
Armenia, a Russian Outpost in the Caucasus?



Gaidz Minassian

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Summary

Since the fall of the USSR, Armenia and Russia have sealed a strategic pact within the framework of the Collective Security Treaty Organization (CSTO), the military arm of the Commonwealth of Independent States (CIS). This political, military and economic alliance represents the strategic alliance in the South Caucasus, a region in the process of opening up. In the context of the 2008 Russian and Armenian presidential elections, it is interesting to analyze the relationship between these two states. Russia counts on Armenia to maintain its influence in the region. Armenia sees Russia as an ally capable of ensuring its security in a hostile environment. At the same time, Russia has readjusted its foreign policy in search of new partnerships, such as with Azerbaijan and Turkey. Armenia, for its part, has taken note of the US's increasing influence in the region, while strengthening its links with Moscow. In fact, this apparent harmony of solidarity and mutual interests hides unbalanced bilateral relations widely favorable to Russia, which has succeeded in downgrading Armenia from a partner to a vassal.

Introduction

In 2008, Russia and the three countries of the South Caucasus will hold presidential elections,¹ the decisive poll in the post-Soviet states. In Armenia and Russia the ballots, which will respectively take place on 19 February and 2 March, should witness the victories of Serge Sarkissian² and Dmitry Medvedev, even if there is still some uncertainty. These candidates, anointed by the outgoing presidents, Robert Kotcharian and Vladimir Putin respectively, want to pursue the action of their predecessors, favoring narrow relations between the two states. Beyond electoral forecasts, these ballots represent an opportunity to assess the degree of influence over Armenia exerted by Russia under Vladimir Putin. The broad hardening of Russia's foreign policy, as well as its resumption of activity in its immediate neighborhood are felt particularly in Armenia.

Relations between Armenia and Russia are rooted in a history of rivalry between the Russian and Ottoman empires. They are founded on a common vision of the security issues aimed at thwarting the influence of Turkey in the key region of the South Caucasus. This bilateral alliance survived the fall of the USSR: within the Commonwealth of Independent States (CIS), Russia supported Armenia in its military victory over Azerbaijan for the control of Nagorno-Karabakh (1988-1994), a mainly Armenian province attached to Baku since 1921.

This support of Armenia was rooted in distrust of Azerbaijan's policies in the region: pan-Turkism, refusal to join the CIS, agreement with the United States on the construction of pipelines bypassing Russia. Since 1993, Azerbaijan and Turkey have closed their borders with Armenia, imposing it a general blockade. Thanks to Russian, but also Iranian, support Armenia has been able to avoid chaos and to ensure its security, threatened by a hostile Turk-Azeri environment resulting from disagreement on the Armenian genocide of 1915 and the control of Azeri territories by the Armenian forces. In 1997, the Russian-Armenian treaty of friendship formalized their strategic partnership.

When Vladimir Putin came to power in Moscow in 1999-2000, the Russian-Armenian partnership was transformed into a strategic alliance

Translated from French by Jessica Allevione-Dellecker.

¹ Presidential elections took place in Georgia on 5 January 2008 and are due in Azerbaijan on 15 October 2008.

² Former Minister of Defense of the Nagorno-Karabakh, Serge Sarkissian was President of the Armenian Security Council, Interior Minister, Minister of Defense and has been Prime Minister since May 2007.

within the Collective Security Treaty Organization (CSTO).³ This alliance was established at a time when Armenia was in a state of fear after the 27 October 1999 tragedy in Parliament.⁴ Since then, Moscow and Yerevan have intensified their military, political and economic bonds and Yerevan declared the year 2006 the "Year of Russia in Armenia."

