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Armenia in 2013: Between a Rock and a Hard Place

The land of “shouting stones” and Biblical reminiscences, of rough stones carved into lace and eternal snow-capped peaks, land of longed-for ideals and visionary struggles, anguished memories of blood and glory, Armenia is the fatherland of one of the most ancient peoples in the Near East, the bearer of a heritage of culture, art and civilization well beyond proportion to their numbers, the extent of their land and their political power.¹

Introductory Remarks

Following the parliamentary and presidential elections held on 6 May 2012 and 18 February 2013, respectively, Armenia’s President Serzh Sargsyan faces a number of challenges in his second term in office. These include overcoming the stalemate in Nagorno-Karabakh, improving the functioning of Armenia’s economic system to raise living standards for huge parts of its population, and actively continuing to find ways and means to liberate Armenia from the deadlock in its relations with Turkey, which is having a negative impact on its balance of trade and considerably hampering its economic development.

Although the culture of compromise does not seem to be widespread in the region, it is essential that progress be made in solving the Nagorno-Karabakh conflict and in opening the Armenian-Turkish border. Only a policy that aims at solving the conflict and leading to an opening of the Armenian-Turkish border will improve Armenia’s increasingly precarious socio-economic situation and re-establish the regional co-operation that existed and functioned in Soviet times.

Faltering European Initiatives

The European Union’s Eastern Partnership (EaP) made the mistake (as did the European Neighbourhood Policy, ENP, which covers both Eastern Europe and the Mediterranean region) of forcing six differently structured and regionally differentiated countries into a bed of Procrustes – even bearing in mind that each country’s action plan aims to take into account the specific interests and development situation of that state. The EU also made the pol-

¹ Boghos Levon Zekiyan, *Armenia – Imprints of a Civilization*, Milan 2011. The expression “land of shouting stones” was coined by Osip Mandelstam in his 1933 book “Journey to Armenia”.

itical mistake of failing to engage sufficiently in dialogue with Russia regarding the ENP and the EaP with the aim of persuading Moscow of the merits of this policy approach. Russia already had trouble accepting NATO's Eastern enlargement and intervention in Kosovo, and saw the interest-driven policy of the US and the co-operation policies of the EU and NATO in the South Caucasus as a political challenge in an area it considered to be a sort of "private hunting ground" governed by clan structures (and their vested economic interests) and influenced and partially torn apart by rival geopolitical interests. In the 1990s, the EU had already failed to include Russia as a full partner in the INOGATE programme, which supported pipeline projects that aimed to use the South Caucasus as a corridor for the transport of oil and gas from Azerbaijan and Turkmenistan to Turkey and the EU. The result was the failure to establish a truly pan-European pipeline system that would connect Eastern and Western European states by achieving a compromise between the interests of both sides and building confidence. Consequently, the failure of the Nabucco pipeline project was eminently foreseeable, primarily because it failed to take account of Russian interests.

The EaP also came up against its limits as a result of its implicit declaration that the Western European path of development was the norm, and the assumption, drawn from classical modernization theory, that it could impose a development programme on the EaP partner countries that could be measured in terms of normative categories and would be fulfilled as a result of historical inevitability.

If modernization, which is desired on political and economic grounds, is to cross the European divide between the EU and those territories dominated de facto by Russia, it is necessary to have a concept of modernity that is not based exclusively on Western European and North American patterns of modernization and does not simply elevate them and their results to the status of norms, but is rather more open to various forms of modernity.²

The political strategy followed by the EU in the framing of its treaty relations with the EaP countries (negotiation of Association Agreements, including Deep and Comprehensive Free Trade Agreements, DCFTA), which made certain democratic and rule-of-law reforms conditions for goal-driven co-operation, needs to be subject to critical scrutiny, as it has little to recommend it in pragmatic terms. Reform efforts of this kind can only be a goal of co-operation with states like Armenia, whose transformation is still ongoing (or which, as a result of deep-seated personal and institutional inertia, have not only become bogged down but have not even been seriously and consistently attempted), and cannot be a condition for it.

I propose that democracy cannot simply be exported wholesale, but only encouraged by means of co-operation that takes account of existing interests

2 Cf. Dietmar Neutatz, *Träume und Alpträume. Eine Geschichte Russlands im 20. Jahrhundert* [Dreams and Nightmares: A History of Russia in the Twentieth Century], Munich 2013, p. 15.

and is focused on specific goals and the needs of the country in question. Consequently, the wholesale transfer of the body of EU law – or at least the bulk of the EU's *acquis communautaire* – is problematic, particularly given the asymmetry of negotiating positions. Even with the support of the EU, just how should a country like Armenia shoulder the Herculean task of translating 80,000 pages of EU legal documents into the Armenian language and Armenian law and implementing the *acquis communautaire* in a way that “radically” suits the local environment (and is recognized by state and society as adding value on the path to greater prosperity)?

Domestic and Regional Legacies

Democratic Transformation

Armenia's transformation into a sovereign and democratic nation state following the disintegration of the USSR in 1991 has not been plain sailing. There is, de facto, no separation of powers in Montesquieu's sense. Fundamental rights (above all the right to vote, freedom of assembly/freedom to demonstrate, and freedom of speech) have often been only unwillingly accepted by the state. The media, the fourth branch of government in a functioning democracy, is dominated by the state and shows few signs of pluralism (signifying that Armenia is a “guided democracy” of the type exemplified by Putin's Russia). Although the Parliamentary Assembly of the Council of Europe has declared that the bloody events of March 2008 – following the 2008 presidential elections – were concluded by the release in March 2011 of the last of the political prisoners arrested at the time, the question of who was responsible for the deaths of ten people during the unrest has still not been answered.

Parties in the style of “Western” democracies do not yet exist, or only in a rudimentary form (regardless of the fact that European political parties have granted observer status to five Armenian parties). Such parties as there are can be considered as clientelistic alliances, whose overriding interest is to use political influence to secure their material prosperity rather than to seek to gain support for their political programme.

President Sargsyan's ruling Republican Party was the clear winner of the 6 May 2012 parliamentary elections, gaining nearly 45 per cent of the vote (a gain of ten per cent on the 2007 results). The Prosperous Armenia party, which had been in coalition with the Republican Party from 2007 to 2012, doubled its share of the vote to 30.12 per cent, yet declined to join the government this time round and went into opposition.³

3 Based on its economic interests, however, Prosperous Armenia has acted as a kind of “constructive opposition”. This is also reflected in the fact that the party, which is headed

The Armenian Revolutionary Federation (ARF), also known as *Dash-naktsutyun*, another former member of the governing coalition, which it left as a result of the first Sargsyan government's policy on Turkey,⁴ and the Armenian National Congress (ANC), formerly the extra-parliamentary opposition alliance, led by Armenia's first president Levon Ter-Petrosyan, performed poorly, polling 5.67, and 7.08 per cent, respectively.⁵

In the presidential elections of 18 February 2013, the incumbent, Serzh Sargsyan, was re-elected with 58.64 per cent of votes cast. The only serious alternative candidate, Raffi Hovannisyan of the Heritage party, received a remarkable 36.75 per cent of the vote.⁶ This was the result of his highly dynamic campaign, which resembled a US presidential campaign in terms of the public-relations effort; the increasing dissatisfaction of large segments of the population with the leadership and the difficult socio-economic conditions they were held responsible for; and the fact that none of the other parties represented in parliament had put forward a candidate of their own.

