

Research Paper

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# Armenia's Foreign Policy Balancing in an Age of Uncertainty



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## Summary

- Armenia's declared multi-vector foreign policy, sometimes diplomatically described as one of 'complementarity', has proven hard to implement. Over time, the country has sacrificed this balance for the sake of hard security. As a result, its geopolitical alignment has tilted towards Russia while security has deteriorated, as shown by the 2013 U-turn on the EU association agreement and the four-day war in Nagorny Karabakh in April 2016 respectively.
- Armenia's foreign policy manoeuvring space is constrained by a challenging neighbourhood and Western–Russian contention in Eurasia, but the country's previous leaders have miscalculated too. They have failed to gauge the extent to which Russia's growing assertiveness in the region is altering the essence of the supposed 'strategic partnership' between Yerevan and Moscow. As Russia has grown closer to Azerbaijan and Turkey, its primary role as a security provider and regional balancer for Armenia has been compromised. At the same time, Armenia's over-reliance on Russia has been exacerbated.
- For a long time, Armenia's domestic democratic deficit damaged its international standing and undermined its sovereignty. The effects of the 'Velvet Revolution' of April/May 2018 may reverse this, as a popular new government is feeling more empowered in its foreign relations. This unexpected political transition is also emblematic of the fact that Armenia has been widely misunderstood.
- Over-reliance on Russia and Western detachment from Armenia's problems have reinforced each other. The West's support for democracy has been limited; it never took the country's bottom-up democratization potential seriously, and chose to vouch for incumbents who lacked legitimacy. In parallel, the West has resigned itself to seeing Armenia in Russia's orbit. These factors help to explain why the growing scepticism of Armenians towards Russia has not resulted in more sympathy towards the West.
- Although the government has pledged to make no critical changes in foreign policy, there is now an opportunity to live up to the country's long-declared aspiration for a multi-vector foreign policy, now dubbed 'Armenia-centric' by the newly installed cohort of policymakers. Armenia seems determined to protect its sovereignty in relations with Russia, to further ties with the West, and to re-energize cooperation with Georgia and Iran.
- To overcome entrenched attitudes that Armenia has no foreign policy alternatives because of geopolitical constraints, Armenian politicians, diplomats and policymakers should keep an open mind about possible geopolitical bargains, rather than resigning themselves to geopolitical determinism. Decision-making needs reform both institutionally and in terms of strategic planning. Armenia's security planning should change too, as democratic governance and smart foreign policymaking are now slowly being acknowledged as important components of security. Addressing the asymmetry of relations with Russia is the first imperative, and will determine relations with other actors. If Western countries want to be of help, they need to become more engaged in reform of the state, and in the creation of a safer security environment in the region.

# 1. Introduction

Armenia's attempted multi-vector foreign policy – once described as one of 'complementarity' – has proven hard to implement. In its broad interpretation, the policy excludes either alignment or confrontation with any power centres, be they Russia, the West or Iran. Instead, it implies evenly balanced partnerships in the service of mutual interests. But Armenia's abrupt rejection in 2013 of an association agreement with the EU highlighted the imbalance in its foreign policy, as did the 2016 war in Nagorny Karabakh.<sup>1</sup>

Armenia's 2013 decision instead to join the Eurasian Customs Union – since renamed the Eurasian Economic Union (EAEU) – marked a U-turn that made it impossible for the country to sign its long-negotiated association agreement with the EU (the proposed agreement had also included provisions for a Deep and Comprehensive Free Trade Agreement – DCFTA). The decision had a security rationale, as the country risked jeopardizing its security if it opted not to join the Russian-led Union. Events in Ukraine a few months later showed how far Russia was willing to go to secure what it considered as its strategic interests in its 'near abroad'. The then president, Serzh Sargsyan, said at the time that 'when you are part of one system of military security it is impossible and ineffective to isolate yourself from a corresponding economic space'.<sup>2</sup>

The security argument, however, swiftly turned to dust when the military situation started to deteriorate not only along the Karabakh Line of Contact between Armenian and Azerbaijani forces, but also along the *de jure* border between Armenia and Azerbaijan. The situation escalated gradually in intensity and scope between 2014 and 2015, culminating in a four-day war in April 2016 along the Line of Contact which signified that the security rationale of the 2013 decision on regional integration did not hold.

The army of the *de facto* Nagorno-Karabakh Republic contained the 2016 war militarily. However, against a backdrop of shifting military and geopolitical balance in the region, the war highlighted the political failure of Armenia's foreign policy. In particular, the violence signified two things. First, the deterrents enshrined in Armenia's formal alliances had been eroded, failing to preclude war. Even though the country's bilateral and multilateral agreements do not extend to the *de facto* republic, they were supposed to act as deterrents against war there, on the grounds that hostilities could easily spill over and trigger treaty commitments from allies. Second, the system of formal alliances within which Armenia had anchored itself had failed to generate adequate political responses or moral support from the other parties. Blind over-reliance on the supposed 'strategic partnership' with Russia, and on membership of the Russian-led Collective Security Treaty Organization (CSTO) and EAEU, has brought a reality of less, not more, security in Armenia's immediate environment.

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<sup>1</sup> Chatham House publications use the term 'Nagorny Karabakh' as a formula avoiding specific inferences as to the structure and number of parties to the conflict. Today's unrecognized Nagorno-Karabakh Republic encompasses considerably more territory than a strictly geographical concept of Nagorny Karabakh and the territory originally disputed between Armenians and Azerbaijanis in 1988. The author's preferred term is 'Nagorno-Karabakh', which, in her opinion, is more reflective of the *de facto* realities of the conflict and avoids the impression of referring to a mere geographical area without agency of its own.

<sup>2</sup> Danielyan, E. (2013), 'Sarkisian Opts For Russian-Led Unions', Azatutyun.am, 3 September 2013, <https://www.azatutyun.am/a/25094659.html>.

At the core of Armenia's foreign policy is the security predicament underpinned by its closed border with Turkey and the unresolved Armenian–Azerbaijani conflict over Nagorno Karabakh. Multiple attempts to settle differences with Turkey without preconditions have been unsuccessful, largely due to Turkey's inability to put aside its sense of kinship with Azerbaijan. In the meantime, the Armenian and Azerbaijani positions on the conflict have remained diametrically opposed – leaving the peace talks mediated by the Minsk Group of the Organization for Security and Co-operation in Europe (OSCE) in a stalemate, and the risk of renewed war high.

The complex 'pipeline politics' of energy transit cooperation in the South Caucasus exclude Armenia, as oil and gas pipelines run from Azerbaijan via Georgia to Turkey. This creates temptation in Ankara and Baku to pursue 'zero-sum' arrangements in relation to Armenia. The latter has borne the political and economic costs of the isolation associated with its support for Karabakh Armenians' bid for self-determination, and with its role as their security guarantor. Its foreign policy calculus has centred on overcoming this isolation through forging partnerships with major power centres until a solution for Nagorno Karabakh that Armenians deem fair is reached.

The focus on security has turned into a double-edged sword, however. Over time, maintaining complementarity has proved difficult. The relative balance in foreign policy that Armenia achieved during its early years of post-1991 independence was not sustained, and its geopolitical alignment tilted towards Russia – reflecting the latter's importance as a provider of hard security. Armenia thus became locked into a vicious cycle: the more it invested in its alliance with Russia (at the expense of relations with other partners), the less symmetrical this alliance became. Eventually, the asymmetry was such that Armenia was unable to benefit as intended from what was meant to be a strategic partnership.

Moreover, the foreign policy sacrifices Armenia had made for the sake of security caused its security deficit to continue growing, until eventually Russia became both security provider and security challenger at the same time. By 2013, Armenia's over-reliance on Russia in security and economic aspects had become so great that it obstructed further attempts at diversification, as demonstrated by Yerevan's ultimate failure to sign the EU association agreement. By 2016, the manifest erosion of Armenia's standing in the partnership with Russia and within the CSTO had created an impression of vulnerability that emboldened Azerbaijan to initiate the four-day war.

As a result of these factors, Armenia's foreign policy today faces intertwined challenges. One concerns the geostrategic environment, and the security risks stemming from it. The dilemma here is that Armenia needs to continue to ensure its security while correcting its over-reliance on Russia and putting relations with Moscow on a more equal footing. This task is rendered more difficult by a second factor: the contention between Russia and the West.<sup>3</sup> The fallout between the two sides and the geostrategic struggle in Eurasia have reduced Armenia's manoeuvring space, making it more difficult for the country to pursue a multi-vector foreign policy. These developments call for a rethink. Armenia's obsession with its security predicament has impaired its ability to adapt and

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<sup>3</sup> This paper refers to 'the West' in a broad sense to include the US, NATO, the EU and major European states, while recognizing differences in their policies. It should also be noted that in relation to the South Caucasus, and Armenia in particular, 'the West' has meant different things at different points since 1991, depending on whether the US (in the 1990s and early 2000s) or the EU (since the mid-2000s) was more prominently engaged in the region.

respond to new challenges. The new reality requires a strategic approach and unconventional solutions.

Moreover, Armenia is largely on its own when it comes to dealing with this predicament. While an important part of a geostrategically significant region, it is a small country with little foreign policy clout. It is thus caught between a proverbial rock and a hard place. Russia is a supposed strategic partner and security guarantor, but with global aspirations that do not always match – and in some cases go against – Armenia's interests. Meanwhile the West is trapped in its own crises, and its priorities do not extend to Armenia.

Armenia's foreign policy is often broadly misunderstood or outwardly ignored. The country is dismissed by some as an inherently pro-Russian small state, and its dilemmas have thus been largely overlooked by the policy and analytical community, especially in the West. This relative lack of attention to Armenia is particularly marked in comparison with the greater policy 'bandwidth' accorded to the problems of higher-profile Eastern Partnership states such as Ukraine and Georgia. This is a major impediment to foreign policy engagement with Armenia. While the more informed Western policymakers – such as Armenia experts and diplomats on the ground – acknowledge the country's unenviable situation, they largely fail to look for solutions.

Armenia has also struggled with a lack of vision and strategic thinking on its own part. Especially over the past five years, its policymaking has consisted of resigning itself to existing geopolitical constraints and waiting for opportunities to emerge, rather than creating a more conducive space for itself. The dominant domestic political discourse on the alleged lack of alternatives for Armenia consumes intellectual energy that could be used for identifying non-conventional policy options.