This article will address two questions. Why does Armenia enjoy particular attention from Russia? And, conversely, why is Armenia satisfied with the role of Moscow's faithful ally in the South Caucasus? This region has opened up and gained visibility given the United States' increased presence, notably in Georgia, and North Atlantic Treaty Organization (NATO) and European Union (EU) expansion. The region has also fragmented. Russia has tense relations with Tbilisi and regularly adjusts its foreign policy by forming new partnerships with its "near abroad"—Azerbaijan and Turkey for example—without requiring that Yerevan make concessions on Nagorno-Karabakh, a cornerstone of its security. The peace process is in a state of perpetual impasse, despite the efforts of the Organization for Security and Cooperation to Europe (OSCE) Minsk Group of which Russia is co-chair. Armenia, for its part, has rationalized its security doctrine by adopting a strategy of complementarity, that is, an asymmetric position allowing it to strengthen its axis with Russia while trying to intensify its relations with the US, the EU and Georgia. Behind this apparent harmony of solidarity and balance are bilateral relations that remain widely favorable to Russia, which has succeeded in shifting Armenia from the role of partner to that of vassal.

³ The CSTO is made up of Russia, Belarus, Armenia, Turkmenistan, Kazakhstan, Kyrgyzstan, Uzbekistan and Tajikistan.

⁴ On 27 October 1999, a five-man commando group entered the Parliament whilst it was gathered for a plenary session. In the attack, seven people were killed, including Vasken Sarkissian, Prime Minister, and Garen Demirtchian, president of the National Assembly. The five men were arrested and sentenced to life imprisonment.

The Basis of the Moscow-Yerevan Axis

Several factors determine the strategic alliance between Russia and Armenia. Since the Russian downturn of the 1990s, the Black Sea has been at the center of tensions between Russia and the United States. Control of the three seas—Caspian, Black and Baltic—is at the heart of the various regional energy strategies and, consequently, instrumental in the redefinition of the world energy map. The post-cold war years being synonymous of geopolitical decline for Moscow, Russia used separatism in Transnistria (Moldova), Crimea (Ukraine), Abkhazia and South Ossetia (Georgia) or Nagorno-Karabakh (Armenia–Azerbaijan), to preserve its influence over its former neighborhood. For Moscow, the aim was to limit foreign intervention in the former Soviet space, at the time when Baku was signing in 1994 the “contract of the century” with western consortiums (Baku-Tbilisi-Supsa [BTS], Baku-Tbilisi-Ceyhan [BTC] and Baku-Tbilisi-Erzurum [BTE]) and when NATO was finalizing its “Partnership for Peace” with countries of the CIS, including Armenia. Since 2000, in response to increased US influence, Moscow has considered Armenia as “Russia’s outpost in the region.”⁵ Yerevan assumed this vassal’s role and subscribed to the principle of mutual security by welcoming Russian bases on its territory for a period of 25 years, which is considered as a factor of the military balance in the region.

Iran also represents a key factor in the Russian-Armenian axis. Armenia is a gateway to the Middle East and Teheran has tense relations with Baku: over disagreement on the status of the Caspian, installation of a US radar base on the Azerbaijan-Iran border, and the “dream” of a Greater Azerbaijan which would include Iran’s large Azeri minority. The Iranian nuclear power crisis and controversy over America’s missile defense shield in Europe had no effect on the cooperation agreements between Russia and Armenia, on one side, and Iran on the other. Moscow has guaranteed Teheran the construction of a nuclear power station in Bushehr, has continued to sell it weapons and has congratulated itself for the rapprochement between Iran and CSTO. Yerevan is opposed to new United Nations (UN) sanctions against Teheran, its only economic outlet in the South. Iranian neutrality in the Nagorno-Karabakh conflict has been appreciated to such an extent that Moscow and Yerevan want a diplomatic solution to the Iranian problem and have refused to open their air space to any operation against Teheran. In March 2007, the CSTO Secretary

⁵ <Panarmenian.net>, press agency, 22 December 2004.

General, General Nikolay Bordyuzha, warned that “a strike on Iran would have no influence on its nuclear program,”⁶ because it could also destabilize the South Caucasus and Central Asia. The Moscow-Yerevan-Teheran axis balances out the Ankara-Tbilisi-Baku one, strengthening the *status quo* around Nagorno-Karabakh, while the retrocession of this enclave to Baku could thwart Russian and Iranian interests in the region.