In its report, the mission sent by the OSCE Office for Democratic Institutions and Human Rights (ODIHR) to observe the election characterized the election process as largely free and peaceful, and covered by the media in a balanced way, while simultaneously criticizing breaches of electoral law, the illegitimate exercise of influence, inaccurate registers of voters, and irregularities on polling days (multiple voting, vote buying, etc.). Many of these irregularities were documented by concerned citizens, NGOs, or the broadcaster GalaTV.⁷

Transport Infrastructure and the Economic Situation

Armenia's transport infrastructure (roads, railways, etc.) is in very poor shape. Many regional, cross-border, and cost-cutting infrastructure projects have been put on hold or cut back (partially for political reasons), which has increasingly placed the country in a deadlock from which it can only extricate itself by means of comprehensive political action. However, raising the capital necessary to modernize Armenia's derelict transport infrastructure would

by the business oligarch Gagik Tsarukyan, predictably did not put up its own candidate to stand against Serzh Sargsyan in the 2013 presidential election.

4 Negotiation of the Armenia-Turkey protocols, one aim of which was to open the borders, and which, though they were signed in Zurich on 10 October 2009, have not yet been ratified, thanks to Turkey's policy of obstruction.

5 Cf. *Results of the 2012 Armenian Parliamentary Elections*, Caucasus Elections Watch, 14 May 2012, at: <http://electionswatch.org/2012/05/14/results-of-the-2012-armenian-parliamentary-elections>.

6 Cf. *Armenian Elections: We have always known who the winner was going to be, but who are the losers?* Caucasus Elections Watch, 19 February 2013, at: <http://electionswatch.org/2013/02/19/armenian-elections-we-have-always-known-who-the-winner-was-going-to-be-but-who-are-the-losers>.

7 OSCE Office for Democratic Institutions and Human Rights, *Republic of Armenia, Presidential Election, 18 February 2013, OSCE/ODIHR Election Observation Mission, Final Report*, Warsaw, 8 May 2013, available at: <http://www.osce.org/odihr/elections/101314>.

require a fundamental reform of the Armenian economic system or borrowing from international financial institutions, though this would need Armenia to improve its credit rating and to place its trust in an economic model based on international norms. There is one exception: the construction of the North-South-Corridor from the Iranian-Armenian border at Meghri to the Armenian-Georgian border at Bavra, whose main investor is the Asian Development Bank. Yet Georgia has so far not been willing to declare its readiness to extend this corridor to the Black sea harbour of Batumi. This is a good example of how difficult it is for Armenia to overcome its deadlocked situation.

If the long overdue reforms of the Armenian economy are not carried out, the suffering of the Armenian people in terms of high unemployment, poverty (ca. 36 per cent are below the poverty line),⁸ and ineffective social security provision (health and pensions) is unlikely to lessen appreciably.

The increasing social dissatisfaction and the lack of opportunities for large parts of the Armenian population to earn an adequate living (e.g., sufficient to support a family) led many voters to support the opposition candidate Raffi Hovannisyán in the 2013 presidential election. Yerevan's seemingly lively and prosperous city centre scene and the casinos that line the main traffic arteries give a false impression to casual visitors who are not acquainted with the real economic situation that normal Armenian citizens have to face every day.

The dire economic situation – and consequently the poor prospects for even qualified professionals in the Armenian job market – has produced an ongoing brain-drain and is leading to further emigration. Approximately 1.8 million Armenians work in Russia, supporting the Armenian economy considerably with currency transfers amounting to 1.3 billion US dollars per annum – a figure that is rising. The socio-economic impact of this is worrying for the country, with negative side-effects for the development of a civil society that is much needed for a reversal of Armenian fortunes.

Customs Union and Military Co-operation

Armenia's recent turn away from Europe (as reflected in the presidential decision of 3 September 2013 to join the Russian-led Custom Union), which gambles with three years of progress in negotiations with the EU over the conclusion of an Association Agreement (including, centrally, a DCFTA), indicates that Vladimir Putin's "Russian renaissance", and the accompanying assertion of Russia's political, security, and economic interests in states that it considers to belong to its sphere of interest (including Armenia and, above all, Ukraine) are apparently well received by the Armenian leadership. This may be a result of a predisposition on the part of the long-established Arme-

8 Cf. Central Intelligence Agency, The World Factbook, Armenia, at: <https://www.cia.gov/library/publications/the-world-factbook/geos/am.html>.

nian ruling class, who were often educated in Moscow and tend to see a vertical power structure as the best means of guaranteeing the effective functioning of the state – to the exclusion, as much as possible, of a civil society that is critical or capable of criticism. It also shows that the interest-driven policies pursued by Putin seemingly reflect the interests of Armenia’s political and economic leaders more closely than do the political (separation of powers, etc.) and economic reforms that are the goals of the Association Agreement with the EU (and would undermine the vested interests of the ruling elite). This analysis does not ignore Armenia’s demand for a security guarantee with respect to the ongoing Nagorno-Karabakh conflict, which it believes can only be provided by Russia. It is unfortunate that the question of security is generally considered solely in military terms and that the economic situation is not considered to be an equally decisive factor for the security of a state. After all, it cannot be denied that Russia helped to bring about Armenia’s political about-turn by offering a deal on the price of gas, which is bound to have influenced the decision of the Armenian president. The conditions of this gas deal have been severely criticized for the pricing mechanism as well as the complete takeover of the Armenian gas distribution system by Gazprom (reinforcing the Russian gas giant’s monopoly position as a producer and distributor, and consequently undermining Armenia’s previous efforts to diversify its sources of gas, e.g. by increasing its electricity exports to Iran and increasing the import of Iranian gas, which is a well established arrangement).