With the above context in mind, this paper seeks to explore the evolution of the dilemmas in Armenia's foreign policy since the 1990s. Its primary aim is to offer an informed background for further discussions, beyond the conventional and stereotypical views that dominate policy thinking on this issue in the West as well as in Armenia. The most callous and suffocating of those preconceptions are, but are not limited to, the notion that Armenia is monolithically pro-Russian, that it must first and foremost serve its security needs while neglecting other needs such as asserting its sovereignty, and that there is no room for flexibility in its foreign policy.

Notwithstanding this bleak picture, there is room for optimism. The non-violent 'Velvet Revolution' that swept Armenia in April and May 2018 – bringing to power Nikol Pashinyan – has generated fresh hopes for the country's future. This political transition provides a convenient opportunity to take stock of Armenia's foreign policy and strategize for the time ahead. The imperative of regaining foreign policy balance is supported by strong public demand for a more symmetric relationship with Russia, and for an expansion of foreign policy and security options. The signing of a Comprehensive and Enhanced Partnership Agreement (CEPA) with the EU in November 2017 has raised hopes that Armenia can regain its European anchor. The country's relative success in forging security partnerships with NATO and individual Western countries is something to build on, and smart diplomacy can often compensate for geopolitical disadvantages. Iran, too, offers untapped potential for foreign policy diversification.

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## 2. A Delicate Balancing Act

When Armenia and Russia were building the foundations of their strategic partnership in the early 1990s, a certain geopolitical environment prevailed in which relations with Moscow were conceived of as just one strand of the newly independent country's multi-vector foreign policy. A pragmatic line of thinking, coupled with historical and economic ties, dictated that friendly relations should be established with Russia, notwithstanding the nationalist and anti-Soviet (at times anti-Russian) sentiment that gained traction during Armenia's push for independence between 1988 and 1991. The first presidents of Armenia and Russia – respectively, Levon Ter-Petrosyan and Boris Yeltsin – shared not only a good personal relationship but also the same vision of development. This was an important point of convergence: Armenia's strategic partner was an administration that aspired to take Russia towards democratization and Euro-Atlantic integration.<sup>4</sup> This also revived the earlier Armenian vision of Russia as a sort of continuation of the West, a geopolitical perspective that – for obvious reasons – had been lost during the seven decades of the Soviet Union's existence.

A similar line of thinking dictated that Armenia's relations with Turkey and Azerbaijan should be normalized without historical burden. But the ongoing war in Nagorny Karabakh and regional geopolitical alignments stemming from it had their own logic.<sup>5</sup> Armenia's pursuit of unconditional normalization of relations with Turkey was not reciprocated. In 1992, Turkey accumulated forces along the border with Armenia and briefly considered an intervention into the country in response to the military advance of ethnic Armenian forces in Nagorny Karabakh.<sup>6</sup> (This idea was reportedly thwarted by diplomatic pressure from Russia and the US.)<sup>7</sup> In 1993, Turkey closed the border in solidarity with Azerbaijan.<sup>8</sup> This was followed by an economic blockade aimed at pressuring Armenia into making concessions on Nagorny Karabakh.

All Armenian administrations under the old presidential system (led, successively, by Levon Ter-Petrosyan, Robert Kocharyan and Serzh Sargsyan) have adhered to the principle of normalizing relations without precondition – just as, following Armenia's political revolution in April–May 2018, the government of Prime Minister Nikol Pashinyan does. Yerevan has not made recognition of the Armenian genocide, which Turkey refuses to acknowledge, a prerequisite for the normalization of relations. At the same time, it has expected Turkey not to link normalization to the Nagorny Karabakh conflict.<sup>9</sup> However, Turkey has failed to reciprocate, mainly because doing so would go against the interests of its ally, Azerbaijan. All high-level diplomatic rapprochements have

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<sup>4</sup> Interview with an Armenian member of parliament, June 2016, Yerevan.

<sup>5</sup> Although the conflict is an important determinant of Armenia's foreign policy, its history, logic and the diplomacy around it are beyond the coverage of this paper. The issue is therefore viewed here only in the context of Armenia's relations with other actors.

<sup>6</sup> For the dynamics of Armenian–Turkish interaction, see the timeline of events compiled by the European Stability Initiative at [http://www.esiweb.org/index.php?lang=en&id=281&story\\_ID=27&slide\\_ID=1](http://www.esiweb.org/index.php?lang=en&id=281&story_ID=27&slide_ID=1).

<sup>7</sup> The commander in chief of the Commonwealth of Independent States threatened that Turkey's intervention could lead to a Third World War. See Goldberg, C. (1992), 'Moscow Sees War Threat if Outsiders Act in Karabakh', *Los Angeles Times*, 21 May 1992, [http://articles.latimes.com/1992-05-21/news/mn-337\\_1\\_karabakh-conflict](http://articles.latimes.com/1992-05-21/news/mn-337_1_karabakh-conflict). In a 2015 interview with Azatutyun (RFE/RL's Armenian service), Armenia's former head of national security, David Shahnazaryan, said that the US threatened to intervene even if Turkey were to convince Russia to stand by.

<sup>8</sup> This was when Karabakh Armenian military forces started to gain control over regions falling beyond the former Nagorno-Karabakh Autonomous Oblast.

<sup>9</sup> A common argument from opponents of an unconditional opening of the border is that it would remove Armenia's motivation to compromise, and would thus entrench its position on Nagorny Karabakh. However, it can be argued that in fact the closed border has so far entrenched Azerbaijan's position: its logic is to use the blockade (along with the threat of force) to extract unilateral concessions from the Armenian side without having to commit to actual concessions of its own.

ended with Turkey insisting on preconditions – whether involving a solution on Nagorny Karabakh that would satisfy Azerbaijan, or demanding that Armenians give up their campaign for genocide recognition worldwide.

Hard security concerns have continued to shape Armenian foreign policy throughout the post-independence era. The closure of the Turkish–Armenian border in 1993 and Turkey's alignment with Azerbaijan over Nagorny Karabakh made the regional security environment for Armenia more challenging. This was crucial in spurring the country to seek security cooperation with Russia. The dominant rationale was that, while it could counterbalance Azerbaijan on its own, Armenia needed a 'protector' against a stronger actor like Turkey, in case of a possible offensive by Turkish forces. The historical narrative in which Russia was seen as a protector of Christian Armenians in the hostile Persian and Ottoman neighbourhoods regained momentum. Joint Armenian and Russian control was installed along the Armenian border with Turkey. A 1995 agreement ratified the deployment of Russia's military base in Gyumri, just across the border from Turkey, for 25 years. In this context, Armenia's alignment with Russia can be seen as an effort to curtail Turkish capacity in the region, in light of Armenian concerns about the security threats from Turkey. In the early years after the collapse of the Soviet Union, Russia also saw in Turkey a threat to its security agenda, reflecting the aspirations of Turkey – on the southeastern flank of NATO – to project power in the Caucasus and Central Asia. The interests of Armenia and Russia thus seemed naturally aligned.

The question as to how far concerns about Turkey were instrumental in entrenching Armenia's reliance on Russia is an interesting one, not least because this remains the crucial rationale for policymakers in Yerevan, notwithstanding the ongoing crisis of confidence towards Russia. Armenia tends to exaggerate the threat emanating from Turkey while overestimating Russia's significance for itself. At the same time, it underestimates its own importance to Russia.<sup>10</sup> That said, Armenia's threat perception is not solely rooted in historical memory, as many think, but is also driven by present realities. Turkey's policies have not helped assuage concerns. Its continuous failure to settle relations with Armenia, its outright support for Azerbaijan and its handling of the Kurdish issue – all are factors that make Turkey an unpredictable neighbour and render it an actual threat in the eyes of Armenia's establishment.<sup>11</sup> Commenting on the Armenian perception of concerted hostile efforts from Turkey and Azerbaijan, a British diplomat has cited the famous Joseph Heller quote from the novel *Catch-22*: 'Just because you're paranoid doesn't mean they aren't after you.'<sup>12</sup>

But Armenia's growing economic<sup>13</sup> and security reliance on Russia has encouraged the latter to become a more cynical partner, intent on pursuing its own agenda at the expense of key Armenian interests. This has been primarily demonstrated by Russia's growing military cooperation with Azerbaijan, and by its obstruction of Armenia's attempts to diversify economic and political relations with other countries. This reduction in the symmetry of the bilateral relationship has been precipitated by three major trends: shifts in Russia's foreign policy; Armenia's democratic decline; and limited Western engagement in Armenia.

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<sup>10</sup> Interview with Richard Giragosian, Director, Regional Studies Center, June 2016, Yerevan.

<sup>11</sup> Interview with a high-level Armenian Defence Ministry official, June 2016, Yerevan.

<sup>12</sup> Interview with a British diplomat, May 2016, London.

<sup>13</sup> Armenia relies on Russia for gas imports, and several critical sectors of the economy are under Russian control.



## Shifts in Russia's foreign policy

Inside Russia, the brief soul-searching between Atlanticism and Eurasianism in the early years after the fall of the Iron Curtain ended with the victory of the Eurasianists, provoking a shift in Russia's domestic and foreign policies. In the post-Soviet space, this meant a more assertive policy towards the 'near abroad' that Russia has traditionally considered its sphere of influence. This was partly fuelled by the eastwards enlargement of Euro-Atlantic institutions, which Russia saw as an encroachment on its interests. The evolving foreign policy context at that time also implied more competition with other external actors trying to fill the power vacuum in the region following the collapse of the Soviet Union.

If Russian foreign policy in the 1990s was constrained by domestic political turmoil and feeble economic performance, this changed after rising prices for the country's natural gas and crude oil started to fuel its economy and geopolitical ambition. Russia's assertiveness grew shortly after Vladimir Putin's rise to the Kremlin in 2000. He construed Russia as an alternative superpower shaping a multipolar world, with the 'near abroad' a sphere for Russian power projection.<sup>14</sup>

This resulted in growing Russian unease with Armenia's foreign policy of complementarity, whether in relation to expanding ties with the West or pursuing closer cooperation with Iran. In parallel, Russia started to invest in promoting foreign policy convergence with Turkey and Azerbaijan. As Russia's domestic and foreign political priorities started to shift, Armenia was unprepared for the changes in the bilateral relationship that Moscow's more assertive foreign policy implied.