Yet, the construction of the first section of the Iranian-Armenian gas pipeline in 2006 nearly poisoned Russian-Armenian relations. Yerevan enjoyed special treatment from Moscow during the 2006 “gas war.” Gazprom has a monopoly on gas supply in Armenia, in April 2006 Gazprom and Yerevan signed a 25-year agreement on energy cooperation. In exchange for the opening of an oil refinery in Meghri on the Armenia-Iran border, and of a moderately increased gas price (US\$ 110/thousand cubic meters against US\$ 56 previously), Russia has committed itself not to increase its rates until 2009 and has taken control of 75% of the Iran-Armenian gas pipeline, originally intended to diversify Armenia’s energy supplies. Alexander Ryazanov, vice-president of Gazprom, warned in February 2005 that “if we do not participate in the Iranian-Armenian gas pipeline, nobody knows where this gas will end up.”⁷ Russia thus made sure that the pipeline diameter was 34 inches (70 cm) instead of 48 inches (1.20 m), preventing Armenia from becoming a transit country for natural gas. According to French experts, a 34-inch pipeline is not wide enough to deliver quantities of gas large enough to supply several markets.⁸ By exerting control over the Iranian-Armenian gas pipeline, Russia is protecting its own projects to Europe and Turkey in the event of a normalization of the relations between Iran and the EU.

At the economic level, exchanges between Russia and Armenia are constantly increasing. Between 1996 and 2005, Russia invested US\$ 405 million in the Armenian economy.⁹ The volume of their commercial exchanges went from US\$ 377 million in 2006 to US\$ 500 million in 2007, with forecasts of US\$ 1 billion for 2008.¹⁰ According to the Armenian Central Bank, the amount of remittances from the Diaspora reached US\$ 940 million in 2005. Between 2003 and 2005, this indicator increased on average by 37%, which is more than 15% of Armenia’s gross domestic product (GDP). In 2006, the Armenian Diaspora in Russia¹¹—about 2 million people—transferred US\$ 604 million to Armenia, that is 10% of the

⁶ <Panarmenian.net>, 2 March 2007.

⁷ V. Aklia, “Russia’i karakaganoutiounne haravain Kavkass’in” [Russia’s Policy in the South Caucasus], *Kessanmegeorth Hantes* [21st Century Review], No. 4 (10), November 2005 (Armenian review published in Armenia).

⁸ Interview with two representatives of French oil companies who invest in the Russian energy market, Paris, 28 August 2007.

⁹ H. Khachatryan, “Russian Investments in Armenia: Their Economic Background and Possible Political Impact,” Central Asia-Caucasus Institute, 13 December 2006.

¹⁰ *Haykakan Jamanak* (Armenian daily newspaper), 3 October 2007.

¹¹ Many Armenians can be found in President Putin’s entourage: Ara Abrahamian, Good Will Ambassador to UNESCO and Counselor to the President, Andranik Mighranian, Advisor to the President and Arthur Chilingarov, former vice-president of the Duma.

total capital Russia sent to the countries of the CIS.¹² Armenia's primary economic partner among the CIS, Russia is no longer a creditor as it was in the early days of independence, but an investor in this small market, which has been a member of the World Trade Organization (WTO) since 2003. Nevertheless, owing debts of more than US\$ 2 billion, notably to Russia, Armenia signed an "assets for debts" agreement with Russia in 2002. For a US\$ 100 million reduction in Armenia's debt, Yerevan gave up five hydroelectric power plants in Sevan-Hrazdan to Russia's electricity monopoly, RAO UES, and the financial control of the Medzamor nuclear power station—despite American, European and Turkish calls for its closure on safety grounds.