It is obvious that the Armenian president’s decision to enter the Russian-dominated Customs Union was ultimately based on Russia’s decisive influence over Armenian economic, financial, and security policy. Russia is the key economic player in the Armenian energy sector (Metsamor Nuclear Power Plant), in telecommunications, in banking, in mining (copper, molybdenum, uranium, gold, etc.), in railways (Russia holds the concession to operate the Armenian national rail system), and in the pipeline sector. In military terms, Armenia is more closely integrated with and dependent on Russia than is any other member of the Commonwealth of Independent States (CIS) and the Collective Security Treaty Organization (CSTO), e.g. in terms of military procurement. Following the signing of the 1995 treaty agreement on the Russian military base in Gyumri (which, in 2011, was modified and extended to run until 2044), a Russian-Armenian friendship pact was signed on 28 August 1997, sealing the “strategic partnership” between the countries. Armenia was one of the six CIS member states that signed the Treaty on Collective Security (CST) in May 1992, which was the basis for the creation of the CSTO in 2002.⁹ There are approximately 4,200 Russian troops stationed in Armenia (with a further build-up planned) along-

9 The Treaty on Collective Security was signed by Armenia, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan. Current CSTO members are Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan.

side a further 3,000 Russian border guards, whose task is to secure the Armenian borders with Turkey and Iran. At the heart of Armenia's national defence are Russian-made S-300 anti-aircraft missile systems (installed at three different sites), as well as 16 Russian MiG jet fighters, and Mi-24 and Mi-8 helicopters stationed at Yerevan. The above-mentioned security agreements also provide Armenia with access to Russian arms markets at "discount" prices.

It remains to be seen whether the president's decision to join the Russian-dominated Customs Union and hence to accept Russia's leadership role in terms of trade and economic policy will affect how Armenia cooperates with NATO. Thanks to its Individual Partnership Action Plan (IPAP) with NATO, close co-operation on security matters with individual NATO states including the USA, the UK, and Germany, and the assistance of these states in the drafting of the latest Armenian Strategic Defence Review, Armenia has made significant progress in restructuring its armed forces in recent years – a process that was also aided by its participation in peacekeeping operations in Kosovo and Afghanistan.

So far, Armenia has successfully performed the balancing act between being a member of the CSTO, on the one hand, and implementing the IPAP and participating in NATO-led peacekeeping missions, on the other. Had it proven possible in the 1990s, following the fall of the Berlin Wall and the dissolution of the Warsaw Pact, to agree on an overarching pan-European security architecture, the question of the co-operation of states such as Armenia with NATO would not have arisen (and would not have triggered counter-productive negative psychological reflexes in Russia).

Nagorno-Karabakh Conflict

The Nagorno-Karabakh conflict has existential importance for Armenia's political leadership and the majority of Armenia's political groupings (including the diaspora). In view of the Armenian genocide and in recollection of the pogroms already carried out in the Ottoman empire in the late 19th century, Armenia's current political leadership, as well as the former presidents of Armenia and members of the Karabakh Committee Levon Ter-Petrosyan and Robert Kocharyan and the vast majority of the Armenian diaspora (in Lebanon, Syria, Russia, France, and the USA), the ARF party and politicians such as Raffi Hovannisyan feel political pressure to consider the ceasefire line agreed in 1994 following the three-year war between Armenia and Azerbaijan over Nagorno-Karabakh as effectively non-negotiable in the national interest.¹⁰ It is unsettling that the Nagorno-Karabakh question was critically debated in neither the 2012 parliamentary elections nor the 2013 presidential election, and there was certainly no attempt at seriously consid-

10 The "blood price" paid being the lives of 25,000 soldiers and civilians and a million internally displaced persons.

ering whether a compromise solution should be sought. Since the Armenian media – with a few exceptions – are supportive of the state, there is also hardly any serious public debate about whether it may be necessary to seek a resolution of the conflict by means of mutual compromise.

Based on the constitution of the Soviet Union and the referenda that were carried out in 1991 (referendum on 10 December 1991 for the independence of Nagorno-Karabakh, which was proclaimed on 2 September 1991) and in 2006 (constitutional referendum of 10 December 2006), Nagorno-Karabakh considers itself as a subject of international law, which, as in the case of the Republic of Kosovo (or more so given the overwhelming support for independence and statehood expressed in the referenda), possesses the key constitutive features that go to make a state (national territory, people, public authority). The de facto regime in Nagorno-Karabakh, the Armenian government, and the majority of significant groupings in Armenian society (including a majority among the diaspora – represented by the ARF party, among others) take the “realpolitik” position that “diplomacy eventually ratifies what history has wrought and that as they have effected the de facto secession of Nagorny Karabakh from Azerbaijan and re-written the facts on the ground, this will eventually be recognized by the world at large”¹¹ (the so-called normative power of facts, which is also significant in international law), although “Azerbaijan almost certainly has the international muscle to keep the Armenian side in an insecure limbo and to prevent the recognition of the independence of Nagorny Karabakh”.¹²

Following the signing of the Meindorf Declaration (at Schloss Meindorf near Moscow) by the presidents of the two conflict parties and the Russian president, Dmitry Medvedev, under whose aegis the summit took place, Caucasus expert Alexey Malashenko argued that, objectively considered, there was no possible resolution of the conflict that would be satisfactory to all sides. That is why, according to Malashenko, it is so important that the parties meet regularly, even to sign non-committal documents, as this creates the beneficial illusion that some progress is being made towards resolving the conflict.¹³

Against the background of the Armenian genocide and the loss of territory to Kemalist Turkey in the period following the First World War,¹⁴ it is

11 Thomas de Waal, *Black Garden: Armenia and Azerbaijan through Peace and War*, New York 2003, p. 306.

12 *Ibid.*, p. 307.

13 Cf. Alexey Malashenko, in: RBK Daily, 5 November 2008, cited in: Manfred Quiring, *Pulverfass Kaukasus: Konflikte am Rande des russischen Imperiums* [Caucasus Powder Keg: Conflicts on the Edge of the Russian Empire], Berlin 2009, p. 79.

14 Although the Treaty of Sèvres, between the Ottoman empire and the victorious powers in the First World War, established an independent “Greater Armenia”, much of this territory was later lost following the Turkish-Armenian War of 1920. In the Treaty of Moscow of 16 March 1921, Soviet Russia acknowledged Turkish sovereignty over Kars, Ardahan and Artvin, while the 1923 Treaty of Lausanne granted Eastern Anatolia (i.e. the Armenian Highlands) to Turkey.

difficult for Armenia to make any further “territorial concessions”. Furthermore, the loss of Nakhchivan, which had a majority Armenian population up until 1914, and the cruelties and destruction of Armenian architectural heritage that followed, have rubbed salt in Armenia’s wounds.

Turkey’s behaviour, the above-mentioned territorial losses in Eastern Anatolia and the South Caucasus, and Stalin’s deportation of Armenians who had returned to their “homeland” following the Second World War have given Armenians a deep and fundamental fear of persecution and injustice. That is why Armenians are nervous about risking the current status quo, which has ostensible benefits for Armenia, in favour of a compromise that may prove to have negative consequences (e.g. in terms of security) for the populations of Armenia and Nagorno-Karabakh.

