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## Armenia’s Search for Independence

RICHARD GIRAGOSIAN

Statehood and independence have never been easy for Armenia. As a small, landlocked country in a region that has long served as an arena for much more powerful nations and empires, Armenia is a prisoner of its geography. The South Caucasus, comprising Armenia, Georgia, and Azerbaijan, is defined more by conflict and competition than cooperation. It is a region where Russia, Turkey, and Iran have vied for influence over much of the past two centuries.

This competition has intensified during the past two decades. In the wake of the Soviet Union’s collapse, it has triggered several “frozen conflicts” and outright war. For Armenia, Azerbaijan, and Georgia, the seven decades of Soviet rule have proved a burdensome legacy, exacerbated by fragile economies and a lack of democratic legitimacy. The three countries were ill-prepared to manage the early period of state building. Each continues to face a difficult course of economic and political reform. Despite these shared challenges, they have pursued diverging paths.

For Armenia, the challenge of state building was especially daunting. Even before independence, it faced two distinct setbacks: the eruption of the Nagorno-Karabakh conflict in February 1988 over an ethnic Armenian enclave within Azerbaijan, and a devastating earthquake in December 1989. Upon the sudden and unexpected disintegration of the Soviet Union in 1991, Armenia was unprepared for the urgent needs of independence. The country also faced a grave threat as the Karabakh conflict intensified, leading to a war with Azerbaijan. The war disrupted trade and transport routes, cut key energy links, and triggered a near blockade, closing two of Armenia’s four borders. To date, the borders with Turkey and Azerbaijan remain closed. Armenian

troops have remained in Karabakh since the war’s end in 1994.

Azerbaijan has been able to leverage both its Caspian energy resources and its historic ties to Turkey. It has focused on economic growth, with less regard for democratization. As for Georgia, following a period of instability and a destructive civil war in the 1990s, democratic reform and economic development have transformed the country into the regional leader. After the loss of the separatist regions of Abkhazia and South Ossetia as a result of Russian aggression, Georgia has committed itself to pursuing a pro-Western strategic reorientation, forging ties with the European Union and seeking NATO membership. It also has maximized its role as a key transit state, offering its territory and Black Sea ports as crucial links in the regional energy chain.

Armenia faces two broader strategic threats beyond the unresolved Nagorno-Karabakh conflict. First, for a landlocked country, limited by both demographics and territory, the threat of isolation stems from closed borders, limited trade and transport, and exclusion from regional development projects. An equally serious and related threat is that the Nagorno-Karabakh conflict continues to foster both a trend of authoritarian governance and a dangerous overdependence on Russia as Yerevan’s main security partner.

Against this backdrop, Armenia has pursued a strategy designed to maximize its options and expand its room to maneuver amid much larger regional powers. Armenian foreign policy has generally succeeded in delicately balancing the contradiction between the “strategic partnership” with Russia and a deepening of ties with the West. This policy, known as “complementarity,” stems naturally from Armenia’s historical and geopolitical considerations. The partnership with Russia is rooted in both history and necessity, especially given the closure of the Turkish and Azerbaijani

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borders. The border closings, moreover, have forced Armenia to look beyond its traditional trade and export routes, thereby encouraging ties with Iran. Although the contradiction inherent in complementarity has seemed at times insurmountable, Armenia has sought security through accommodating and exploiting the interests of traditionally competing powers.

## THE RUSSIAN PARTNERSHIP

The relationship with Moscow has deepened considerably over the past several years, but Armenia's increasing dependence on Russia has raised concerns. Although strong ties with Russia are vital for Armenia over the long term, the "strategic partnership" has steadily become one-sided, marked by Russian control over key sectors of the Armenian economy, including much of the energy sector and the rail network, along with an expanding hold over the mining, construction, and telecommunications sectors.

On the few occasions when it has rebuffed Russian overtures, Yerevan has mustered a surprising degree of political will and independence. For example, it effectively resisted Russian demands that it recognize the independence of Abkhazia and South Ossetia in 2008. (Recognition would have inflicted severe damage on Armenia's important relationship with Georgia.) Overall, however, Armenia has done little to reverse its traditional subservience to Russia, opting instead to refrain from any moves that would risk the alliance with Moscow.