The Nagorno-Karabakh conflict distanced Armenia from any regional development projects set up by Baku and Tbilisi. Having a virtual monopoly in Armenia, Moscow has an interest in attempting to isolate its partner. However, falling under Russia's economic domination over the past five years has allowed Armenia to record two-digit growth. From Gazprom to RAO UES, to RusAl and Alrosa, the Russian economy giants that took control have reinvigorated industry (aluminum, electricity, diamond, and uranium production) and key services in Armenia (banking, telecommunications, air-travel and railroad sectors).¹³ Following the rationale of re-conquering the markets emerging on its periphery with the aim of opening up to Asia and Europe, Russia's "liberal empire"¹⁴ has almost absorbed Armenia and will continue to invest there in order to control it better. Its project of creating a common market and customs union requires that Armenia join the Eurasian Economic Community (EEC). All CSTO countries are members, aside from Armenia which thinks it is saving the last piece of its economic independence by staying on the sidelines.

Russia and Armenia also have common political interests based on a reactive logic. After Georgia (2003), Ukraine (2004) and Kyrgyzstan (2005), Moscow and Yerevan fear the rise of new "color revolutions" on

¹² In the West, the Armenian diaspora feeds Armenia's tourist flows (400,000 in 2006) and lobbies governments for the defense of the Armenian interests. In France, pressure is exerted by the Group of France-Armenian friendship in the National Assembly which includes 64 out of 577 deputies, or 11,09% of the Chamber for a community estimated at 400,000 persons. In the United States, the Armenian lobby put a lot into the creation of the *Armenian Caucus*, a pro-Armenian parliamentary group to the House of Representatives. In 2007, the Armenian Caucus counted 155 members out of 435 seats, that is 35.6% of the Chamber, for a million Americans of Armenian origin settled in the United States. The *Turkey Caucus* comprises 70 elected representatives to the House of Representatives.

¹³ The Russian airline company Sibir holds 70% of Armavia. The Russian bank Vneshtorgbank holds 70% of the Armenia Saving Bank shares, one of the biggest in Armenia. Gazprom increased its participation in its Armenian subsidiary ArmRosGazprom from 45% to 75%. Armenian energy production in 2006 was: 44.46% nuclear power, 30.67% hydropower, 24.83% thermal, 0.04% wind energy. Russia controls about 80% of Armenia's energy supply.

¹⁴ Statement made by Anatoli Chubais, President of the Russian electricity monopoly RAO UES. See I. Torbakov, "Russian Policymakers Air Notion of 'Liberal Empire' in Caucasus, Central Asia," <Eurasianet.org>, 27 October 2003.

their doorstep, as well as the consolidation of GUAM,¹⁵ the subset which includes some CIS member states and challenges Moscow's influence. During meetings with his Armenian counterpart, Vladimir Putin has always insisted on the need for "stability" in Yerevan, with the aim of reinforcing the *Karabakhtsi* clan (natives of Nagorno-Karabakh) embodied by Robert Kotcharian, at Armenia's head since 1998. The *Karabakhsti* are more Russophile by tradition than *Yerevantsi* (natives of Yerevan).¹⁶

In order to halt the spread of revolutions, the Russian and Armenian regimes have adopted the same interventionist policy of restoring the authority of the state. They have put their faith in the power ministries—army, police and intelligence service—as the backbone of their political administrations. They rely on oligarchs to act as guarantors for centrally managed capitalism, in exchange of a seat in parliament ensuring them immunity and control over law making.

The rapprochement of the national legislations also governs their cooperation. Almost 200 bilateral agreements have been signed since 1992. Inter-governmental and inter-parliamentary committees were created to harmonize their foreign policy and the adoption of laws. A visa-free regime was set up allowing citizens of both countries to travel freely, while visas remain compulsory for the Georgians and Azeris who wish to go to Russia. The ruling parties in Russia and Armenia have signed cooperation agreements. The alliance between the left-wing pro-Putin *Just Russia* party and the *Armenian Revolutionary Federation*, a member of the *Socialist International*, is the most symbolic.¹⁷ The objective being to make *Just Russia* join the "global socialist family" and thus create a Russophile faction within it. As long as the Putin and Kotcharian lead Russia and Armenia unchallenged, the creed of a strong state will persist in Moscow and Yerevan. New projects will be embarked upon, such as stronger cohesion in the fight against corruption and tax evasion, lacking transparency and showing indifference toward Western expectations and concerns about violations of human rights and liberty.