It is unfortunate that “some Armenian political forces take the view that a continuation of the status quo will guarantee the political results gained by the victory on the battleground in 1994 [author’s note: Azerbaijan’s loss of control over Nagorno-Karabakh, seizure and occupation of seven surrounding districts by Armenia], in the hope that a Kosovo-style approach which allows for the self-determination of the people of Nagorno-Karabakh will be applied sooner or later”.¹⁵ Azerbaijan spends over three billion US dollars annually on defence alone, which exceeds the entire Armenian state budget. The Azerbaijani leadership also seems confident of its ability to conquer Nagorno-Karabakh.¹⁶

The current arms race, which is powered by Azerbaijani gas and oil revenues, has the most egregious effect on the ceasefire agreement concluded in 1994, which Sargis Ghazaryan characterizes as “a self-regulated, precarious and vulnerable ceasefire without any inter-position force having been interposed between Nagorno-Karabakh and Azerbaijani troops”.¹⁷ The arms race between the conflict parties, which bears no proportion to their financial capabilities, has an alarming impact on the geopolitical balance in the region.¹⁸

Arms suppliers such as Israel, Turkey, Ukraine, Belarus, and Russia (particularly the latter, given its role as co-chair of the Minsk Group) need to deal more intensively with the question of the extent to which they can continue to try to bottle up the “militaristic genie” they are inevitably encouraging with their arms deliveries. And Russia, in particular, needs to bear in

15 Sargis Ghazaryan, Background: Setting the Political Stage, in: Michael Kambek/Sargis Ghazaryan (eds), *Europe’s Next Avoidable War: Nagorno-Karabakh*, pp. 10-23, here: p. 21. Cf. also: Thomas de Waal, Remaking the Nagorno-Karabakh Peace Process, in: *Survival* 4/2010, pp. 159-176, here: p. 160.

16 Cf. Ghazaryan, cited above (Note 15), p. 21. Cf. also Hans-Joachim Schmidt, Could War Return to Nagorno-Karabakh? In: Institute for Peace Research and Security Policy at the University of Hamburg/IFSH (ed.), *OSCE Yearbook 2011*, Baden-Baden 2012, pp. 167-180, here: p. 172.

17 Ghazaryan, cited above (Note 15), p. 21.

18 Cf. *ibid.*

mind the fate of the sorcerer's apprentice, who summoned spirits he could not control.

The arms race is also a misallocation of resources that are urgently required to improve the quality of life of the populations of both countries, as well as their crumbling infrastructure (including efforts to integrate more than one million internally displaced persons, which have so far failed, at least in part for political reasons).

The international community needs to step up its efforts to deal with the Nagorno-Karabakh conflict.

Since the failure of the "presidential summit" held in Kazan in June 2011 to produce the expected breakthrough (there had been much hope of an agreement on the "Madrid Principles", elaborated by the co-chairs of the Minsk Group as the basis for negotiations towards a peace treaty), the Nagorno-Karabakh negotiations have been treading water. In particular, it proved impossible to implement confidence-building measures that had previously been agreed between the parties to the conflict under Russian auspices (e.g. withdrawal of snipers, establishment of an expanded mechanism for the investigation of incidents along the line of contact). This would have required the expansion (in terms of personnel and funding) of the OSCE monitoring team, led by the Personal Representative of the OSCE Chairman-in-Office, to enable it to investigate incidents at the line of contact in addition to monitoring the ceasefire. During the relevant OSCE budget consultations in 2013, Azerbaijan torpedoed the financing of the confidence-building measures agreed at Sochi in January 2012, which made it clear just what the real value was of such "presidential" agreements, prepared well in advance by the co-chairs.

The Safarov affair was another major blow to the creation of urgently needed mutual trust in the faltering Nagorno-Karabakh negotiations. In 2004, Ramil Safarov, an Azerbaijani army officer, murdered a sleeping Armenian officer with an axe while both were attending an English course in Hungary run under the NATO Partnership for Peace programme. He was sentenced to life imprisonment and given a term to serve of no less than 30 years. In August 2012, Safarov was extradited by Hungary to Azerbaijan, where he was greeted as a hero and, contrary to the agreed arrangements, not only immediately pardoned but also promoted.

Armenia's envisaged and repeatedly announced resumption of flights between Yerevan and the modernized airport in Stepanakert is a further stumbling block – from Azerbaijan's perspective, the pouring of oil on an already blazing fire. Armenia and Nagorno-Karabakh have so far refrained from starting flights between the two cities, though they have agreed to them in principle. Interestingly, Armenia and Nagorno-Karabakh never tried to disrupt flights between Baku and Nakhchivan. The resumption of air traffic between Nagorno-Karabakh and Yerevan will ease the lot of the long-suffering population of Nagorno-Karabakh. Because of the political pressure

exerted on Armenia by the co-chairs of the Minsk group, the resumption of flights out of Stepanakert has been adjourned indefinitely.

It remains to be seen to what extent the Nagorno-Karabakh conflict-resolution process, which has clearly reached an impasse, or the Minsk Group and its co-chair format, can achieve the goal it has set itself, namely “to reach a framework agreement for the settlement of the Nagorno-Karabakh conflict in line with the L’Aquila (2009), [...] Muskoka (2010) [...] and Deauville (2011) [...] [author’s note: the latter on the eve of the trilateral presidential summit in June 2011] G8 joint statements by the presidents of France, Russia and the United States”¹⁹ in the foreseeable future.

The L’Aquila, Muskoka, and Deauville statements are high-profile joint political declarations by the Minsk Group co-chairing countries France, Russia, and the United States, specifying the basic principles for the ultimate resolution of the conflict. Commonly known as the Basic (or Madrid) Principles, they were first presented to the Armenian and Azerbaijani foreign ministers at the OSCE Ministerial Council in Madrid in November 2007. In line with the principles of the 1975 Helsinki Final Act – namely refraining from the threat of or use of force, territorial integrity, and equal rights and self-determination of peoples – they include the following six elements for the conflict’s settlement: “return of the territories surrounding Nagorno-Karabakh to Azerbaijani control; an interim status for Nagorno-Karabakh providing guarantees for security and self-governance; a corridor linking Armenia to Nagorno-Karabakh [author’s note: the so-called Latchin corridor]; future determination of the final status of Nagorno-Karabakh through a legally binding expression of will; the right of all internally displaced persons and refugees to return to their former places of residence; and international security guarantees that would include a peacekeeping operation.”²⁰ The peacekeepers would certainly need a “robust mandate” in view of the passions that have been aroused by the indoctrination of sections of the population of both countries, including by means of educational programmes that run counter to the politically desirable de-escalation of an ideologically “poisoned” population.

The Deauville Declaration again stresses that “only a negotiated settlement can lead to peace, stability, and reconciliation” and that the “use of force [...] would be condemned by the international community”.²¹ The ex-

19 Ibid., p. 22.

20 The White House, Office of the Press Secretary, *Joint Statement on the Nagorno-Karabakh Conflict*, by U.S. President Obama, Russian President Medvedev, and French President Sarkozy at the L’Aquila Summit of the Eight, July 10, 2009, 10 July 2009, at: http://www.whitehouse.gov/the_press_office/Joint-Statement-on-the-Nagorno-Karabakh-Conflict/. Cf. also Ghazaryan, cited above (Note 15), pp 22-23, and Schmidt, cited above (Note 16), p. 167.