Starting with a series of equity-for-debt swaps in 2002, Russian state and state-affiliated companies gradually acquired strategically critical Armenian assets, including in telecommunications, railways, and electricity and gas distribution networks. Some of the companies bought by Russian enterprises never received the planned investment and were left to falter. In contrast, Russia scrapped (in whole or in part) the debts of some other countries, including Syria, Iraq, Cuba, Uzbekistan and Kyrgyzstan. In the 2000s it reportedly obstructed plans for a higher-capacity gas pipeline between Armenia and Iran;<sup>15</sup> as a result, Armenia lost an important potential means to improve its energy security by diversifying gas supply and possibly acting as a transit country for Iranian gas. Although Russia initially supported the Armenian–Turkish rapprochement of 2008–10, it also played along with Azerbaijan when the latter used its influence in regional energy relations to pressure Turkey into abandoning the rapprochement.

Russia's more assertive 'near abroad' policy and growing antagonism with the West also implied a courting of Turkey and Azerbaijan. If in the 1990s the dividing lines between Turkey and Russia were clearer and tense, in the 2000s a different geostrategic picture emerged. In the Black Sea region and Central Asia, Turkey's own ambitious neighbourhood policy failed to materialize. It has since found that its interests in the region are better served by collaboration with, rather than

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<sup>14</sup> Aron, L. (2013), 'The Putin Doctrine: Russia's Quest to Rebuild the Soviet State', *Foreign Affairs*, 8 March 2013, <https://www.foreignaffairs.com/articles/russian-federation/2013-03-08/putin-doctrine>.

<sup>15</sup> Mghdesyan, A. (2015), 'Armenia's Power Deals with Iran, Russia', Institute for War & Peace Reporting, 15 September 2015, <https://iwpr.net/global-voices/armenias-power-deals-iran-russia>.

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antagonism towards, Russia.<sup>16</sup> The growing convergence between Russia and Turkey was further facilitated by a shared sense of disgruntlement with the West.<sup>17</sup> The Russian–Turkish rapprochement gave each a degree of leverage *vis-à-vis* the US and the EU. Notwithstanding their clear differences in the Levant, economic and political ties between Russia and Turkey grew in the Black Sea region, with both sides speaking of a ‘strategic partnership’.

Following the Russian–Georgian war in 2008, Russia and Turkey stepped up their partnership in the region to a new level. The Caucasus Stability and Cooperation Platform (CSCP) proposed by Recep Tayyip Erdoğan, then Turkey’s prime minister, included Armenia, Azerbaijan, Georgia, Turkey and Russia. Turkey accommodated Russia by sticking to the letter of the Montreux Convention, essentially barring the US from using large naval ships to deliver humanitarian aid to Georgia.<sup>18</sup> Although the CSCP never materialized and was soon shelved due to regional rivalries, the fact that the initiative left out other major players – Iran, the EU and the US – essentially qualified as an attempt by Turkey and Russia to mark the region as their zone of influence, with the implied message that ‘the regional states must solve their issues on their own’.<sup>19</sup>

The Turkish–Russian rapprochement has stoked fears in Armenia that Russia’s special role in curtailing Turkey’s ambitions in the region has been compromised. This is largely driven by concerns over historical parallels, primarily the convergence in agendas that occurred between Russia and Turkey in 1920–21 when vast Armenian interests were sacrificed by the Bolsheviks to court Kemalist Turkey.<sup>20</sup>

In parallel, Russia has taken more interest in Azerbaijan because of the latter’s strategic location and energy reserves, with an eye to not allowing its unconditional alignment with the West. Following the 1994 signing by Azerbaijan of an agreement – dubbed the ‘contract of the century’ – with international companies to develop Caspian Sea oilfields, the country’s hydrocarbon resources started to flow west. The government of Azerbaijan used revenues from hydrocarbon sales to fund a massive arms build-up related to the conflict over Nagorny Karabakh. By 2010, the value of Azerbaijan’s defence budget alone exceeded Armenia’s entire state budget (though Azerbaijan, it should be noted, is a far larger economy than Armenia). Compelled to keep up in this arms race, Armenia maintained relative military parity *vis-à-vis* its neighbour by acquiring Russian arms at preferential prices. From the 2000s, though, in parallel to its defence alliance with Armenia, Russia had also stepped up military cooperation with Azerbaijan, quickly becoming the latter’s top arms supplier. Russia provided 55 per cent of Azerbaijan’s and 96 per cent of Armenia’s arms imports between 2007 and 2011.<sup>21</sup> By 2015, its share of Azerbaijan’s arms imports had risen to 85 per cent.<sup>22</sup>

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<sup>16</sup> Goksel, N. (2012), ‘The dynamics of the Ankara–Moscow partnership in relation to the South Caucasus’, Center for Strategic Studies, Baku, and Russian Diplomatic Academy, August 2012, <http://turkishpolicy.com/dosyalar/files/DNG-%20Turkey-Russia-Caucasus%20August%202012%20.pdf>.

<sup>17</sup> Hill, F. and Taspinar, O. (2006), ‘Turkey and Russia: Axis of the excluded?’, *Survival: Global Politics and Strategy*, 48:1, pp. 81–92.

<sup>18</sup> Bechev, D. (2018), ‘Turkey and Black Sea Security: Ten Years After the War in Georgia’, Atlantic Council, 8 August 2018, <http://www.atlanticcouncil.org/blogs/new-atlanticist/turkey-and-black-sea-security-ten-years-after-the-war-in-georgia>.

<sup>19</sup> As spelled out by Russia’s foreign minister, Sergey Lavrov. See *Izvestia* (2008), «Россия и Турция не стали ссориться из-за Грузии» [Russia and Turkey decided not to argue because of Georgia], 4 September 2008, <https://iz.ru/news/340354>.

<sup>20</sup> These were reflected in new border divisions between Kemalist Turkey and the Soviet Union on the one hand, and between Kemalist Turkey and the newly Sovietized Caucasus republics drawn up in the treaties of Moscow (March 1921) and Kars (October 1921) respectively.

<sup>21</sup> Stockholm International Peace Research Institute (2012), ‘Trends in International Arms Transfers, 2011’, March 2012, <https://www.sipri.org/sites/default/files/files/FS/SIPRIFS1203.pdf>.

<sup>22</sup> Kucera, J. (2015), ‘Report: Azerbaijan Gets 85 Percent Of Its Weapons From Russia’, Eurasianet, 17 March 2015, <http://www.eurasianet.org/node/72581>.

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Russia's official and analytical circles claim that Russia is driven by purely commercial motives in its arms deals with Azerbaijan. The popular 'nothing personal, business only' mantra is often used to alleviate the dissonance that arms sales to Azerbaijan create for the formal alliance between Armenia and Russia. One common argument maintains that Russian arms sales to both countries are calculated so as not to upset the military balance between them.<sup>23</sup> Another is that, if Russia did not supply it, oil-rich Azerbaijan would simply buy arms from others.<sup>24</sup> The suggestion is that Baku is more controllable when it buys its weapons from Russia.

From a business point of view, Russian-manufactured armaments continue to hold an advantage in that alternatives of approximately the same quality and capacity are sold at higher prices in the international arms market. And the US and EU member states have so far mainly refrained from selling offensive weaponry to Armenia and Azerbaijan, in line with an OSCE voluntary embargo. However, from the Armenian security perspective, given its mutual defence framework with Russia, the problem is that Russian arms deals have emboldened Azerbaijan not just militarily but politically. They have blurred the lines of Moscow's alliance with Yerevan, and have boosted Baku's confidence. In the current geopolitical setting, the act of Russia vacillating between what it now calls a 'strategic alliance' with Armenia and a 'strategic partnership' with Azerbaijan, distinctions recently introduced by Moscow, means that one is mostly possible at the expense of the other.<sup>25</sup>

As the geopolitical balance is disturbed by ambiguity over the reliability of its alliance base, the need for Armenia to rely on Russia escalates. While the 'Turkey threat' remains a somewhat distant bogeyman, the importance of Russia as a security guarantor is reinforced by inflation of the threat of escalation in Nagorny Karabakh. In the process, Russia also acquires levers in relation to Azerbaijan, with the latter compelled to keep buying armaments and willing to further bargain with Russia in anticipation that Russia's support can land a favourable solution over Nagorny Karabakh.

In practice, this situation has meant an exponential rise in Armenian–Russian defence arrangements. For example, in 2010 the lease on the Russian base in Gyumri was extended until 2044. The two countries created an integrated air-defence system in 2015 and a Joint Group of Forces in 2016. However, whether or not these moves substantively increase Armenia's security is an open question, as they also make that security overly sensitive to the agenda of one actor – Russia – prone to exploiting its partner's reliance on it. In 2013, Russia's military cooperation with Azerbaijan, the threat that it might revoke security guarantees, and its monopoly over energy supplies were instrumental in pressuring Armenia into abandoning its association agreement with the EU and joining the EAEU instead.<sup>26</sup> However, Armenia has only recently started to factor the shifts in Russia's regional approach into its own foreign policy calculus – in particular, since the four-day war in 2016. There is an understanding that a reassessment of Armenia–Russia relations is necessary to bridge the massive asymmetry.

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<sup>23</sup> REGNUM (2014), «Россия - Армения - Азербайджан: оружейный баланс в условиях политического дисбаланса» [Russia-Armenia-Azerbaijan: the military balance amidst political imbalance], 15 July 2014, <https://regnum.ru/news/1825431.html>.

<sup>24</sup> As voiced by President Vladimir Putin. See Musayelian, L. and Musayelyan, S. (2016), 'Russia, Azerbaijan Discuss Military Cooperation', Azatutyun.am, 15 August 2016, <http://www.azatutyun.am/a/27922543.html>.

<sup>25</sup> REGNUM (2016), «Армения – союзник, Азербайджан – партнер: посол России в Армении» [Armenia is an ally, while Azerbaijan is a partner: Russia's ambassador to Armenia], 25 April 2016, <https://regnum.ru/news/2124722.html>.

<sup>26</sup> Shirinyan, A. and Ralchev, S. (2013), 'U-turns and Ways Forward: Armenia, the EU and Russia Beyond Vilnius', Policy brief, Institute for Regional and International Studies, November 2013, <http://iris-bg.org/fls/iris-shirinyan&ralchev-Armenia-EU-Russia-Beyond-Vilnius-nov13.pdf>. This also effectively discredits Russia's claims that its arms deals are motivated purely by commercial considerations, and points to the political leverage it gets *vis-à-vis* Armenia and Azerbaijan.