¹⁵ GUAM (Georgia, Ukraine, Azerbaijan, Moldova) was created in 1997 during the Council of Europe's Summit in Strasbourg. Uzbekistan joined GUAM in 1999, but suspended its participation in 2002 before leaving the organization in 2005 following the events in Andijan. In 2006, GUAM was transformed into the Organization for Democracy and Economic Development.

¹⁶ K. Kalantarian, "Russia Signals Opposition to Regime Change in Armenia," RFE/RL, 3 April 2007.

¹⁷ YerKir, Internet site, body of the FRA/RAF (Revolutionary Armenian Federation) in Armenia, 6 July 2007.

Armenia's Security System

The Russian-Armenian axis is the only strategic alliance in the South Caucasus, a region void of any common security system. Reassured by this military alliance, Armenia tends to practice brinkmanship, expecting much from the CSTO as a guarantor of its integrity and the security of Russia's southern borders. Yerevan has attempted to influence this security organization's development according to its interests within the Minsk Group, the OSCE body in charge the Nagorno-Karabakh peace process.

Armenia has been an active member of the CSTO since its creation. The country is part of its joint rapid reaction force. The sovereignty of its airspace is guaranteed by the creation of a common airspace. It regularly sends a contingent to collective maneuvers and buys Russian weapons at domestic prices (that is the same rate as the Russian army). In 1999, Russia delivered S-300 anti-missile missiles systems and a fleet of MiG-29 fighters. Moscow has three bases in Armenia: the 102nd base in Gumri, facing Turkey, the 426th base in Erebuni, which participated in the second Chechen war and, lastly, one in Meghri with 5,000 soldiers among which are 2,000 border officials. Armenia and Russia also cooperate in other spheres: space exploration, technology and strategic studies.¹⁸

In spite of this strong involvement, Armenia has not obtained a guarantee from the CSTO of military assistance in case of Azeri aggression in Nagorno-Karabakh. Yerevan thinks the South Caucasus is not a CSTO priority and the country's "insularity"¹⁹ weakens it so long as the CSTO's Council does not consider the problems of the region in its agenda.

¹⁸ Russia owns 5% of Armenian defense companies, the fourth largest arms industry (behind the three Slavic Republics) during the Soviet period. The two states have increased the number of joint military and technological projects, such as: the joint production of electronic and fiber optic materials and improvement of communications systems; the establishment of a jointly owned company for the maintenance and modernization of Mi-8 and Mi-24 helicopters in Gumri; the creation of workshops in Charentsavan for repair and modernization of artillery and armor plating; the establishment of a Russo-Armenian company based upon the Technical and Laser Institute of Yerevan; as well as the launching of satellites for use by the Armenian armed forces. In addition, 94% of Armenian Officer Trainees are instructed for a period of five years in Russian military academies, which also advise the Armenians on the establishment of Strategic Studies Institutes on their own territory. A. Haroutounian, "Haïastani Hanrabedoutiouné Zinvoragan Oujeri zarkasman heranegarnere yev Russastani Tachnagsoutioun'i hed razmagan hamakordzagsoutian iravagan abahovoume" [Perspectives for Armenia's Military Development and the Legal Regime of Military Cooperation with Russia], *Kessanmegerorth Hantes* [21st Century Review], No. 2 (12), April 2006.

¹⁹ *Drochak* [The Standard], main newspaper of the Armenian Revolutionary Federation published in Armenian in Yerevan, 34th year, No. 4 October 2003.