21 *Joint Statement on the Nagorno-Karabakh Conflict* by Dmitry Medvedev, President of the Russian Federation, Barack Obama, President of the United States of America, and Nicolas Sarkozy, President of the French Republic at the Deauville Summit of the Eight, 26 May 2011, at: <http://www.osce.org/mg/78195>.

tent to which a self-confident oil state like Azerbaijan – which is continuing to build up its military strength and believes it has the right to restore the status quo ante as soon as possible – will be impressed by such a warning is questionable.

The presidential summits between the Nagorno-Karabakh conflict parties held between 2008 and 2012 and moderated by the then Russian president Dmitry Medvedev made it abundantly clear that there can be no lasting resolution of the Nagorno-Karabakh conflict, if the political leaderships of the conflict parties are not willing:

- not only to work seriously to reach a compromise solution that takes account of the interests of both sides, but to actively seek to bring this about politically (good examples of cases where political courage guided action include post-war reconciliation and rapprochement between Germany and France and Germany and Poland, and Charles de Gaulle's policy of granting Algeria "independence" despite vehement domestic opposition);
- to prepare the populations on both sides for the necessity of reaching a compromise and to take the political risk of convincing them of this (as well as refraining from a build-up of arms that is damaging to the prospects of conflict resolution, and from sabre-rattling statements that contradict in action the supposed political desire to achieve a resolution).

There are a number of further points missing from the catalogue contained in the above-mentioned L'Aquila declaration that need to be taken into account in the Nagorno-Karabakh negotiation process:

- the explicit inclusion of the Nagorno-Karabakh Republic as a party in the negotiating process (at present it is only included indirectly via the mediation talks regularly held by the co-chairs in Stepanakert; Nagorno-Karabakh was included as a party in the ceasefire agreement of 1994 and took part in the mediation talks held when Robert Kocharyan was president of Nagorno-Karabakh during the 1990s);
- the conclusion of a nonviolence agreement between Azerbaijan, Armenia, and Nagorno-Karabakh; and
- the abandonment of nationalistic hate propaganda on all sides as a form of "verbal disarmament" and confidence-building measure in the spirit of the Helsinki Final Act.²²

22 Cf. Otto Luchterhandt, *Berg-Karabachs Selbstbestimmungsrecht: Begründung und praktische Folgerungen* [Nagorno-Karabakh's Right to Self-Determination: Its Basis and Practical Consequences], in: Vahram Soghomonyan (ed.), *Lösungsansätze für Berg-Karabach/Arzach: Selbstbestimmung und der Weg zur Anerkennung* [Solutions for Nagorno-Karabakh/Artsakh: Self-Determination and the Path to Recognition], Baden-Baden 2010, pp. 11-78, here: pp. 70-71.

- It remains to be seen whether the “historical” meeting of the Armenian and Azeri presidents in Vienna on 12 November 2013 has been conducive to at least reinvigorating the Nagorno-Karabakh peace process and breaking the vicious circle that has left both sides the prisoners of their own national posturing. The meeting was brokered by the Minsk Group of the OSCE, and has since been followed by further meetings of the Armenian and Azeri foreign ministers (e.g. at the OSCE Ministerial Council Meeting in Kiev on 5 December 2013) as well as visits to the region by the co-chairs. The 2014 Swiss OSCE Chairmanship also plans to attempt to overcome the stalemate in Nagorno-Karabakh by means of supplementary conflict-resolution initiatives planned to coincide with the 20th anniversary of the Nagorno-Karabakh ceasefire agreement.

The Armenian Apostolic Church

Over centuries, the Armenian Apostolic Church was the “cement” that held the Armenian people together, as well as the surrogate for a state that was either weak or entirely absent. However, in terms of the creation of a civil society that is capable of articulating the needs of the people and effectively representing and defending their interests, for which the need is greater than ever, it is unfortunate that this church has never regarded itself as a counterweight to the state, and hence is unwilling to act as a mouthpiece for disadvantaged citizens by supporting urgently needed social and economic reforms. The church can likewise be criticized for the role it has played in the Nagorno-Karabakh conflict, where it failed to actively support a compromise solution in the interests of both peoples. It would be helpful for the formation of a “mature” civil society if the church’s leadership were to take a position that was less “system-immanent” and more focused on improving the lot of a population many of whom are in dire need.

Armenian-Turkish Relations

Following the war between Georgia and Russia in August 2008, the hope was raised that the Turkish-Armenian border, which is, since the fall of the Berlin Wall, one of the last highly negatively symbolic remnants of the Cold War in Europe, could also “be brought down”. This was to be accomplished by means of the negotiation and conclusion of the Armenia-Turkey protocols (which were signed in Zurich on 10 October 2009) and the subsequent establishment of diplomatic relations “without preconditions”. In practice, this would have entailed the opening of the border to people and goods and the establishment of a cross-border energy network (in view of Armenia’s potential over-production of energy, a significant source of revenue), which would have followed the removal of the sanctions imposed by Turkey following the 1991-1994 Nagorno-Karabakh War.

The opening of the border with Turkey is one means by which Armenian could liberate itself from the isolation that causes it so many problems. The “football diplomacy”, which saw the Turkish and Armenian presidents attend World Cup qualification games between their national teams, was seen as a catalyst of improvements in relations between the two countries. However, this revealed itself as unable to fulfil its much-touted potential when, following the conclusion of the protocols, Turkey, against the backdrop of strong Azerbaijani criticism and keen to avoid damaging Turkish interests by alienating Azerbaijan, the major “new” energy player in the region (as well as a “brother in faith”), refused to ratify the protocols,²³ the signing of which (in the presence of the foreign ministers of the USA, Russia, France, and Switzerland as well as the EU High Representative on Common Foreign and Security Policy), had already been a cause of political disagreement.

The Turkish proposal (made by Prime Minister Recep Tayyip Erdoğan at the time of the South Ossetia War) to negotiate a Caucasus Stability and Co-operation Pact was quickly revealed to be a political non-starter.

It is regrettable that the temporary rapprochement between Armenia and Turkey characterized as “football diplomacy” was stillborn. All the more so since Armenia’s president no longer demanded the Turkish recognition of the Armenian genocide as a *conditio sine qua non* for the establishment of diplomatic relations (according to a statement he made on television in September 2008).

One recent encouraging sign is the number of events that have been held bringing together people from Turkey and Armenia for discussion and cultural exchange. These have been supported by numerous NGOs, political foundations, and institutions such as the German Adult Education Association (*Deutscher Volkshochschulverband*). Their aim is to ease the tensions in Armenian-Turkish relations while also making a vital socio-political contribution to dealing with the terrible historical legacy. It is to be hoped that such initiatives will also indirectly have a positive impact on the two nations’ executives – particularly on the Turkish one, which continues to act in a doggedly autistic manner and seems not be able to assume moral responsibility for the genocide committed during the Ottoman empire.

