the new authorities – fight against corruption, cronyism and nepotism, radical improvements of the investment climate, efforts to bring back the capital illegally taken away from Armenia.

Meanwhile, Armenia faces several foreign and security challenges that require the elaboration of relevant policy. What can and should be changed in Armenian foreign policy?

Relations with Russia

Armenia is fully anchored in the Russian sphere of influence. Yerevan is a member of the Collective Security Treaty Organization (CSTO) and the Eurasian Economic Union (EAEU). A Russian military base is deployed in Armenia along with Russian border troops. The two states have established a joint air defense system and a joint military unit. Russia is the main Armenian source of procurement of weapons and armaments. Several Russian state and state-related companies control strategic economic assets of Armenia – the electricity and gas

distribution systems, the railway company, two out of three mobile network operators. But the key issue which makes Russia an “indispensable state” for Armenia is the legally binding security guarantees provided through bilateral and multilateral formats. As long as relations with Azerbaijan and Turkey are in limbo, mainly due to the Nagorno-Karabakh conflict, no Armenian government could make steps towards a strategic reassessment of its relations with Russia.

Prime-minister Pashinyan himself was one of the critics of former president’s Sargsyan decision to enter the Eurasian Economic Union. As an opposition MP, he even initiated a failed motion in Parliament urging Armenia’s withdrawal from the Union. However, both during the “Velvet revolution” and after his election as Prime Minister he reiterated many times that Armenia should continue its strategic alliance with Russia. This notion was a leading theme during Pashinyan’s first encounter with Russian President Vladimir Putin on May 14, as well at the June 7 meeting of the new foreign minister Zohrab Mnatsakanyan with his Russian counterpart, Sergey Lavrov. Thus, at least until the upcoming snap Parliamentary elections nothing would change in Armenian – Russian relations.

Relations with the US, EU and NATO

Armenia has always managed to maintain partnerships with the West, even beyond the outbreak of the Russia – West crisis in 2014. The vivid example of this flexibility has been the signature of the Comprehensive and Enhanced Partnership Agreement (CEPA) with the EU, in November 2017, which came into force, to a large extent, on June 1.

Armenian peacekeepers have been deployed in Afghanistan to support the NATO mission there, and the Alliance is playing a key role in fostering defense reforms in Armenia. The US – Armenia relations are in good shape. The US is the number one donor of Armenia with more than one billion USD assistance provided since 1991. The large Armenian community in the US has played a significant role in fostering bilateral relations. The “Velvet revolution” may help Armenia to facilitate the CEPA ratification process in EU states, to launch the visa liberalization negotiations and to attract more European funding for domestic reforms. Armenia has more chances now to be re-included in the American Millennium Challenges program, which was suspended after the 2008 controversial Presidential elections. However, a full strategic realignment of Armenia with the West is highly unlikely.

Relations with Iran, Georgia and Turkey

Armenia has developed friendly relations with **Iran** and has widely appreciated Iran’s balanced approach to the Karabakh conflict. In the 2000’s, key steps have been taken to bolster bilateral economic cooperation with Iran, including the launch of a gas pipeline and the “gas for electricity scheme”. Currently, the third high voltage electricity transmission line is being constructed with Iranian funding which will allow Armenia to significantly increase her electricity exports to Iran. The Meghri “Free Economic Zone” was opened near the Armenian - Iranian border in December 2017, where Iranian, Chinese and Russian companies might establish small- and mid-scale production and export businesses with zero tariffs both

to Iran (after the Iran – EAEU Free trade agreement was signed in May 2018), to Russia and to the EU (Armenia has been granted GSP+ system which allows for tariffs free exports of thousands of goods to the EU, and she enjoys tariffs free regime with members of EAEU). However, all these projects have been launched before the “Velvet revolution”. Given the uncertainty around Iran after the US decision to withdraw from the Iran deal including some major European companies’ decision to leave the Iranian market, the maximum which the new government might do is to make efforts to preserve the launched projects alive.