Yerevan also insists on the need to cooperate with the Arab League and the danger the war in Iraq represents for the CSTO's South Caucasian flank. In addition, the Armenian authorities constantly warn CSTO members over the risks of the pan-Turkism manifest in Turkey-Azerbaijan military cooperation, and over the threat of a Turkish invasion of Iraqi Kurdistan. Yet Moscow and its partners continue to favor Central Asia in their security strategy. Russia opposes the idea that the CSTO may take up Armenia's demand to enforce the right to self-determination for the resolution of the frozen conflicts: indeed, Moscow is haunted by Chechen separatism and shows solidarity with Serbia over Kosovo.²⁰ In contrast, Armenia sees the future independence of the ethnically Albanian province as a precedent in the resolution of the frozen conflicts capable of overcoming the blockage in negotiations on the status of Nagorno-Karabakh. Yerevan has also noted that Russia, which co-chairs the Minsk Group with the United States and France, never includes the Armenian rebel province in its threats to recognize the independence of Abkhazia and the South Ossetia if Kosovo obtains its sovereignty. Yerevan is thus expecting that its CSTO allies to break with a "two-speed solidarity" and back its positions within the OSCE and the UN.

In the 1990s, Russia's decline in the region combined with heightened inter-regional competition led Armenia to seek new strategic opportunities that would complement its traditional alliance with Moscow. It has adapted to this new reality by cooperating with NATO, the US, and the EU, yet Armenia is not, out of caution, seeking to reverse its strategic priorities. According to Serge Sarkissian, these new partnerships, which guarantee "the security, sovereignty, and territorial integrity of Armenia,"²¹ do not jeopardize the alliance with Russia. Faithfulness to Moscow and cooperation with the West are therefore not incompatible. Therein lies the essence of Armenia's security doctrine: this approach is acceptable to the Russians as long as Yerevan does not tip to America's side.

In 1994, Armenia signed up to the Partnership for Peace with NATO, and then participated in the alliance maneuvers in the Black Sea. After the terrorist attacks of September 11, 2001, Yerevan opened its airspace to American aircraft in the framework of the war on terror, and deployed a contingent of 50 men in Iraq under Polish command. Comparatively, Georgia sent 850 men, then 2000, and Azerbaijan dispatched 150 soldiers under US command. Since 2004, Yerevan has sent a contingent of 34 soldiers to Kosovo in the framework of NATO's peacekeeping operation there (Kosovo Force, KFOR) under Greek command, while Georgia has had an infantry company in the Albanian province within the Turkish battalion, and Azerbaijan has had 32 soldiers in Kosovo since 1999. Armenia has joined the Millennium Challenge Corporation, an American credit fund, managed by the State Department, in charge of dispersing US\$ 235 million in exchange for democratic and economic reforms.

²⁰ *Ibid.*

²¹ Speech by S. Sarkissian, 1 December 2006.

Russia has been preoccupied with the ties between the Atlantic Alliance and Armenia since 2004, with NATO expansion and the EU's eastern enlargement. From Russia's perspective, America and Europe have betrayed the climate of trust within the NATO-Russia Council and in the EU-Russia Permanent Partnership Council. At the 2004 Istanbul Summit, NATO highlighted the South Caucasus as a priority zone. In 2005, Armenia began a process of military reform within the framework of an Individual Partnership Plan (IPAP), and announced, via the Head of the Foreign Relations Department at the Ministry of Defense, Mikael Melkonian, the possibility of supplying medical assistance in the framework of the International Security Assistance Force (ISAF).²² Baku has increased its presence in Afghanistan from 22 to 44 soldiers, while Tbilisi has dispatched none in the Central Asian republic. The EU, for its part, has included the South Caucasus in its European Neighborhood Policy (ENP), and signed an action plan with each of the three countries in 2006. Because of this, Moscow fears that Georgia and Ukraine's accession to NATO which seems more or less inevitable—even if the Atlantic alliance has been demonstrating increasing reservations about such a development, notably since the November 2007 crisis in Georgia—might encourage Armenia to follow suit, and ultimately drive the South Caucasus away from Russia. Nevertheless, Robert Kotcharian often reiterates that there is no alternative to the strategic pact with Russia; Armenia has no intention of joining NATO. In the event that, current Prime Minister, Serge Sarkissian wins the 2008 presidential election, Armenia will not join NATO, as it will not be departing from "its policy of balancing, collaborating with NATO while deepening ties with Russia."²³ The proposed American missile base in the South Caucasus illustrates Armenia's diplomatic balancing: Yerevan has reassured its Russian ally that it has not received an American proposal and that it is not in its interest "to foster new dividing lines in an unstable region."²⁴