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## Democratic decline in Armenia

Another factor that has contributed to the breakdown of balance in Armenia's foreign policy was the country's long-running democratic deficit – visible in the impaired political legitimacy of consecutive administrations in Yerevan. One could observe a correlation between the decline of democratic norms and institutions in both Armenia and Russia and the former's growing political and economic reliance on the latter.

While Armenia started off as a promising young democracy at independence, the integrity of its political governance has been repeatedly called into doubt over the past two decades. The erosion of democratic legitimacy began with a highly contested presidential election in 1996. Since then, most presidential and parliamentary elections would generate waves of popular protests from citizens angered that the results inadequately reflected their votes. The loss of confidence in the political system has affected Armenia's regional and international standing. Initially, its democratic credentials had been seen as conferring an advantage, compared with its neighbours, in terms of foreign policy credibility. For a time, this was an important factor in relations with Russia and the West. For a country devoid of natural or strategic resources, the loss of this 'democratization' advantage was significant in impairing Armenia's ability to punch above its geopolitical weight. It also partly contributed to the dwindling of Western interest in Armenia.<sup>27</sup>

Lacking legitimacy at home, successive administrations sought support from abroad. Such support was offered by Russia, but often came at a price: the sale to Russian-controlled interests of strategic assets. This further locked Armenia into Russia's embrace.<sup>28</sup> The process essentially mingled Russia's hegemonic interests with resistance by Armenia's elite and oligarchy to a liberal economy and political system (reinforcing both the Russian interests and the Armenian resistance). Armenia's ability to make sovereign decisions has been compromised as a result.

This partly explains why Armenia's attempts at foreign policy diversification without first addressing its domestic deficiencies had been of limited effect. The 2018 revolution that resulted in the resignation of former-president-turned-prime minister Serzh Sargsyan, under the pressure of mass protests, and in the installation of a popular new government is likely to provide support for this argument in the long run. Snap parliamentary elections in December 2018 were widely deemed free and fair, and have for the first time in a very long while created a government that derives its legitimacy exclusively from domestic constituencies. While the leaders of this revolution do not aim to alter Armenia's priorities, the emergence of a democratically legitimate government – and eventually, it is to be hoped, of a more liberal political system – will likely result in a more Armenia-centric foreign policy and increase the capacity of the authorities to make sovereign decisions.

The connection between Armenia's democracy and its foreign policy is also reflected in its relations with the West. Western support for the country's democratization has been contradictory. Although large amounts of Western financial and technical support have been directed at institutional development and reform, the EU and the US have also prioritized stability over democracy and a

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<sup>27</sup> On the impact that the democracy factor has had on Armenia's relations with Russia and the West, see Mirzoyan, A. (2010), *Armenia, the Regional Powers, and the West: Between History and Geopolitics*, New York: Palgrave Macmillan.

<sup>28</sup> See, for example, Danielyan, E. (2007), 'Moscow Signals Support for Armenian Power Handover', *Eurasia Daily Monitor*, Vol. 4, Issue 74, 16 April 2007, <https://jamestown.org/program/moscow-signals-support-for-armenian-power-handover/>.

more evolutionary (as opposed to revolutionary) development path for Armenia.<sup>29</sup> Democratic protest movements in the country have never received the vocal support from the West that similar popular protests have received in Georgia and Ukraine, although the former have often been equal in scope and depth, and even more frequent. Following the highly contested 2008 presidential election, protests were followed by a violent crackdown and 10 deaths. While Armenia has at times been penalized for being a democracy laggard,<sup>30</sup> and controversial election results have initially drawn criticism, in each case the West has quickly reverted to business as usual, preferring to back incumbents over opposition protest leaders.

While the West has prioritized support to post-Soviet countries that have demonstrated willingness to democratize, it has not invested political capital in creating initial space for democratization in Armenia – as it has done in Georgia and Ukraine. The conventional wisdom has been that, due to Armenia's peculiar situation, none of the massive public demonstrations would ever result in a clear pro-Western elite coming into power and a subsequent change of geopolitical orientation. The lack of Western moral support for democratic protests in Armenia – against the background of such support elsewhere in the region – has therefore created the impression among Armenians that the West would sympathize with their protests only if these carried the prospect of a pro-Western reorientation of the country. At times, Western policy may also have been guided by the imperative not to drive Armenia further into the embrace of Russia. These deficiencies in Western support for democracy in Armenia have long been an issue of concern among the country's opposition and civil society groups, and have generated much public scepticism towards the West. Greater awareness, among opposition elites and the public, of the nature of Western geostrategic calculations, among other things, has been essential for Armenia's recent democratic movement. By the time the 2018 'people power' movement emerged, it was clear that Western support in its current form is not enough on its own to create a critical push towards true democratization in Armenia.

## The limits – and failings – of Western engagement

The third factor disturbing Armenia's foreign policy equilibrium has been the limited and waning Western engagement in the region in general, and in Armenia in particular.<sup>31</sup> Armenia's relationship with the West is full of dualities. While it considers itself an inherent part of European civilization, geostrategic convergence with the West has not always been readily achievable. Armenia's resentment over its Western allies' hypocrisy towards the 'Armenian Question' in the decades preceding and following the 1915 genocide is a case in point.<sup>32</sup> This historical memory, albeit largely unspoken in today's political discourse, has been a major reason for scepticism

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<sup>29</sup> For example, Armenia's Western partners have been positive about the country's recent constitutional shift to a parliamentary system, even though critics had long dismissed it as an attempt by President Serzh Sargsyan to continue his rule by moving into the prime minister's office after his second term ended in April 2018. The rationale from the EU was that the shift would still make Armenia more democratic in the longer run. See Weise, Z. (2018), 'Armenia's disputed move toward true democracy', Politico, 6 April 2018, <https://www.politico.eu/article/armenia-true-democracy-disputed-move-eu-agreement-turkey/>.

<sup>30</sup> For example, in 2008 the US suspended funding from the Millennium Challenge Corporation.

<sup>31</sup> For more on this, see Mchedlishvili, G. (2016), *Changing Perceptions of the West in the South Caucasus: Adoration No More*, Research Paper, London: Royal Institute of International Affairs, <https://www.chathamhouse.org/publication/changing-perceptions-west-south-caucasus-adoration-no-more>.

<sup>32</sup> The Armenian Question broadly refers to the fate and rights of ethnic Armenians in the Ottoman empire and their national liberation struggle in the context of major European countries' policies towards the Middle East. While European countries pressured the Ottoman government to improve the rights and conditions of Christian minorities, including Armenians, they also often used the question as a bargaining chip against the empire in what was a geopolitical competition of that time. Armenian hopes placed in European countries were never fulfilled, while the Ottoman empire handled the Armenian Question through consecutive massacres culminating in what is known as the Armenian genocide of 1915.

towards the West, its reliability on security matters, or indeed any international commitments and guarantees it could offer.<sup>33</sup>

Following the collapse of the Soviet Union, another duality emerged with regard to the West, connected to Armenian support for Nagorny Karabakh's struggle for self-determination. As Alla Mirzoyan argues, the Armenian elite ...

... was a cultural elite constituted by dissidents, intellectuals, and historians striving to maintain links with the 'sources of cultural capital in the West'. By definition, they were revisionists, greeted by the West as true democrats. However, the new elites' revisionism did not end at the intellectual challenge to the Soviet system but questioned the internationally recognized borders and agreements. This duality remained to define Armenia's position *vis-à-vis* the West and Western perception of Armenia.<sup>34</sup>

The historical disillusionment with the West partly reverberates in today's realities as well. Essentially, it boils down to resentment of Armenia's comparative unimportance for the West against the background of broader geostrategic calculations. In other words, the country is not important enough for its Western partners to dare angering a strategic ally such as Turkey with genocide recognitions.<sup>35</sup> It is also not as important in the context of European efforts to diversify energy supplies; hence, the usual parity applied to Armenia and Azerbaijan in the context of the Nagorny Karabakh conflict can often tilt in oil-rich Azerbaijan's favour against Armenia's interests – or so is the perception from Yerevan. And, since Armenia is not as important as Georgia and Ukraine, its vulnerability in relation to Russia is not acknowledged as much as theirs. This reality has created a situation in which Armenia's civilizational self-identification with Europe, and with the West more broadly, is not always matched by a geostrategic alignment between Armenia and the West, with the result that at times the two find themselves on the opposite side of the equation.

In the first years after the collapse of the Soviet Union, the perception abroad of the Armenian struggle for independence – which had been one of the first such moves among Soviet republics – was that it had been a struggle for freedom by a small Christian country. The vast Armenian diaspora in the West – particularly in the US and France, which had managed to drum up official and public sympathy for the struggle – played an important role in establishing this perception. The democratic governance and domestic stability of the early independence years also ensured that Armenia was perceived in some quarters as an 'island of democracy' in the South Caucasus, whereas its neighbours – Georgia and Azerbaijan – were considered failed states.

As with Russia, democratic decline in Armenia and shifts in the regional architecture have altered relations with the West. More broadly, however, the South Caucasus has remained relatively insignificant in the geopolitical calculus of major Western powers. For the US and the EU, the region is secondary to relations with Russia, Turkey and Iran, and its issues have largely been a sideshow in the context of the higher-profile policy challenges presented by the wars in Iraq and Afghanistan. One particular problem with the West's engagement has been that it has treated the South Caucasus as a monolithic entity, when in fact the region is divided by patterns of amity and

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<sup>33</sup> Mirzoyan (2010), *Armenia, the Regional Powers, and the West*, p. 162.

<sup>34</sup> *Ibid.*, p. 136.

<sup>35</sup> Toosi, N. (2018), 'Top Obama aides 'sorry' they did not recognize Armenian genocide', Politico, 19 January 2018, <https://www.politico.com/story/2018/01/19/armenian-genocide-ben-rhodes-samantha-power-obama-349973>.

enmity. For Armenia, these regional dividing lines have got in the way of cultivating closer ties with the West.