Turkey, in striving to play the role of a regional power in the Southern Caucasus (on the basis of a political strategy adopted shortly after the war between Georgia and Russia in 2008), should have the political courage to reach out to Armenia and its people, who suffered tremendously from Turkish persecutions at the end of the 19th century and in 1915. This could lay the foundations for regional co-operation in the Southern Caucasus while also stabilizing the precarious security situation there. Cross-border internet platforms could also help to overcome the “speechlessness” regarding the recog-

23 Armenia’s reaction to the Turkish refusal to ratify was to put its own ratification process “provisionally” on ice.

nition of the Armenian genocide and to bring about the politically necessary catharsis that comes from dealing with the past.

In view of the forthcoming centenary commemoration of the genocide, Armenia will once again make a dedicated effort to find allies in the international community willing to persuade Turkey to acknowledge the genocide committed on the Armenian people. As a consequence, Turkey will place pressure on its “allies”, “brothers in faith”, and trading partners to reject Armenia’s bid for international acknowledgement of the genocide. In contrast to Germany, which has recognized (or was required to recognize – as the price of readmission to the international family of nations) its guilt and responsibility for the genocide of the Jews in the Holocaust, Turkey has so far eluded acknowledging the well-documented genocide that almost led to the “annihilation of the Armenian people in Anatolia”.²⁴

If efforts to open the border had succeeded, this would in all probability have had a positive effect on the development of Armenian trade and economic relations with Turkey and the European Union (Turkey and the EU are in a customs union). The opening of the border would have forced the Armenian economy to improve its competitiveness (and reform competition law) as a result of economic and trade competition from abroad. Opening the border might also have had a positive effect on the way Armenia dealt with the Nagorno-Karabakh negotiations, which were politically deadlocked.

Turkey’s demand, made after the initialling of the Armenian-Turkish negotiation protocols on the eve of the day of memorial for the Armenian genocide (commemorated on 24 April 2009), that the border only be opened once Armenia had withdrawn (in part or fully) from the occupied areas around Nagorno-Karabakh was immediately and unambiguously rejected as diametrically opposed to the premise of the negotiations, which was to establish diplomatic relations “without preconditions”. Armenia is determined that the Turkish attempt to create a linkage between Armenian withdrawal from the occupied territories and the opening of the Armenian-Turkish border is politically unacceptable.

It remains to be seen whether Switzerland will succeed, when it holds the OSCE Chair in 2014, in creating movement in Armenian-Turkish relations and the Nagorno-Karabakh conflict-resolution process. The so-called “frozen conflicts” are one of Switzerland’s priorities for its OSCE Chairmanship.

24 *Erinnerung und Gedenken an die Vertreibungen und Massaker an den Armeniern 1915 – Deutschland muss zur Versöhnung zwischen Türken und Armeniern beitragen* [Remembering and Commemorating the Expulsion and Massacre of the Armenians in 1915 – Germany Must Contribute to Reconciliation between Turks and Armenians], Antrag der Fraktionen SPD, CDU/CSU, Bündnis 90/Die Grünen und FDP [Motion by the parliamentary groups of the SPD, CDU/CSU, BÜNDNIS 90/DIE GRÜNEN and FDP] German Bundestag, Drucksache 15/5689, 15 June 2005 [author’s translation].

Armenian-Iranian Relations

In view of its isolation, it is vital for Armenia to place its political and economic/energy policy co-operation with Iran on a solid basis that will also allow for future expansion.

Iran, which is home to both Azeri and Armenian minorities, which shares a border with Afghanistan and is used as a transit country for drug trafficking, and which is also a potential regional power in the Gulf region and the South Caucasus, is assuming an increasingly important role in regional politics. This is not surprising, given its historical record of involvement in the South Caucasus/Caspian region, including Nagorno-Karabakh. This is reflected in the lively exchange of diplomatic visits between Armenia and Iran, and can be seen in the number of Iranian licence plates visible on the streets of Armenia (both goods vehicles and tourist cars).

Armenia also hopes that agreement on an Iranian nuclear programme that would serve exclusively peaceful ends will lead to a de-escalation of the continuously deteriorating situation in Syria. The growing exodus of Syria's Armenian Christian minority (who numbered ca. 140,000 before the outbreak of the civil war) means that Armenia is facing a growing refugee problem. Given the tense situation in the country and the poor state of the job market, Armenia will be hard pressed to integrate them rapidly and smoothly into its struggling social structures.

The Armenian diaspora in Iran provides a promising means for intensifying co-operation between the two countries, which is in the interests of both parties (e.g. supply of Armenian electricity in return for gas and oil, tourism, export of agricultural products such as mutton). The 5+1 talks on Iran's nuclear programme are therefore vital for Armenian interests, thanks to the trade sanctions imposed by the USA and the EU on Iran, which affect Armenian economic and trade relations and the financial-services sector. A relaxation or end of the sanctions regime would revive economic and trade relations between Armenia and Iran.

The Parliamentary and Presidential Elections 2012-2013

The Armenian parliamentary elections of 6 May 2012 and the presidential elections of 18 February 2013 were conspicuous by the lack of debating "fireworks". The blame can be laid at the feet of the existing party structure and Armenia's largely apolitical civil society. There were no televised debates between the presidential candidates or leaders of the major parties.

The following foreign-policy topics played no perceptible role in the election campaigns:

- the Armenian-Turkish normalization process,
- the Nagorno-Karabakh conflict/the conflict-settlement process,
- European Neighbourhood Policy and Eastern Partnership/conclusion of an Association Agreement (including a DCFTA),
- accession to the Eurasian Union/Customs Union, and
- EU-Armenia visa regime liberalization.

It is highly problematic that the key political actors do not allow Armenian citizens to have a say in key foreign policy decisions that have a major impact on society.

There was also little public debate of domestic issues such as

- the political instrumentalization of the judiciary,
- growing income disparity,
- the precarious social situation (unemployment, unsustainable health and social security systems),
- increasing migration/brain drain (lack of job prospects),
- the growing urban/rural divide (60 per cent of GNP is generated in the Yerevan region), and
- corruption and the ongoing oligarchization of the economy.

Nonetheless, a number of NGOs have denounced cases of corruption, environmental damage caused by mining, the construction of ecologically questionable power stations, and damage to buildings in Armenia's few remaining old towns. A key role in this has been played by the rapid spread of internet use, which is a potential catalyst for the formation of "civic consciousness" and the articulation of opinions on socio-political issues. The 2012 and 2013 election campaigns do thus indicate that information technology can be used successfully to place issues on the political agenda.