The strategic partnership does offer a security umbrella for Armenia, especially critical given the virtual state of war with Azerbaijan over Nagorno-Karabakh. And even with the lack of parity in the relationship, Armenia has preserved a degree of flexibility. In the defense sector, for instance, Armenia continues to deepen ties with the West through bilateral agreements with a wide range of countries (including France, Germany, Greece, and the United States) and institutional cooperation within the NATO Partnership for Peace program. At the same time, as the only member of the Collective Security Treaty Organization (CSTO) of former Soviet states in the South Caucasus, and as the only country in the region to host a Russian military base, Armenia has maintained its security relationship with Moscow.

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Armenia's embrace of defense reform has bolstered its strategic significance to the West while also increasing its value as Russia's reliable regional ally. Although Armenia remains reliant on Russian arms and discounted weapons stocks obtained through the CSTO, it has adopted a firmly pro-Western perspective in terms of operational training, doctrine, and modernization, as well as peacekeeping deployments. Yerevan has been careful not to trigger Russian concern over this apparent shift: It has repeatedly ruled out any aspirations for full NATO membership and reiterated its commitment to the Russian strategic relationship, while increasing its participation within the Moscow-led CSTO security bloc.

Still, many in Armenia sense a looming threat from the Kremlin, fearing that Russia may challenge its defense reform and modernization, and impose a new limit on the Western embrace. The pro-Western reform team led by Defense Minister Seyran Ohanyan views this concern as well founded. There are signs that Moscow may now seek

to halt Armenia's deepening of ties with NATO and target Armenian reformers. Russia may attempt to constrain Armenia's Western-oriented, NATO-supported military education reforms. It could even seek to block

Armenia's operational contributions to peacekeeping deployments abroad, which have included missions under Western command in Kosovo, Iraq, and Afghanistan, and most recently in southern Lebanon.

## THE KREMLIN SAYS "NYET"

Armenian vulnerability to Russian pressure was most evident in 2013, when Moscow pressed Yerevan to abandon its plans to formally deepen ties with the EU. After being summoned to Moscow, President Serzh Sargsyan met with his Russian counterpart, Vladimir Putin, in early September 2013 for talks over the "integration process" among former Soviet states. Following the brief meeting, Sargsyan made an unexpected announcement that Armenia would no longer initial its draft Association Agreement with the EU. He said Armenia was committed to joining a Russian-led Customs Union instead, and promised to actively support Moscow's efforts to integrate the former Soviet space.

That decision effectively ended Armenia's long-planned conclusion of an Association Agreement and a related Deep and Comprehensive Free Trade Area pact with the EU. After nearly four years of negotiations, these agreements were supposed to have been adopted at the EU summit in Vilnius, Lithuania, in November 2013. To many Armenian observers, such a sudden shift in policy marked not only a missed opportunity but also a serious strategic setback. Moscow's apparent success in forcing Yerevan to back down from its stated goal of forging deeper ties with the EU was largely a result of pressure that played on Armenian security considerations. Russian officials implied that there would be a "reconsideration" of their security partnership if Armenia went ahead with its EU agreement. Despite generally pro-Russian feelings in Armenia, Moscow's pressure sparked a new sense of resentment among the Armenian public.

In the short term, the government was embarrassed, and lost a significant degree of credibility in the eyes of the West. The move sacrificed nearly four years of difficult negotiations and reform, and offered Armenia little in return. The government's stated commitment to join the Moscow-led Customs Union suggested a deepening of its dependence on Russia and in economic terms promised little real benefit. Tariffs would have to be raised sharply to conform to the Customs Union's standards, decreasing competitiveness and deterring foreign investment.

The president's sudden and unilateral policy shift revealed deep deficiencies in the workings of the Armenian government: a closed and opaque decision-making process and an absence of adequate strategic planning. These deficiencies are rooted in the nature of the political system, which is headed by an overly dominant executive. Given the lack of an independent judiciary and a traditionally subservient legislature, the presidency has generally been free of any check or balance on its power. Moreover, the combination of a record of tainted elections and little if any consideration for public opinion has tended to limit legitimacy. In this context, the sudden policy shift was not difficult to implement.