Armenia's room for maneuver is thus limited, and its autonomy diminished. Yet in this process that may be dubbed "Kaliningradization," Yerevan is conscious of the interest NATO has in it, being the only CSTO member state to have such good relations with the Alliance. In NATO, Yerevan also sees a means to dissuade Azerbaijan from using force to resolve the issue of Nagorno-Karabakh and has welcomed the Alliance's decision to distance itself from this conflict's resolution. Armenia appreciates NATO's stabilizing influence on Azerbaijan all the more, since Armenia's opponent in the Nagorno-Karabakh dispute has allocated US\$ 1.3 billion to its military budget for 2008, or roughly half of Armenia's entire budget for the same period (US\$ 2.5 billion).²⁵ The Azerbaijan authorities are multiplying the number of warnings addressed to Armenia. The Azerbaijani Minister of Defense, Safar Abiev, declared in November

²² A. Bedevian, "Armenia Mulls Troop Deployment in Afghanistan," RFE/RL, 29 May 2007.

²³ *Le Monde*, 19 March 2007.

²⁴ *Ibid.*

²⁵ Reuters, press agency, "Azerbaijan Boosts Defense Budget Warns Armenia," RFE/RL, 22 October 2007.

2007 that “so long as Armenia is occupying Azerbaijan’s territory, the possibility of war will be close to 100%.”²⁶

²⁶ Associated Press Agency , “Azeri Defense Chief Warns of New Karabakh War,” *RFE/RL*, 27 November 2007.

Armenia's Difficult Neighborhood

In the past few years, tensions between Russia and the US have had ramifications for the Russia-Armenia partnership. Given the lack of a unified strategy in the South Caucasus, Armenia has sheltered itself behind its policy of complementarity as a bastion against several external threats: the normalization of Russia-Azerbaijan relations, the issue of American missile defense and Iran, a Russian-Turkish partnership, and the Russian-Georgian crisis.

Russia's foreign policy is based on the preservation of the *status quo* in frozen conflicts, and the setting up of economic operation with new partners such as Azerbaijan and Turkey, two states that have become important for energy transit. Since 2004, Moscow has formed a strategic partnership with Baku by resolving all their differences, except for the issue of Nagorno-Karabakh. While Russian-Azerbaijan relations are on their way to normalization—as a sign of this reconciliation Baku proclaimed 2006 “The Year of Russia in Azerbaijan”—the Azeri President, Ilham Aliev, expects Russian mediators to exert more pressure on their Armenian partners to evacuate the Azeri territories. In 2002, Vladimir Putin told him that Russian authorities wanted “neither winners nor losers”²⁷ in this conflict, and that compromise was the only solution, if only both parties would commit to it. In 2006, the Russian Minister of Foreign Affairs, Sergey Lavrov, exhorted Armenia and Azerbaijan to come to an agreement on the foundation principles for resolving the Nagorno-Karabakh issue.²⁸ The Russians appreciate that Baku was the first to suggest the deployment of Russian troops in the conflict area, not Armenia.²⁹

Being unable to influence Russian-Azeri relations, aside from taking advantage of their difficulties—such as during the Russian-Georgian crisis in 2006—Yerevan monitors their evolution closely. When Moscow closed the road links to Tbilisi, Baku refused to follow suit for two reasons: first, Azerbaijan was showing solidarity toward its GUAM partner; second, aware that its oil reserves are limited, Azerbaijan aims to become a transit territory by participating in the construction of oil and gas pipelines linking the Caspian Sea to Europe.³⁰

²⁷ “Putin Wants ‘no Winners or Losers’ in Karabakh Peace,” RFE/RL, 25 January 2002.

²⁸ RIA Novosti, 1 December 2006.