From 1994 onwards, Azerbaijan's 'contract of the century' concerning development of its oil reserves gave it a strategic advantage over Armenia in relations with the West. Flowing west through Georgia and Turkey, its hydrocarbons bypassed not only Russia and Iran but also Armenia, excluding the latter from most regional energy infrastructure initiatives supported by the West. Azerbaijan has used this 'energy card' and its antagonization of Iran, along with the lobbying of parliamentary bodies in the West,<sup>36</sup> to drum up support for itself over the Nagorny Karabakh conflict. This has brought relative success in swaying Western sympathies, especially in light of commercial interests.<sup>37</sup> It has also triggered mistrust in Armenia towards Western states and structures. Even with the support of the diaspora, Armenian public diplomacy has lagged behind the more aggressive effort by Azerbaijan.<sup>38</sup>

Western detachment from Armenia has been unintentional but persistent. From the Western perspective, support for the Azerbaijan–Georgia–Turkey axis has meant strengthening these countries' pro-Western drive and safeguarding their independence against potential encroachment by Russia. Armenia has turned out to be the collateral damage from this process. This has entrenched enmity between Armenia and Azerbaijan/Turkey, has hardened each party's position, and has pushed Armenia to seek further partnership with Russia.<sup>39</sup>

In the context of Armenia's growing ties with Russia, and the widening rift between the West and Russia, another factor has come into play. The 'colour revolutions' in Georgia (2003) and Ukraine (2004), and the emergence of pro-Western elites in these countries, defined distinctive and divisive new lines between the West's friends and others in the post-Soviet space. Against the background of a pro-Western and democracy-aspiring Georgia and an energy-rich (even if not democratic) Azerbaijan, as well as growing Russian–Armenian ties in parallel to growing Russian–Western antagonism, Armenia's standing was diminished. The division of countries into pro-Western and pro-Russian camps was actively encouraged not only by Russia but also by the West. The anti-Russian sentiment generally prevalent in the West would often be projected on to Armenia, which was primarily viewed through the lens of its alliance with Russia.

The reaction in European circles following Armenia's 2013 U-turn on the EU association agreement underlined how the country is often viewed in simplistic terms. Some officials suggested that its decision only confirmed Armenia's inherent pro-Russian stance and that the EU should move on.<sup>40</sup> This was disheartening for the country's civil society, and for the part of public that was devastated by the decision. In an attempt at damage control, Armenia suggested it could sign the political component of the association agreement. The EU refused, on the grounds that this would create an

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<sup>36</sup> European Stability Initiative (2012), 'Caviar Diplomacy: How Azerbaijan Silences the Council of Europe', 24 May 2012, Berlin, [https://www.esiweb.org/index.php?lang=en&id=156&document\\_ID=131](https://www.esiweb.org/index.php?lang=en&id=156&document_ID=131).

<sup>37</sup> Most of the author's interlocutors among Western diplomats confirmed the importance of the oil sector for the policies of some Western governments towards the region.

<sup>38</sup> Interview with a German expert, December 2017, Berlin.

<sup>39</sup> The realization of this fact further informed the EU and US refusal to fund or promote the construction of the Baku–Tbilisi–Kars railway, prompting them to call instead for the reopening of the existing Kars–Gyumri–Tbilisi railway.

<sup>40</sup> For example, following the U-turn, Sweden's foreign minister, Carl Bildt, said that Armenia's association agreement was 'now off the table'; his Polish counterpart, Radek Sikorski, said Poland rejected any alternative deal. See News.am (2013), 'Association Agreement with Armenia off the table - Carl Bildt', 10 September 2013, <http://news.am/eng/news/170554.html>; and Danielyan, E. (2013), 'Poland Also Rejects Alternative EU-Armenia Accord', Azatutyun.am, 18 September 2013, <http://www.azatutyun.am/content/article/25109400.html>.

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unwanted precedent for Ukraine.<sup>41</sup> Months later, however, following the start of the Ukraine crisis, Kyiv was offered the chance to sign the political part of its own association agreement with the EU while postponing signature of the accompanying DCFTA. While the reaction from the EU towards Armenia was perhaps understandable in light of the shock and disappointment Yerevan's decision had caused, in Armenia it was interpreted as unfair – the perception being that Ukraine had been granted an opportunity denied to Armenia.<sup>42</sup>

At other times, Armenia has missed opportunities to steer clear of Western–Russian contention. A case in point was its 2014 vote alongside Russia against a UN General Assembly resolution that recognized the territorial integrity of Ukraine and denounced the independence vote in Crimea. Armenia's rationale – that it was showing principled support for the notion of national self-determination – was not convincing to its Western partners, and the move was interpreted as yet another instance of it pandering to Russian interests.<sup>43</sup> Armenia also had another reasoning: in the UN, where tit-for-tat voting often occurs, Ukraine had long voted against Armenian interests and in support of Azerbaijan on issues of national self-determination versus territorial integrity. However, in cases like this, Armenia's interests would arguably have been better served by abstention.

The degree of understanding of Armenia's security predicament in Western countries has been hard to gauge. Most have found it difficult to treat Turkey, a NATO member, as a security concern for Armenia. In the early years after the fall of the Iron Curtain, the US saw Turkey as an extension of Western influence in the region and as a model of development. While Azerbaijan and Georgia saw Turkey as offering a route to greater engagement with the West, this turned out not to be the case for Armenia. Following the closure of the Armenian–Turkish border in 1993, the hypothetical door to NATO membership was shut.

Furthermore, Turkey has created considerable practical hindrances to Armenia's engagement with NATO. It has fostered a negative image of the country as Russia's 'puppet',<sup>44</sup> even when Turkey's own relations with Russia have been good. At the same time, Armenia's concerns about Turkish military involvement in the conflict zone around Nagorny Karabakh – through training support to the Azerbaijani military and participation in the planning of hostilities on the Azerbaijani side, including as recently as during the 2016 war – are not fully grasped in the West.<sup>45</sup> Although Armenia has had some success in raising awareness of these issues in NATO and more broadly,<sup>46</sup> its perception of threat is still not widely acknowledged in the US and the EU, where Turkey is seen as a partner for work on the Nagorny Karabakh issue.<sup>47</sup>

It is broadly assumed in Armenia that a more decisive push from the West could help unlock the border with Turkey, thereby reducing the overall security threat Armenia faces. This would loosen Russia's grip over the region, while creating a more constructive environment for Armenians and Azerbaijanis to solve the Nagorny Karabakh issue.<sup>48</sup> Between 2008 and 2010, and for a while

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<sup>41</sup> Interview with an Armenian Foreign Ministry official, June 2016, Yerevan.

<sup>42</sup> Ibid.

<sup>43</sup> Interview with a British diplomat, May 2016, London.

<sup>44</sup> Interview with a high-level Armenian Defence Ministry official, June 2016, Yerevan.

<sup>45</sup> Interview with a British diplomat, May 2016, London.

<sup>46</sup> Interview with a high-level Armenian Defence Ministry official, June 2016, Yerevan.

<sup>47</sup> Interview with a Western diplomat, June 2016, Yerevan.

<sup>48</sup> Interview with Tatul Hakobyan, Director, ANI Armenian Research Center, June 2016, Yerevan.



afterwards, there had been a lot of pressure on Turkey, primarily from the Barack Obama administration in the US, to open the border and normalize relations without linking this to other issues. While Yerevan and Washington went the extra mile to try to make the Armenian–Turkish border opening happen, their pressure had limited results, and a decision could not be imposed on Turkey.<sup>49</sup> Arguably, if Armenia and the EU had signed their association agreement, including the DCFTA, the EU would have been compelled to increase pressure on Turkey (with which it has a customs union) to open the border.<sup>50</sup> However, the expectation that Turkey's approach towards Armenia could be positively transformed by Turkey's further integration with the EU, and by Ankara's partnership with the West more broadly, has not been fulfilled. Recent domestic developments, and the escalation of regional tensions in the Middle East, make Turkey an increasingly problematic partner for the US and the EU. The current rift between the EU and Turkey, as well as between the US and Turkey since the election of President Donald Trump, further diminishes Western influence in Ankara.

The West's inability to offer security arrangements is not confined to Armenia, with the cases of Georgia and Ukraine often referred to in the context of 'lessons learned'. While the EU and the US have welcomed and supported these two countries' pro-Western orientation, they have been unable or unwilling to extend them security guarantees to mitigate the political and economic costs of antagonizing Russia. The West clearly underestimated how Russia would react to the pro-Western aspirations of Georgia and Ukraine, but a desire to avoid direct confrontation with Russia has made it reluctant to take the two countries under its NATO security umbrella.

The formal security guarantees offered by Russia to Armenia have not been seriously tested yet in the context of the latter's security predicament – and Russia has given some reasons to doubt them, as discussed above. However, Armenia's formal convergence with Russia is driven not only by its security expectations but also, increasingly, by an unwillingness to antagonize it directly. This has been the primary reason why, while pursuing cooperation with the EU and NATO almost as vigorously as have some other Eastern Partnership countries, Armenia has kept a low profile. For example, Laure Delcour and Kataryna Wolczuk refer to the period between 2010 and 2013 as that of Armenia's 'silent Europeanization', when it demonstrated high receptiveness to EU reform stimuli, contrary to indications that it would not.<sup>51</sup> In another example, Armenia's cooperation with NATO has been limited in scope compared to that of Georgia, but qualitatively similar.<sup>52</sup> At the same time, Armenia has not voiced any ambition to join the EU or NATO. Being in a formal alliance with Russia reduces the possibility of direct confrontation, although this does not necessarily preclude Moscow from posing indirect security threats.

Following the events in Ukraine since 2014, and the crisis in relations between the West and Russia, these nuances are more acknowledged in the West than before. However, the level of acknowledgment varies across countries, depending on their own policies *vis-à-vis* Russia. For example, Germany and France are more conscious of the circumstances of the former Soviet republics, seeing complementarity of the kind sought by Armenia as an optimal approach to

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<sup>49</sup> Interview with a Western diplomat, June 2016, Yerevan.

<sup>50</sup> Interview with a European diplomat, June 2016, Yerevan.

<sup>51</sup> Delcour, L. and Wolczuk, K. (2015), 'The EU's Unexpected 'Ideal Neighbour'? The Perplexing Case of Armenia's Europeanisation', *Journal of European Integration*, Vol. 37, No. 4, pp. 491–507, doi: 10.1080/07036337.2015.1004631.