But it is also now clear that the shift was actually made in Moscow. As the lack of Russian pres-

sure on Armenia throughout nearly four years of negotiations over the Association Agreement demonstrates, Moscow clearly did not view EU engagement as a threat. This stemmed from a Russian perception of the EU as neither a significant geopolitical actor nor a serious rival. The last-minute shift in Russian policy against EU engagement in what Moscow perceives as its sphere of interest, evident in the imposition of coercive trade measures on Moldova and Ukraine at that time, showed that Moscow viewed Armenia as a sacrificial pawn. Its pressure on Yerevan was designed to send a message to deter similar European aspirations in Moldova and Ukraine. In Ukraine, Russia also pressured President Viktor Yanukovich to reject an EU agreement. Despite the short-term success of this pressure, it led to the overthrow of Yanukovich and a strategic shift by Ukraine back to Europe and away from the Russian orbit.

## EURASIAN DISUNION

The Kremlin has sought to transform the Customs Union into a more rigid Eurasian Economic Union, a project to reintegrate key former Soviet states. This is seen as an institutional mechanism to further consolidate Moscow's dominance over the "near abroad," a Russian term for the former Soviet states. For Moscow, the Eurasian Union is a natural expansion of earlier Russian-led projects of reintegration, based on the Commonwealth of Independent States and further building on the Customs Union. According to the plan, the Eurasian Union will be established by three founding member states, Belarus, Kazakhstan, and Russia, and officially launched in January 2015. Yet there has been a series of unexpected delays, and with the loss of Ukraine as a prospective member the project seems much less viable and even less attractive.

In many ways, the Eurasian Union concept remains incoherent, lacking substance and practical benefits. The potential economic incentive for states to enter the union is fairly weak; gains would mostly accrue to Russia. While the effort to institutionalize reintegration within the near abroad is not new, the timing of this project represents a Russian response to shifting geopolitical circumstances. The Eurasian Union is a reaction to greater EU engagement along Russia's periphery, and to the effectiveness of the EU Eastern Partnership program,

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which has been bolstered by ongoing negotiations between the EU and several key states, including Ukraine, Georgia, and Moldova.

For Armenia, entry into the Eurasian Union is neither assured nor easy. The absence of borders with Russia, or with Belarus and Kazakhstan, poses a logical impediment to such a move. The differences in tariffs and other structural obstacles require a complex process of legislative, regulatory, and even constitutional reform to meet the membership requirements. Although Russia, Belarus, and Kazakhstan have agreed to launch the Eurasian Union by January 2015, it is now increasingly unlikely that Armenia will overcome resistance from Kazakhstan and Belarus to its membership. Moscow's main goal was to compel Armenia to say no to the EU; bringing it into the Customs Union is a lesser imperative. Armenia's demand for a sweeping exemption from the union's higher tariff structure has alienated Belarus and Kazakhstan. Also, in light of the Nagorno-Karabakh conflict, Kazakhstan is hesitant to make any favorable move toward Armenian membership that would risk angering its strategic energy partner Azerbaijan.

In the aftermath of the Association Agreement's demise, the EU is exploring alternative measures to engage Armenia, based on a more realistic view of the nation's limits and liabilities as a partner. The challenge now is how to salvage and redefine the relationship between Brussels and Yerevan and enhance Armenia's existing position within the Eastern Partnership program. Whatever happens, this episode has revealed the extent to which overreliance on Russia has undermined Armenia's independence and sovereignty.

## THAWING CONFLICT

The burden of the unresolved or "frozen" Nagorno-Karabakh conflict continues to weigh on Armenia. Since a 1994 cease-fire suspended hostilities between Armenian and Azerbaijani forces, the conflict has been subject to an international mediation effort aimed at negotiating a resolution of the competing principles of self-determination (championed by Armenia) and territorial integrity (upheld by Azerbaijan). The mediation effort has been managed by the Organization for Security and Cooperation in Europe (OSCE) through the so-called Minsk Group, a tripartite body co-chaired by France, Russia, and the United States.

Lately there has been little progress in the negotiations; the two sides are simply too far apart, and

view the conflict quite differently. For Armenia, anything short of independence for Karabakh, or its unification with Armenia, is unacceptable (though there has been some flexibility on the Armenian side over the terms and duration of a possible transition stage toward Karabakh's final status). Azerbaijan offers nothing more than a degree of autonomy for Karabakh, and this is premised on the territory's return to its control.

For the past 15 years, Armenia has been consistently rated as one of the most formidable military powers among the former Soviet states. But Azerbaijan's longer-term military potential suggests that Armenia is in danger of losing its comparative edge within the coming decade. Over the short- to medium-term at least, Karabakh remains fairly secure. Its military's high state of readiness and defensive fortifications deter Azerbaijani countermoves. Azerbaijan's military currently is weak and poorly equipped. But thanks to its growing economy, Azerbaijan has emerged as a rising power, and within five to ten years it will most likely boast the dominant military in the region.