It is encouraging that, following the events around the 2008 presidential elections, the executive has successfully undertaken to provide for equal access for party representatives to TV and radio air time²⁵ and to resolve legal issues relating to the freedom of assembly and the right to demonstrate.²⁶

Before both elections, the OSCE, the EU, the Council of Europe, and numerous political think tanks and NGOs funded programmes designed to

25 Cf. OSCE Office for Democratic Institutions and Human Rights, *Republic of Armenia, Presidential Election, 18 February 2013, OSCE/ODIHR Election Observation Mission, Final Report*, cited above (Note 7), pp. 1-2, 14-16; OSCE Office for Democratic Institutions and Human Rights, *Republic of Armenia, Parliamentary Elections, 6. May 2012, OSCE/ODIHR Election Observation Mission, Final Report*, Warsaw, 26 June 2012, pp. 2, 14-17, at: <http://www.osce.org/odihr/91643>.

26 Cf. OSCE Office for Democratic Institutions and Human Rights, *Republic of Armenia, Presidential Election, 18 February 2013, OSCE/ODIHR Election Observation Mission, Final Report*, cited above (Note 7), p. 4; OSCE Office for Democratic Institutions and Human Rights, *Republic of Armenia, Parliamentary Elections, 6. May 2012, OSCE/ODIHR Election Observation Mission, Final Report*, cited above (Note 25), pp. 5, 11-13.

ensure that the polls would be held in line with internationally recognized electoral standards. They also gave training to local election monitors, to election commissions (on the correct application of electoral law), and to police on legal issues relating to freedom of assembly and the right to demonstrate.

Sadly, the disentanglement of politics and business – a goal often cited before the elections – was not realized. Thanks to the use of a majoritarian (first-past-the-post) system for a proportion of constituencies in Armenian parliamentary elections, members of the oligarchical class again succeeded in gaining a major influence in parliament.

As long as it is not possible to accomplish the following goals, it will remain difficult to encourage the development of a politically active, effective, and broad-based civil society in Armenia and to create a state that will be both effective and viable in the long term:

- to raise the majority of the population out of poverty,
- to disentangle politics and business.
- to “install” a free-market economy that takes effective account of the interests of small and medium-sized enterprises (with a judiciary that does not feel compelled to take account of the interests of the powerful in its decision making but acts solely according to its obligation to the law),
- to strengthen the independence of the judiciary,
- to seriously and effectively combat corruption,
- to make sustainable improvements to the education system, ensuring that the future elite is formed in a socially just way, and to provide the necessary financial means for this (also covering secondary education and not just the tertiary sector), and
- to counteract the brain drain by creating adequate employment opportunities.

The parliamentary and presidential elections gave President Sargsyan and his Republican Party a strong mandate to take a courageous approach to tackling existing domestic and foreign policy challenges.

In its final report on the 6 May 2012 parliamentary elections, the ODIHR Election Observation Mission concluded that “the elections [...] were held under an improved legal framework [...] and] characterized by a competitive, vibrant and largely peaceful campaign, which was, however, marked by a low level of confidence in the integrity of the process”.²⁷ In a statement on the 18 February 2013 presidential elections, the representatives of the OSCE/ODIHR, the Parliamentary Assembly of the Council of Europe

27 OSCE Office for Democratic Institutions and Human Rights, *Republic of Armenia, Parliamentary Elections, 6 May 2012, OSCE/ODIHR Election Observation Mission, Final Report*, cited above (Note 25), p. 1.

(PACE), and the European Parliament, concluded that “Armenia’s presidential election was generally well-administered and was characterized by a respect for fundamental freedoms, including those of assembly and expression”.²⁸ The statement went on to strike a more critical note: “At the same time, [...] a lack of impartiality on the part of the public administration and the misuse of administrative resources resulted in a blurred distinction between the activities of the state and those of the ruling party.”²⁹

The observers confirmed that there have been clear improvements in the electoral process since the previous presidential elections. According to Karin Woldseth, head of the PACE delegation, noteworthy progress could be seen in many areas, including the media environment and the legal framework.³⁰

The final reports of the ODIHR Election Observation Missions on the parliamentary and presidential elections were published on 26 June 2012 and 8 May 2013, respectively. They give a well-documented factual analysis of the electoral process, and its inefficiencies and deficits, including recommendations on where and how the quality of elections should be further raised in the future.

Representatives of NGOs and the media have frequently drawn attention to and criticized ballot-stuffing, the use of removable ink (thereby failing to prevent double voting), problems with electoral registers (despite their being available online for “anyone” to inspect), vote-buying, etc. One problem is the identification of infringements of electoral law. The OSCE election observation mission can only criticize infringements that are substantiated, i.e. can be documented as a breach of election law in a way that has legal significance.

In view of the association with the EU, which Armenia had been seeking for some time, as well as the EU’s “more for more” policy (increasing EaP funding in return for targets being achieved), it was important for Armenia that both the parliamentary and presidential elections passed the democracy test, broadly speaking, in the eyes of the EU and the OSCE.

As the Danish philosopher Søren Kierkegaard wrote: “It is really true what philosophy tells us, that life must be understood backwards. But with this, one forgets the second proposition, that it must be lived forwards.”³¹ Armenia needs to liberate itself from the role of victim and from backwards-

28 OSCE Office for Democratic Institutions and Human Rights, Press Release, *Armenian election generally well-administered with fundamental freedoms respected, but some key concerns remain, international election observers say*, Yerevan, 19 February 2013, at: <http://www.osce.org/odihr/elections/99676>.

29 Ibid. Cf. also OSCE ODIHR/Parliamentary Assembly of the Council of Europe/European Parliament, International Election Observer Mission, Republic of Armenia – Presidential Election, 18 February 2013, Statement of Preliminary Findings and Conclusions, Yerevan, 19 February 2013, pp. 1, 2, at: <http://www.osce.org/odihr/elections/99675>.

30 Cf. OSCE Office for Democratic Institutions and Human Rights, Press Release, cited above (Note 28).

31 Søren Kierkegaard, *Journalen [Journals] JJ:167 (1843)*, in: *Søren Kierkegaards Skrifter [The Writings of Søren Kierkegaard]*, Copenhagen 1997, volume 18, p. 306 [translation by Palle Jørgensen].

looking patterns of thought. Without sustainable reform of the systemic barriers that stand in the way of healthy economic and societal development, and a visionary settlement of the still smouldering Nagorno-Karabakh conflict, Armenia is unlikely to be able to free itself from the “Babylonian captivity” in which it appears to be sinking ever more deeply. This has the consequence of causing it to fall ever further behind its South Caucasian neighbours Georgia and Azerbaijan in terms of socio-economic development. The conclusion of an Association Agreement (including a DCFTA) and the opening of the border to Turkey would have certainly created enormous challenges for the Armenian economy and political system, yet successfully dealing with these challenges could have permanently improved the socio-economic conditions of the long-suffering and disaffected Armenian population.