<sup>52</sup> Interview with a high-level Armenian Defence Ministry official, June 2016, Yerevan.

avoiding polarization for most of these republics.<sup>53</sup> Germany deems it useful that Armenia is trying to deepen relations with the West without triggering confrontation with Russia.<sup>54</sup> By the same token, the absence of explicit Armenian aspirations to NATO membership is helpful insofar as this implies no NATO responsibility for Armenia's security and allows some development of further relations with NATO without antagonizing Russia.<sup>55</sup> However, at least at the level of official discourses, Armenia's security vulnerabilities in relation to Russia are not acknowledged. It remains unclear how these nuances, still overlooked in high-level policymaking, could translate into more practical solutions in the relationship between the West and Armenia.

Ultimately, there has been a lingering impression in Armenia's civil society, as well as in analytical and some political circles, that the country has been left alone to deal with its predicament. Similarly, there is a prevalent perception that the West is ready to leave Armenia in Russia's sphere of influence. That similar sentiments are shared in Georgia and Ukraine, where Western support has been more tangible, only emphasizes the cogency of those concerns in Armenia. If anything, the West's half-hearted engagement with Armenia has played a role in the breakdown of Yerevan's delicate balancing act.

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<sup>53</sup> Interview with a former European diplomat, May 2016, London.

<sup>54</sup> Interview with a German expert, December 2017, Berlin.

<sup>55</sup> Interview with a Western diplomat, June 2016, Yerevan.

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### 3. The EAEU and CSTO: Armenia's Inconvenient Alliances?

Armenia's 2013 withdrawal from signing the EU association agreement not only alienated its Western partners, but also diminished its relative regional political clout and its weight *vis-à-vis* Russia and other Eurasian partners. Russia's reported blackmail on the issue heralded the beginning of a crisis in relations between the two countries. In the events that followed, Armenia found its interests ignored both by Russia and within Eurasia's multilateral structures – namely the Eurasian Economic Union (EAEU) and the Collective Security Treaty Organization (CSTO).

On the EAEU front, Armenia has entered an alliance of already divided interests, in which Kazakhstan and Belarus are frustrated with Russia's hegemonic policies towards them. Locked in endless negotiation with Russia, these two countries saw in the obstruction of Armenia's accession to the EAEU an opportunity to increase their bargaining power with Russia.<sup>56</sup> Armenia's relations with Belarus and Kazakhstan – notwithstanding their formal alliances within the CSTO and EAEU – have also been marred by divergent interests with regard to Azerbaijan.

From a purely economic point of view, the advantages that Armenia expected from EAEU accession proved unrealistic. The first reason is that Armenia does not border the other members.<sup>57</sup> Second, trade has declined among members as a result of Western sanctions against Russia and the rouble's devaluation. Furthermore, Armenia barely trades with any EAEU member state except Russia. For a long time, Armenia's major trade partner was the EU; only since EAEU accession has this dynamic started to shift towards a more prominent role for Russia as a trading partner.<sup>58</sup> Overall, the Eurasian project has failed to morph into a full-fledged economic union, primarily because its *raison d'être* is geopolitical.<sup>59</sup> But this geopolitical project has economic costs for Armenia in the form of missed trade opportunities elsewhere. The country has not made economic gains from joining the EAEU, and now its hands are tied in terms of striking trade deals with third parties.

The security rationale behind EAEU accession is equally questionable. Neither Turkey nor Azerbaijan posed any more threat to Armenia at the time of the 2013 U-turn than they had before. The conclusion is that the 'security threat' that actually motivated Yerevan's decision emanated from Russia.<sup>60</sup> One way for Russia to threaten Armenia could be by disturbing the relative balance

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<sup>56</sup> See, for example, Grigoryan, M. (2014), 'Armenia: Karabakh Question Clouds Eurasian Union Accession', Eurasianet, 10 October 2014, <http://www.eurasianet.org/node/70416>.

<sup>57</sup> This is what Armenian officials were arguing before joining the union. See, for example, *Kommersant* (2012), «„Таможенный союз не имеет для нас смысла“. Премьер Армении о взаимоотношениях с РФ» [The Customs Union does not make sense for us'. Armenia's PM on the relationship with Russia], 4 April 2012, <https://www.kommersant.ru/doc/1908052>.

<sup>58</sup> The EU's share of Armenian trade has declined, while Russia's has grown since Armenia's EAEU accession. For example, in 2012 the EU's share of Armenia's external trade was 27 per cent and Russia's was 21 per cent; in 2017 their shares were 24.3 per cent and 26.7 per cent respectively. The EU's share of Armenia's exports is still slightly bigger than Russia's, but imports from the EU lag behind those from Russia. Sources: Armstat and European Commission.

<sup>59</sup> Dragneva, R. and Wolczuk, K. (2017), *The Eurasian Economic Union: Deals, Rules and the Exercise of Power*, Research Paper, London: Royal Institute of International Affairs, <https://www.chathamhouse.org/publication/eurasian-economic-union-deals-rules-and-exercise-power>.

<sup>60</sup> See 168.am (2014), «Ժիրայր Լիպարիտյան. «Մեզ սպառնալիքի տակ է դրել այն երկիրը, որը մեզ պաշտպան էր հանդիսանում»» [Gerard Libaridian: the country that was supposed to protect us has put us under threat], 3 April 2014, <https://168.am/2014/04/03/348816.html>.

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of power around the Nagorny Karabakh conflict – which, until recently, precluded a slide back into war – either by boosting its support for Azerbaijan or by withdrawing its support for Armenia.

The theory that entry into the EAEU would improve the security situation for Armenia started to crumble almost immediately. In practice, the opposite proved to be the case: throughout 2014–15, Armenia's security situation deteriorated as military escalation not only occurred along the Line of Contact but also routinely extended to the *de jure* border between Armenia and Azerbaijan. Russia continued arms deliveries to Azerbaijan, based on agreements from 2010–11. Armenia secured a \$200 million Russian loan in 2015 to acquire modern weaponry, but deliveries were delayed for unconfirmed reasons; the Russian media published leaked classified details on the acquisitions.<sup>61</sup> The belief in Armenia following the 2016 war was that the military balance had been disturbed. While various factors have affected the dynamics around the escalation of the conflict,<sup>62</sup> the war was also indicative of the decline in Armenia's international standing and of its perceived vulnerability following its 2013 U-turn. The decline in cohesion in the relationship between Armenia and Russia, as well as within the CSTO and the EAEU, was the trigger for Azerbaijan to seek ways of reversing the status quo militarily. Armenia's alliance frameworks within the CSTO and with Russia failed to prevent a deterioration of the security situation in the region, partly enabling the four-day war in April 2016.<sup>63</sup>

While the military escalation was soon halted, the conflict further highlighted divergences in the alliances. A military flare-up along the Line of Contact would not trigger any mutual defence commitments in Armenia's agreements with Russia and the CSTO, but the spirit of these alliances nonetheless implied a degree of moral support at best or neutrality at worst. But when Armenia's Eurasian allies offered moral support, it was not to Armenia. For example, Kazakhstan initiated a change in venue, from Yerevan to Moscow, for an EAEU intergovernmental summit. This was probably driven by Kazakhstan's reluctance to appear to be taking Armenia's side, but the result was that it appeared to be taking Azerbaijan's instead.<sup>64</sup> Visiting Baku shortly afterwards, Russian Deputy Prime Minister Dmitry Rogozin announced that Russia would continue providing arms to both countries.<sup>65</sup> Foreign Minister Sergey Lavrov received a cold welcome in Yerevan, where he was questioned on the reasons for the flare-up. Suspicions abounded as to whether a partial change in the status quo would pave the way for the deployment of Russian peacekeepers, without necessarily solving the conflict.<sup>66</sup>

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<sup>61</sup> Daly, J. C. K. (2016), 'Russia Proclaims 'Parity' in Arms Sales to Armenia and Azerbaijan', *Eurasia Daily Monitor*, Vol. 13, Issue 71, 12 April 2016, <https://jamestown.org/program/russia-proclaims-parity-in-arms-sales-to-armenia-and-azerbaijan/>; Grigoryan, A. (2016), 'After a Delay, Russia Delivers New Types of Weapons to Armenia', *Eurasia Daily Monitor*, Vol. 13, Issue 154, 26 September 2016, <https://jamestown.org/program/after-a-delay-russia-delivers-new-types-of-weapons-to-armenia/>; and Grigoryan, A. (2016), 'Russian Media Leaks Sensitive Details of Armenia's Defense Posture', *Eurasia Daily Monitor*, Vol. 13, Issue 54, 18 March 2016, <https://jamestown.org/program/russian-media-leaks-sensitive-details-of-armenias-defense-posture/>.

<sup>62</sup> These included domestic dynamics in Azerbaijan: economic decline connected with oil prices, growing public discontent and the need to deflect public attention from economic problems.

<sup>63</sup> Shirinyan, A. (2017), 'For Armenia, an Alliance That May Be More Trouble Than It's Worth', Chatham House Expert Comment, 24 January 2017, <https://www.chathamhouse.org/expert/comment/armenia-alliance-may-be-more-trouble-it-s-worth>.

<sup>64</sup> Musayelyan, S. (2016), 'Speaking Diplomatically: Armenia rebukes Kazakhstan over EEU meeting postponement', ArmeniaNow.com, 19 April 2016, <https://www.armenianow.com/en/news/2016/04/19/armenia-kazakhstan-karabakh-azerbaijan-eeu-summit-nalbandian/1215/>.

<sup>65</sup> TASS (2016), 'Russia set to continue arms supplies to Azerbaijan and Armenia – official', 8 April 2016, <http://tass.ru/en/defense/868312>.

<sup>66</sup> Shahnazaryan, D. (2017), 'A Conflict of Interests in Nagorno-Karabakh', Stratfor, 28 July 2017, <https://worldview.stratfor.com/article/conflict-interests-nagorno-karabakh>.

Shifts in the military and geopolitical balance of power in the region were not enough to change the status quo militarily, but the 2016 war further deepened the crisis of confidence between Armenia and Russia, as well as highlighting the former's disillusionment with its Eurasian allies. Moscow often comes across as exploiting Armenia's geographic situation and perceived inability to escape Russia's orbit. Russia has not been compelled to use soft-power tools to improve its image in the country, and its cynicism has helped anti-Russian sentiment grow without help from abroad (even though Moscow often likes to suggest the contrary).