An outbreak of clashes over Nagorno-Karabakh in early August 2014 is seen as the most serious escalation since the May 1994 cease-fire. This latest round of fighting vividly illustrates the danger of a rapid escalation of hostilities, as each side responds to a skirmish with overwhelming force, increasing the risk that an incident could quickly spiral out of control. What has made this

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"With Gorbachev's innate ability, rapidly accumulating power, frank diagnosis of Soviet problems, and apparently keen desire to leave his mark on history, it is conceivable that he will eventually attempt basic economic reforms that might improve the lot of the long-suffering Soviet people and make the Soviet Union a more effective adversary of the United States. . . . The real question is whether he will have the courage."

**Timothy J. Colton**

"The Soviet Union Under Gorbachev"  
October 1985

round of clashes different from earlier ones is more than their intensity, however. Azerbaijan is displaying a new, more assertive posture, as seen in an increase in its reconnaissance probes and incursions into Armenian and Karabakh defensive positions.

Azerbaijan's heightened state of readiness may be timed to coincide with diplomatic activity by the OSCE Minsk Group. As with earlier attacks and incursions, there is now an established trend of military activity and cease-fire violations correlating with diplomatic meetings and mediation. Azerbaijan may seek a stronger negotiating position by provoking an Armenian military response.

Some in Baku perhaps sense a fresh opportunity to act while other countries are distracted by the crisis in Ukraine. An escalation would be designed to demonstrate Baku's strategic importance, especially as the Western withdrawal from Afghanistan lessens the significance of the air corridor over Azerbaijan. Escalation could send a message to Turkey, which, by prioritizing its relationship with Russia over fulfilling its pledges of support to Crimean Tatars, has already raised fears in Baku that Ankara is a less than reliable ally.

Azerbaijan's aggressiveness may also be driven by domestic political considerations, and especially by heightened fear within the ruling elite after the recent overthrow of Yanukovich in Ukraine. This fear is rooted in the authoritarian nature of the Azerbaijani government, which, like Yanukovich's, is tainted by entrenched corruption—in Baku's case, exacerbated by its energy wealth. A military operation could bolster the government's nationalist credentials and make good on long-standing threats by Azerbaijani President Ilham Aliyev.

## A PUTIN PARADIGM?

Meanwhile, Russia's aggressiveness is having an impact throughout the "near abroad." For Putin, one of the outcomes of his Crimean adventure was not that he exceeded expectations but that he exceeded any limits. His blatant disregard and disdain for the costs of his actions foretell a shift in Kremlin strategy to one of little or no restraint. A more assertive posture toward its neighbors may also result in a sudden change in Russia's policy on Nagorno-Karabakh.

Certain factors suggest a new "Putin paradigm" for Nagorno-Karabakh and the broader South

Caucasus region. First, given his lack of restraint, Putin may now seek to garner greater leverage in the South Caucasus, with Karabakh offering an opportunity for a deeper consolidation of Russian power and influence. Of course, even before the recent clashes, it was clear that Russian influence in the South Caucasus was not impartial. Moscow's clout rests on several elements, ranging from the security partnership with Armenia to outright self-interest, since Moscow is the leading arms provider to both Armenia and Azerbaijan.

With Azerbaijan, however, Moscow has little clout and even less credibility. Unlike Georgia's frozen conflicts in Abkhazia and South Ossetia, where Russian-led peacekeepers and the distribution of Russian passports offered effective instruments for intervention, Moscow has minimal leverage over Nagorno-Karabakh, where it has no military presence.

A second factor suggesting a new Putin paradigm for Karabakh is the peace process. Russia has always held the advantage of proximity over its fellow mediators, France and the United States.

In the new post-Crimea climate, past diplomatic cooperation may now be sacrificed. An attempt by Moscow to sideline Paris and Washington in the mediation effort is more than likely, given the Kremlin's new anti-Western refrain. In August 2014, Russia hosted a summit of the Armenian and Azerbaijani presidents. While the summit failed to produce any concrete diplomatic breakthrough, it displayed Russian power and influence. Putin's personal intervention was the only successful move to halt the clashes and ease tension.