Georgia is one of the key states for Armenia given the fact that almost 70 percent of Armenian trade passes through this country. Georgia is the only route for Armenia to reach Russia by land. Since 2016, Armenia, Iran, Georgia, Greece and Bulgaria are negotiating to launch the “Persian Gulf–Black Sea” multimodal transport corridor which should connect Iran with Europe. This would be a significant step in overcoming the current Armenian regional isolation. The possible inclusion of this corridor into the Chinese “One Belt, One Road” initiative might increase the geostrategic value of Armenia. Meanwhile, all those projects have been launched before Pashinyan’s ascendance to power. The significance of Georgia was once again emphasized by Prime Minister Pashinyan’s decision to make his first foreign visit to Tbilisi at the end of May. However, not much progress beyond that could be expected from relations with Georgia.

Relations with **Turkey** are currently deadlocked, after Ankara refused to ratify the Armenian – Turkish protocols signed in Zurich in 2009, while emphasizing the importance of progress in the negotiations on Karabakh before agreeing to a breakthrough in relations with Armenia. The Yerevan position is clear and was reinforced by Prime-minister Pashinyan: Armenia is ready to establish relations with Turkey without any preconditions and does not see any direct role for Turkey in the Karabakh settlement process. Given the likely re-election of Recep Erdogan as Turkey’s President on June 24, as well as his growing alliance with nationalistic circles in Turkey, no significant changes seem likely in Armenia – Turkey relations.

Nagorno-Karabakh Conflict

Nagorno-Karabakh conflict is the number one foreign and security policy issue of Armenia. In 2011, all sides were close to sign an agreement on the basic principles in Kazan. The Kazan document (which itself was based on the Madrid Principles presented in November 2007) envisaged the withdrawal of Armenian forces from five regions of the security zone, (former Azerbaijani Kelbajar, and parts of the Lachin region outside the corridor should be returned to Azerbaijan after the signature of a peace agreement), deployment of peacekeeping forces as a security guarantee, granting an interim status to Karabakh, maintaining a land corridor between Armenia and Karabakh, opening of communications and the determination of the Karabakh final legal status by the Karabakh population through the free expression of will. The voting date and modalities should

have been decided during the future negotiations.

At that stage, Armenia was ready to sign the agreement, but it was rejected by Azerbaijan. According to Azerbaijani sources, the rejection was the result of last minute changes in the previously agreed document done by Russia. However, regardless of the reasons for failure of the Kazan summit, low profile negotiations have continued within that framework until the April 2016 Four Days war. After April 2016, the main task was the implementation of confidence building measures including the introduction of investigative mechanisms of ceasefire violations, but the general framework for the conflict settlement remained the same.

However, two key factors are presenting a unique opportunity for the new Armenian Government to significantly change its conflict settlement paradigm. The April 2016 war was a breach by Azerbaijan of its own guarantees of not resorting to force. The 1994 – 1995 ceasefire agreements had been signed without any timeframes and should have normally remained in force until the signature of the peace agreement. The largescale hostilities launched by Azerbaijan in April 2016 could be a sufficient reason to doubt the viability of any Azerbaijani security guarantees after taking back control over large parts of the security zone and making any meaningful defense of Karabakh an extremely difficult task.

In addition, the growing uncertainty and turmoil in the international security architecture rendered any international security guarantee less and less meaningful too. The world is facing growing geostrategic

rivalry between great powers and more assertive behaviors of regional states. The vague reaction of great powers during the April 2016 events, especially during the first two days of the Azerbaijani attack, once again proved that if the Azerbaijani army succeeded in its efforts to retake huge portions of territory, and, in the extreme case even enter the Karabakh capital Stepanakert, the international community's reaction would likely be limited to statements urging the sides to return to the negotiations table, which would have zero influence on the ground.

It's obvious that after the April 2016 war, any Karabakh conflict settlement plan should envisage the determination of the legal status of Karabakh, as the first step, and only afterwards could the parties start discussions on territories, refugees, etc. Otherwise, it might be simply impossible to guarantee the physical security of the Karabakh population. Meanwhile, after having been ready to sign the Kazan agreement, the former Armenian authorities would have faced tremendous difficulties in moving forward this agenda. The case is different for Pashinyan. He is not under the pressure of having been ready to sign previous agreements, and he has the unique opportunity to shift the Armenian paradigm of Karabakh conflict settlement. Thus, Karabakh is the only foreign and security policy case where Pashinyan might and should act differently.