One example was the mishandling of the case in 2015 when a soldier from the Russian military base in Gyumri deserted and killed a family of seven. For around six months, Russia refused to hand over the captured suspect to the Armenian authorities, sparking protests in Yerevan and Gyumri.<sup>67</sup> To add insult to injury, Foreign Minister Lavrov suggested that the public outrage was orchestrated by third parties so as to trigger anti-Russian sentiment in Armenia, thereby exacerbating the popular backlash.<sup>68</sup>

When in 2015 people took to the streets in Yerevan to protest against an electricity price hike – the result of mismanagement by Electric Networks of Armenia (a then-Russian-run enterprise) – the Kremlin again saw a third-party plot agitating for a Maidan-style revolution.<sup>69</sup> This further added fuel to the public's resentment over Russia's insensitivity. In other instances, Russian officials have drawn the Armenian public's ire by trying to push for official status for the Russian language in largely mono-ethnic Armenia.<sup>70</sup>

However, in a move that surprised many observers, Russia stood aside when a growing popular movement forced Serzh Sargsyan's resignation as prime minister in April 2018. Russian officials announced that the protests were a domestic matter for Armenia. Russia's position was the result of several factors. First, the protests had no foreign policy dimension, and their leader, Nikol Pashinyan, made it clear that the movement did not seek any changes in Armenia's geopolitical alignment. Second, Russia's calculus was clearly based on its unwillingness to support an unpopular government and further damage its image in the eyes of Armenian society. Had it interfered, this could have turned the massive display of 'people power' against Moscow.<sup>71</sup>

In what appears to be recognition that the EAEU and the CSTO fall short of being functioning alliances, the new Armenian government has stated the importance of making both groupings more efficient. Achieving this may be a long shot, but Armenia can still work towards improving its own standing in these alliances.

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<sup>67</sup> Movsisian, H., Kaghzvantsian, S., Mkrtchian, A. and Gabrielian, S. (2015), 'Protesters, Police Clash Outside Russian Consulate In Armenia', Azatutyun.am, 15 January 2015, <http://www.azatutyun.am/a/26795774.html>. The soldier was eventually tried by an Armenian court in the premises of the base and later extradited to Russia to serve his sentence there.

<sup>68</sup> See, for example, Martirosyan, S. (2015), «О роли посольства РФ в Армении в разжигании и раскачивании: письмо Лаврову» [On the role of the Embassy of RF in Armenia in fuelling and escalating: a letter to Lavrov], Kavkazskiy Uzel, 21 January 2015, <http://www.kavkaz-uzel.eu/blogs/485/posts/20332>.

<sup>69</sup> Whitmore, B. (2015), 'Electric Yerevan Exposes Kremlin's Mind-Set', RFE/RL, 26 June 2015, <http://www.rferl.org/content/electric-yerevan-exposes-kremlins-mindset/27095362.html>.

<sup>70</sup> Harutyunyan, A. (2014), 'Russian Lesson' Provokes Fury in Armenia', Institute for War & Peace Reporting, 30 June 2014, <https://iwpr.net/global-voices/russian-lesson-provokes-fury-armenia>; and Kucera, J. (2017), 'Moscow Suggests Armenia Adopt Russian As Official Language', Eurasianet, 17 July 2017, <https://eurasianet.org/s/moscow-suggests-armenia-adopt-russian-as-official-language>.

<sup>71</sup> For some other possible reasons why Russia did not intervene, see Baev, P. K. (2018), 'What explains Russia's uncharacteristic indifference to the revolution in Armenia?', Brookings, 7 May 2018, <https://www.brookings.edu/blog/order-from-chaos/2018/05/07/what-explains-russias-uncharacteristic-indifference-to-the-revolution-in-armenia/>.

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## 4. The Road Ahead: Armenia's Manoeuvring Space

Armenia's geostrategic limits have been exacerbated by deficiencies in its policymaking. For a long time, there has been a tendency to take an absence of alternatives as a given. Especially following the 2013 U-turn on the planned association agreement with the EU, the country's limits have been embraced by many as a fact of life, with most diplomatic efforts focusing on damage control rather than proactive policymaking. Armenia has broadly failed to keep pace with newly emerging challenges, and a strategic rethink is needed. The National Security Strategy has not been updated since it was first adopted in 2007. It is impossible for the country to overcome its vast challenges by reactive diplomacy. At the same time, no external partners can offer clear-cut templates for security and foreign policy diversification. Armenia should not take a lack of convergence with various actors, especially in the West, as predestined; instead, it will need to carve out a manoeuvring space for itself and build convergence where it is absent.

In this context, Armenia's diplomatic missions often strike observers as strangely passive. In relation to countries that Armenia perceives as having interests divergent from its own, Armenian diplomacy has a reputation for assuming failure before even trying to campaign for its cause.<sup>72</sup> The country is transparent and straightforward in interactions with the West and Russia: Yerevan does not employ the practice of pitting one country's agenda against another's in the service of expedient self-interest.<sup>73</sup> However, this approach has also resulted in a situation wherein Western capitals are not always able to gauge how exactly they could be of more help to Yerevan. For Western partners to be able to offer more support, Armenia needs to formulate more clearly its expectations of them, including in terms of balancing its foreign policy.<sup>74</sup>

Armenia's importance for Russia is often overlooked. If Russia is exploiting the country's predicament to build greater confluence with the latter's rivals, it also depends on Armenia for that very reason. Armenia might be insignificant in the broader region, but a tilt away from Russia could cause the geostrategic architecture of the South Caucasus to collapse.<sup>75</sup> Russia would lose a strategic foothold in the South Caucasus, and could also suffer constraints on its power projection in the Middle East. Armenia has failed to put a higher price on the strategic advantages Russia obtains from its military presence in the country; hence the 'strategic partnership' is taken for granted by Moscow. Ultimately, bringing what is currently an asymmetric alliance with Russia into relative balance remains crucial for strengthening Armenia's foreign policy. Having come into power through the exercise of 'people power', the new government is placing special emphasis on

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<sup>72</sup> Interview with a British diplomat, May 2016, London.

<sup>73</sup> Interview with an Armenian Foreign Ministry official, June 2016, Yerevan.

<sup>74</sup> Interview with a British diplomat, May 2016, London.

<sup>75</sup> Interview with Manvel Sargsyan, Director, Armenian Center for National and International Studies, June 2016, Yerevan.

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sovereignty.<sup>76</sup> Russia, often suspected of overlooking Armenia's sovereignty, will need to adapt to the new reality or risk further decline in its standing among the Armenian public. The Kremlin's suspicion towards Armenia's new government and its democratization and anti-corruption agenda is likely to linger. Post-revolution, Yerevan and Moscow are still learning to work with each other.

Although there is a mostly nuanced reading of Armenia in the embassies of Western governments in Yerevan, this often gets lost in high-level policymaking.<sup>77</sup> Stereotypical narratives prevail. Armenia has been frustrated that while it is viewed as too pro-Russian in Washington and Brussels, it is viewed as too pro-Western in Moscow.<sup>78</sup> The policy of complementarity has not satisfied either side.<sup>79</sup> This suggests that Cold War-type thinking persists in Russia and the West, with the self-interest of both sides leaving the countries in-between at an unrewarding crossroads.

In 2015, reflecting the failure of the Eastern Partnership project, the EU overhauled its European Neighbourhood Policy. The EU's new policy towards Armenia seems to reflect lessons learnt. One outcome is a higher level of differentiation in policy towards the EU's eastern partners. This has resulted in a one-of-a-kind agreement that offers a compromise between Armenia's EAEU membership and closer integration with the EU. Negotiations on the new Comprehensive and Enhanced Partnership Agreement (CEPA) were opened in 2015, and the agreement signed in 2017. This is still a 'second best' option, as it does not contain the free-trade arrangements of the old EU association agreement and accompanying DCFTA.<sup>80</sup> However, it represents an important basis for furthering relations with the EU, and lets Armenia regain its European anchor. Because the EAEU is not a full-fledged economic union, and its political symbolism is more important than its technical rules, there might be some room for Armenia to manoeuvre into closer integration with the EU in the future.<sup>81</sup> The Velvet Revolution has brought new opportunities for efficient implementation of CEPA, and for possibly taking Armenian–EU ties further. However, it may also pose a challenge for the EU, as the new government has higher expectations of the EU, which the latter may not be equipped to meet immediately.<sup>82</sup>

Yerevan is also poised to deepen ties with individual EU member states. Yerevan–Paris ties have received a new impetus after Armenia hosted the 17th summit of la Francophonie in October 2018, while Yerevan may have acquired a new friend in Berlin after Prime Minister Pashinyan and Angela Merkel, the German chancellor, exchanged official visits within six months.

Armenia's balancing act has achieved some results in the defence and security field. It is the only CSTO member that also contributes to NATO operations. It has contributed to NATO's peacekeeping operations in Kosovo (since 2004), Iraq (in 2005–08) and Afghanistan (since 2009).

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<sup>76</sup> This is demonstrated in Armenian official reactions to a recent incident with the Russian military base in Panik village, as well as the handling of Russian criticism of domestic developments in Armenia. For details, see Deutsche Welle (2018), 'Russian army drill panics villagers in Panik, Armenia', 19 July 2018, <https://www.dw.com/en/russian-army-drill-panics-villagers-in-panik-armenia/a-44755840>; Harutyunyan, S. (2018), 'Yerevan Responds To Russian Criticism', Azatutyun.am, 1 August 2018, <https://www.azatutyun.am/a/29405364.html>; and Gabrielian, S. (2018), 'Pashinian Downplays Russian Criticism', Azatutyun.am, 10 August 2018, <https://www.azatutyun.am/a/29426102.html>.

<sup>77</sup> Derived from interviews with Western diplomats.

<sup>78</sup> Interview with Richard Giragosian, Director, Regional Studies Center, June 2016, Yerevan.

<sup>79</sup> Interview with a Western diplomat, June 2016, Yerevan.

<sup>80</sup> Armenia still benefits from preferential tariffs in its trade with the EU through the GSP+ scheme.

<sup>81</sup> Interview with Kataryna Wolczuk, Associate Fellow, Chatham House, February 2017, London.

<sup>82</sup> Kucera, J. (2018), 'Pashinyan in Brussels: "We expect more assistance"', Eurasianet, 13 July 2018, <https://eurasianet.org/s/pashinyan-in-brussels-we-expect-more-assistance>.