Concluding Remarks

Questions of security policy in the South Caucasus are decisively influenced by Russia, Turkey, and Iran, all of which have key interests in the region. Armenia has been able to create a stable basis for its relations with two of these regional powers – the exception being Turkey – with trade and energy deals (importing oil, exporting electricity), and tourism playing the key roles in Armenia’s bilateral co-operation relations. Following the 2008 South Ossetia War, the EU, via its ENP/EaP and the related negotiations over an Association Agreement (including a DCFTA), started to play a more prominent role as a partner for co-operation and an initiator of political, economic, and trade reform programmes in the South Caucasus, where it is becoming an ambitious political player. Though the EU was successful in using its Monitoring Mission (EUMM) in Georgia to raise its profile as a security policy actor at the Georgian-Russian border, it could not perform a similar manoeuvre with regard to Armenian-Azerbaijani relations. While the three co-chairs of the OSCE Minsk Group regularly hold political discussions in Stepanakert, the EU’s Special Representative for the South Caucasus does not. The EU has managed to make itself Azerbaijan’s political hostage and has so far failed to participate effectively in the Nagorno-Karabakh conflict-resolution process by conducting political discussion and assistance programmes with relevance for conflict resolution within the conflict region itself. The EU’s attempt to reduce the potential for conflict between Armenia and Azerbaijan in the medium term (in imitation of the long-term Franco-German and German-Polish conflict settlement processes) by means of regional assistance programmes, Association Agreements that are almost identical in terms of content for Armenia and Azerbaijan, and cross-border co-operation initiatives, undertaken within the framework of the EaP, has proved illusory. At the EaP summit in Vilnius in November 2013, only Georgia and

the Republic of Moldova initialed Association Agreements (though the summit was overshadowed by Ukraine's last-minute refusal to do so).³²

The EU's attempt to raise its political profile in the South Caucasus by concluding Association Agreements appears to have failed for the time being. This follows the earlier bitter blow to the EU's hopes of establishing itself as a player in the energy pipeline business (and simultaneously gaining an advantage over Russia in the South Caucasus) that was represented by the collapse of the Nabucco pipeline project.

A matter of decisive significance for the EU is how it can succeed in reaching agreement with Russia over the various goals of its neighbourhood policies in Russia's "back yard". Russia is likely to continue for some time to seek to tie countries such as Armenia to itself out of both historical and security considerations.

As co-chair of the Minsk Group, Russia's interests mean it will continue to have no genuine and constructive interest in finding an "ultimate" resolution to the Nagorno-Karabakh conflict that takes account of both the facts on the ground (in view of their normative power) and the interests of both sides. Russia appears to consider the precarious "balance of strengths" at the line of contact to be more in line with its interests than the attachment of countries such as Armenia to the EU. As long as the Nagorno-Karabakh conflict remains unresolved, the current Armenian leadership will continue to see Russia as an indispensable guarantor of security, and Russia takes advantage of this dependency.

As long as Russia does not accept that the co-operation of states such as Armenia with the EU can be understood as a win-win situation, the Putin regime is likely to continue to push ahead with the project of a Eurasian Union/Customs Union. Russia considers the EaP to be a rival project, and the affected states are considered part of Russia's "sphere of influence". The idea, propounded for a time, of establishing four EU-Russia "common spaces" – in the areas of the economy; freedom, security, and justice, including the free movement of people; external security; and research and education – which has never been realized in the form originally intended, would provide an opportunity to "neutralize" the conflict potential provoked by the EaP, which "irritated" Russian interests not so much by stressing free trade but rather by focusing on the need for fundamental changes in the judiciary, introducing a coherent market economy system based on competition rules, and promoting human rights as a precondition for the establishment of a vigorous civil society.

As a result of Armenia's dependence on Russia in the fields of security, energy, finance, economic, trade, and banking policy; bearing in mind the 1.8

32 This despite the fact that negotiations on the textual details of an Association Agreement with Armenia were concluded in July 2013. As far as Ukraine's refusal is concerned, cf., for example, RFE/RL, Ukraine, *EU's Eastern Partnership Summit Opens Amid Ukraine Tensions*, 28 November 2013, at: <http://www.rferl.org/content/ukraine-eu-yanukovych-vilnius-partnership-summit/25182851.html>.

million Armenian migrant workers in Russia, and their considerable value their remittances have for the Armenian economy; and in view of the cross-border financial flows between Armenian and Russian enterprises, President Sargsyan executed a political about-turn on 3 September 2013 by announcing Armenia's intention to join the Russian-dominated Customs Union. This decision could also be interpreted as a decision in favour of the continuation of economic clientelism (and against the introduction of a free market in line with EU competitiveness principles).

This about-face can be considered as a sign that Armenia appears to be unready to seriously and "radically" engage with the political and economic reforms associated with a closer treaty relationship with the EU and to push these reforms through against institutional opposition from a ruling elite determined to protect its vested interests, i.e. to pursue policies that would amount to a fundamental restructuring of the oligarchic economic system and would lead to major changes affecting the vested interests of Russian and Armenian businesspeople. Furthermore, in countries like Armenia, there is little desire to become subject to the EU's canon of values (democracy and electoral standards, the freedom of the judiciary from political interference, an economic system based on competition, public tendering processes free of corruption, etc.).

With Russia exerting pressure in the areas of energy, trade, and security to deter ex-Soviet countries from making deals with the EU (such as EU Association Agreements), it will be interesting to see how Armenia and the EU will be able to implement the joint statement issued at the EaP summit in Vilnius on 29 November 2013, i.e. to pursue EU-sponsored programmes aimed at "large scale reforms" in the areas of the economy, fighting corruption, and further developing civil society. It has been difficult for Armenia to understand that it is impossible to simultaneously benefit from increased EU financial support (according to the more-for-more principle) and the advantages of a far-reaching EU Association Agreement (with a focus on transforming state structures and developing civil society) and to accede to the Customs Union (dominated de facto by Russia), which looks like developing into a Eurasian Union from 2015.

The German-backed EU approach of fostering cross-frontier (sub-) regional structures in the fields of transport, energy, trade, and the economy and thus creating a Southern Caucasus regional structure conducive to cooperation among the countries of the Southern Caucasus and with neighbouring countries, and consequently leading to a diminution of tension in that area, has, for the time being, been thwarted, primarily by Turkey and Russia, as well as the South Caucasus States and their stubborn-mindedness.

The extremely limited international presence along the line of contact between the occupied territories and Azerbaijan is problematic. It is also troublesome that one of the two conflict parties is not prepared to approve confidence-building measures that would serve to de-escalate the conflict,

such as the withdrawal of snipers, the establishment of a conflict-monitoring scheme (a step down from the conflict-prevention scheme that Russia and Georgia agreed in relation to their conflict over South Ossetia), the opening of the border to local traffic, and the provision of access to municipal services (water, power) to residents in the border area.

Finally, the international community (including the OSCE) deserves criticism for failing to condemn unequivocally the disproportionate build-up of arms in Armenia and Azerbaijan that is diametrically opposed to a conflict settlement and contradicts the expressed political goal of refraining from supplying weapons to trouble spots. The extensive deliveries of arms by countries including Israel, Russia, and Turkey are politically counterproductive, as they raise tensions considerably in an already precarious situation, and have a negative effect on the security climate in the South Caucasus as a whole.