A dangerous phase of instability in the South Caucasus could follow from a new Russian calculus on Karabakh. A cost-benefit analysis based on disregard of international norms could lead the Kremlin to alter course if it is no longer content to exploit the conflict's unresolved status quo as an instrument for influence. Instead, Russia might seek greater but riskier dividends from transforming the frozen conflict into a hot war. The real danger is that the recent clashes are a prelude to a Russian attempt to use the Karabakh conflict as leverage over both Yerevan and Baku.

## WAITING FOR TURKEY

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in the region in recent years, and holds promise for a reconfiguration of the regional landscape. However, since the unprecedented reciprocal visits of the Armenian and Turkish presidents in 2008 and 2009, in what became known as “football diplomacy” (they attended soccer matches together), the once-promising “normalization” process has stalled. Although it was capped by the signing of two groundbreaking diplomatic protocols in October 2009, official engagement has since been suspended, with each side retreating to previous hard-line positions. Yet today there are renewed signs of optimism, and motives for both Armenia and Turkey to reengage.

For Armenia, the onset of a political transition offers a fresh opportunity for a greater degree of political will and a chance for Sargsyan, now in his final term, to burnish his legacy. For Turkey, reengagement with Armenia is seen as a crucial step to meet Ankara's aspirations of becoming a more important regional player. Turkey is also driven by mounting international pressure to recognize the Armenian genocide, as momentum builds toward commemorations of its centennial in 2015.

Even in light of the renewed optimism, the outlook for Armenian-Turkish normalization remains largely dependent on Turkey, which suspended the process. Armenia is now waiting for Turkey to make a first move. There is a need to articulate the shared benefits of normalizing relations and reopening the closed border. If Turkey fails to engage soon enough and Armenian patience runs out, the missed opportunity will only make the next stage of diplomacy even harder.

Just as the 2008 launch of the initial, Swiss-mediated secret talks between Yerevan and Ankara was based on Turkey's reassessment of its strategic national interests, the challenges facing Turkish foreign policy today may trigger yet another reappraisal. Turkey's efforts to assert itself in the Middle East have faced setbacks in neighboring Syria and elsewhere, leaving it with reduced influence. Many in Turkey have criticized what they view as an overly ambitious bid to project power.

Moreover, the suspension of the normalization process has undermined Turkey's proclaimed strategic policy of seeking “zero problems” with its neighbors. Normalization could promise immediate gains, without the long-term investment of political capital required to deal with the more complex challenges of Middle Eastern issues.

For the normalization process to resume, Turkey must engage Armenia, face the genocide

issue honestly and openly, and recognize that the 2009 protocols deliberately omitted any reference to resolving the Karabakh conflict as a direct precondition to normalizing relations (despite pressure from Azerbaijan to link those issues). These are significant challenges. But given the “win-win” nature of Armenian-Turkish normalization, Ankara may be able to garner a key foreign policy achievement that has so far eluded it.

## ESCAPE ROUTE

Although Armenia is still constrained by regional realities, it has embarked on a new course of seizing opportunities aimed at overcoming the threat of isolation. Yerevan has succeeded in maximizing its strategic options, and is now emerging as the most stable country in the South Caucasus, while also beginning to address its overreliance on Russia as its primary security patron and partner. As the strategic partnership with Moscow has become steadily more one-sided, Yerevan has finally begun to see that—while close relations with Russia are essential over the long term—the imperative now is to expand its room for maneuver by means of a more determined embrace of the West. It remains far too early to conclude that Armenia will succeed in this effort, but the deeper trends clearly suggest the need for a more prudent policy aimed at finally escaping isolation and building a new degree of stability and security.

At the same time, the Armenian government must demonstrate a new commitment to reform by confronting powerful vested interests. The government faces public discontent driven by years of widening disparities in wealth and income, increasing poverty, and a lack of economic opportunity. Fundamental flaws in the political system itself, including the weak rule of law, a compliant judiciary, and an ineffective parliament, pose another serious challenge. The only viable path toward democratic development is through reforming and forcing open the political system.

In order to make lasting gains in political and economic reform, Armenia needs leaders who act based on national interest rather than self-interest, resolved to defeat the cancer of corruption. They must recognize that legitimacy is the key to stability, and that institutions matter more than individuals for real democratization. Only then can Armenia stop missing opportunities and become resilient enough to fully exercise its independence. ■