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Armenian peacekeepers are also involved in UN missions in Lebanon (since 2014) and Mali (since 2015). These contributions not only fit within the rationale of security prioritization for Armenia, but also highlight its transformation from consumer to provider of security assistance.<sup>83</sup> The country's peacekeeping operations are also an integral part of defence capacity-building and reform. Despite reliance on Russian arms deliveries, Armenia is carrying out military reforms according to Western models of development, with help from the US and European partners. Armenia has prioritized quality over quantity in the development of its defence capabilities, a strategy that also reflects its constraints in human and material resources.<sup>84</sup>

Armenia's bilateral defence cooperation with individual NATO members compensates for those areas where cooperation with NATO as a whole might be limited. Security ties with the US are closer than those with NATO, with the former helping to strengthen Armenia's defence capabilities through military education and training; the provision of defence weaponry, communication and night-vision equipment; and institutional support for tackling corruption in the defence sector. Armenia also cooperates with Germany and Greece, and has established defence-industry cooperation with Poland. Participation in peacekeeping operations and bilateral security partnerships allows it to do 'more with less'.<sup>85</sup>

Russia is watching Armenia's expanding military ties with NATO and the West with unease. Even under the previous administration, the defence establishment had become bolder in diversifying military ties. Since Georgia often serves as a physical location for cooperation activities with NATO, it is important that such activities are not in any way framed as directed against Russia. Armenia is also resisting Russia's attempts to frame the CSTO as a counterweight to NATO; hence, it is trying to prevent polarization between the two blocs. For Armenia, the red line in its cooperation with NATO is membership.<sup>86</sup>

There is potential for much greater economic cooperation between Armenia and the US, as the two countries undergo an 'aid to trade' transition. With Armenia's more substantive efforts to combat corruption and liberalize its economy, the prospects of the 2015 Trade and Investment Framework Agreement offering greater economic benefits will grow. A potential sore point concerns the recently reactivated US sanctions against Iran; Armenia might have to navigate this challenge again. Yerevan should proactively engage with Armenia-savvy officials in the Trump administration, the State Department and Congress to ensure that the new US–Iran fallout does not disturb Armenia's relations with either the US or Iran.

Georgia and Iran have always been important partners for Armenia, but the new government is further prioritizing relations with both countries. Prime Minister Pashinyan's first official visit, in May 2018, was to Georgia, where he offered to take relations to the next level. Given that the two countries are allied to each other's rivals – Armenia to Russia, and Georgia to Azerbaijan and

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<sup>83</sup> Interview with Richard Giragosian, Director, Regional Studies Center, June 2016, Yerevan.

<sup>84</sup> Mediamax (2018), «Դավիթ Տոնոյան. Պարտականությունը պետք է փոխարինենք ստամեկությանը» [Davit Tonoyan: Sense of responsibility should be replaced by sense of mission], 10 July 2018, <https://mediamax.am/am/news/interviews/29332/>.

<sup>85</sup> Interview with a Western diplomat, June 2016, Yerevan.

<sup>86</sup> Interview with a high-level Armenian Defence Ministry official, June 2016, Yerevan.



Turkey – the working formula Armenia offers to Georgia is to not allow third-party interests to impede the deepening of bilateral ties.<sup>87</sup> This puts the onus on Georgia to reciprocate.

Iran's potential in Armenia's foreign policy diversification remains untapped. In the South Caucasus security architecture, the two countries' interests are often naturally aligned; Iran plays a security-balancing role for Armenia even absent formal arrangements between the two.<sup>88</sup> Part of the problem for furthering relations with Iran is the complexity of the latter's state apparatus. Its diplomatic style is sometimes hard to decipher; it does not always clearly articulate its interests in the region. But the biggest problem is Russia, which is wary that if Iran opens up further to Armenia, this will diminish Moscow's clout. Armenia has been trying to bring Iran closer by pushing for a free-trade agreement between Iran and the EAEU; a deal was signed provisionally in May 2018. A free-trade zone in Meghri, Armenia's border region with Iran, was established in December 2017. The zone is meant to bring Iranian, European, US, EAEU and Chinese businesses together to benefit from Armenia's preferential trade regimes and links with third parties.

Negotiations for pumping more Iranian gas to Armenia and possibly further to Georgia continue. One of the highlights of Pashinyan's official visit to Iran at the end of February 2019 was his announcement that Armenia is ready to be a transit country for Iranian gas. If ongoing talks between Russia and Georgia to open communications via Abkhazia and South Ossetia are successful, the intended Iran–Armenia railway might become economically more viable. But an Iranian breakthrough remains dependent on other factors, and Armenia will need to be bolder in eliminating obstacles. Iran might also need to demonstrate that it is ready to offer a balance to Russia's role in the region in order to render Armenia's overtures less risky.

Since 2015, Armenia has been expanding ties with China. Bilateral trade has grown in the last couple of years, and recorded a 40 per cent year-on-year increase between January and April 2018.<sup>89</sup> China is Armenia's third-largest trade partner after Russia and the EU. It is building a new embassy in Yerevan, which will reportedly be its second-biggest in the post-Soviet space after the one in Moscow.<sup>90</sup> Armenia is interested in boosting military ties, having previously acquired Chinese weaponry and, as recently as September 2017, having secured Chinese military aid worth \$1.5 million.<sup>91</sup> The rationale is that while Russia may be uneasy about Armenia's expanding ties with the West, it does not have formal reasons to obstruct military cooperation with China.

Overall, the emphasis on expanding ties with Georgia, Iran and China (as well as possibly with India) marks an attempt to break away from the trap of the Western–Russian dilemma, which is so inconvenient for Armenia's efforts to balance its foreign policy. These are all potential avenues for further development, underpinned by the pursuit of flexibility as an essential tool for improving its security environment. Furthermore, the effects of the recent Velvet Revolution are likely to increase the space for Armenian foreign policy balancing.

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<sup>87</sup> Shirinyan, A. (2018), 'Following the 'Velvet Revolution', a New Opening for Armenia and Georgia?', *Hetq.am*, 5 June 2018, <http://hetq.am/eng/news/89756/following-the-velvet-revolution-a-new-opening-for-armenia-and-georgia.html>.

<sup>88</sup> Interview with Manvel Sargsyan, Director, Armenian Center for National and International Studies, June 2016, Yerevan.

<sup>89</sup> Armenpress (2018), 'Armenia-China trade turnover grows 40%', 22 June 2018, <https://armenpress.am/eng/news/938512.html>.

<sup>90</sup> Musayelyan, O. (2017), 'Armenia: New Embassy Is Sign of Strengthening Chinese-Armenian Ties', *Eurasianet*, 23 August 2017, <https://eurasianet.org/armenia-new-embassy-is-sign-of-strengthening-chinese-armenian-ties>.

<sup>91</sup> *Armenian Mirror Spectator* (2017), 'Armenian Defense Chief Visits China', 7 September 2017, <https://mirrorspectator.com/2017/09/07/armenian-defense-chief-visits-china/>.

## 5. Conclusion

Armenia's delicate foreign policy balancing has been frustrated by regional geopolitics, an assertive Russia, a democracy deficit at home, the miscalculation of geopolitical shifts, and a lack of engagement from the West. The country's security deficit has grown as it has sought a closer security partnership with Russia. The latter has found that it can exploit Armenia's predicament, whether to obstruct a closer partnership with the EU or to increase Azerbaijan's convergence with Moscow. Through its actions, Russia risks losing a political ally, as well as further thinning what public sympathy remains towards it in Armenia. But the burden of reversing the asymmetry in the bilateral relationship ultimately falls on Yerevan. Armenia will need to increase the cost to Russia of not upholding its side of the alliance. Unless Moscow is presented with the risk of diminished regional clout, it will continue to take its ally for granted.

Although the 2018 Velvet Revolution has not fundamentally altered the geopolitical landscape, it is likely to result in a more Armenia-centric foreign policy in the longer run. The country is now raising uncomfortable questions for Russia and other partners in the CSTO and EAEU about the lack of broader convergence across these alliances. How Armenia handles its over-reliance on Russia will largely influence its regional and international standing, and will determine the extent to which it can expand relations with other partners. It still needs to prove that it is not unduly supporting Russia's interests. The new government is putting the emphasis on deepening ties with Georgia and Iran, two countries that offer unfulfilled potential as political and economic partners. China may also be an emerging actor in Yerevan's delicate balancing act. By prioritizing ties with these countries, Armenia will further aim to minimize any fallout from the confrontation between Russia and the West.

For Armenia's Western partners, there is an inherent contradiction in the fact that they have been displeased by its over-reliance on Russia, but have also de facto conceded that it falls within Russia's 'zone of influence'. Armenia's vulnerability to Russia has scarcely been recognized, at least until recently. Similarly, the resignation of the EU and the US to seeing Armenia as a democracy laggard had in the past been paralleled by policies that, inadvertently or not, empowered incumbents lacking domestic legitimacy. The West's ability to inspire a more conducive environment in the region for overcoming entrenched paradigms of enmity and insecurity has been limited. All of the above may explain why scepticism towards Russia within Armenian society – a mood that has grown gradually over the past couple of years due to Moscow's policies – has not been converted into increased sympathy towards the West. Armenians are sceptical of the West as much as they are doubtful of Russia. If the West wants to increase its attractiveness, it needs to develop a more nuanced policy towards Armenia, put more emphasis on democracy, and support a better security environment in the region. The West may now be facing higher expectations from the new Armenian government. The unspoken challenge is that Armenia's revolution has brought about the ambition of democratic governance without the geostrategic shift towards the West and away from Russia that revolutions in Georgia and Ukraine have observed.

The crisis between the West and Russia is likely to persist, as are regional geopolitical divides; both factors will continue to limit Armenia's policy options. Addressing these challenges will require non-conventional solutions. Armenia should not underestimate the power of diplomacy to

overcome geopolitical constraints. Its image has been damaged by its timid policymaking and the mismanagement of its diplomatic cadre. The country bears part of the blame for the failure of Western policymaking to develop a more nuanced understanding of Armenia. The 2018 Velvet Revolution has created new opportunities for the country's foreign policy. The new government is more empowered internationally, by virtue of enjoying unprecedented public support at home. Because the revolution was unexpected for its partners and they are now adjusting to the new reality, Armenia has a chance to initiate and guide a new level of relationships with them. It could gain more support if it were to pursue bolder policies. It will need to build convergence of interests with different actors where this is absent, and increase it where it already exists.

To overcome its predicament, Armenia should not only focus on seeking hard security and defence solutions, but also view security as part of a broader set of foreign and economic policies. It should focus on cultivating a wide range of alliances and policies that will render war in the region costly, and motivate a more cooperative attitude across the regional divides.

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