²⁹ S. Markedonov, “The Paradoxes of Russia’s Georgia Policy,” *Russia in Global Affairs*, No. 2, April-June 2007.

³⁰ EU Commission, Communication from the Commission to the European Council and European Parliament, *An Energy Policy for Europe*, Brussels, 10 January 2007;

The Russian proposal to cooperate with the Americans using the Gabala radar station in Azerbaijan was another source of concern for Armenia. For Aram Manukian, vice president of the *Armenian National Movement*, the former ruling party (1990-1998), “the Russian counter-proposal negatively affects its strategic pact with Armenia, isolating the country on the regional scene, to the advantage of Azerbaijan.”³¹ On the other hand, for Artur Aghabekian, president of the Armenian Parliament's Defense Committee and close to the leadership, “the Russian counter-proposal transforms the region in the zone of common interests, Russians and Americans have an interest in exerting institutional control over the Caspian region.”³² In his opinion, Azerbaijan, being under Russian-American surveillance, would be less tempted to have recourse to force to resolve the crisis of Nagorno-Karabakh. As a consequence, Yerevan has interpreted the recent declarations by the Russian co-chair of the Minsk Group, Yuri Merzlyakov, as a sign of Moscow's displeasure toward Baku, and thus as a victory of Armenian diplomacy. He has thus stated that “no state has to this day recognized the independence of Nagorno-Karabakh and our country recognizes the territorial integrity of Azerbaijan, but that does not make Nagorno-Karabakh an indivisible part of Azerbaijan,”³³ pursuing a claim long held by the Armenians. Armenia now expects Russia to press Baku to accept the authorities of Nagorno-Karabakh at the negotiating table.

Armenia is also preoccupied by the new partnership between Russia and Turkey, coinciding with the opening of Ankara's EU accession negotiations. Russia and Turkey opened a new chapter in their history agreeing on economic cooperation (Blue Stream gas pipeline) and the maintenance of the *status quo* in the South Caucasus.³⁴ Armenia, which has always taken advantage of—or even fuelled—Russian-Turkish tensions, has had no diplomatic relations with Ankara since the closure of their common border in 1993. Turkey has set the withdrawal of Armenian forces from “occupied territories,” and the cessation of the campaign to have the Armenian genocide recognized internationally as conditions for the reopening of borders. Armenia does not pose any conditions on the

R. D. Asmus, “New Steps on Forging a Euroatlantic Strategy for the Wider Black Sea,” The German Marshall Fund of the United States, Washington 2006.

See also J. Percebois, “Les perspectives d’approvisionnement de l’Europe en gaz naturel” [Perspectives for Europe's Natural Gas Supply], Centre de recherche en économie et droit de l’énergie [Center for the Research of Energy Economics and Law], Montpellier University, November 2007; F. Ismailzade, “Historic Summit between Azerbaijan and Turkmenistan Expected,” *Central Asia-Caucasus Analyst*, Vol.10, No. 2, 23 January 2008; R. Ismayilov, “Caspian Sea: Azerbaijan Differs with Russia on Pipeline Construction,” <www.eurasianet.org>, 22 October 2007.

³¹ Regnum, Russian Press Agency, 7 June 2007.

³² K. Kalantarian and R. Khachatrian, “Yerevan Avoids Comment on Russia's Plans for Azeri Radar,” RFE/RL, 8 June 2007.

³³ Public Radio of Armenia, 9 June 2007.

³⁴ F. Hill and O. Taspinar, “Russia and Turkey in the Caucasus: Moving Together to Preserve the Status Quo?” *Russie.Nei.Visions*, No. 8, January 2006.

normalization of relations with Turkey, and is waiting for a unilateral gesture from Ankara.³⁵

Russia benefits doubly from this stalemate. First, the resolution of the Nagorno-Karabakh conflict and the normalization of relations between Armenia and Turkey would reduce its regional influence, benefiting the US. Second, its good relations with Turkey are not assured and could suffer, for example, were Ankara to overcome the hurdles of EU accession around 2020. In the event of failed or frozen negotiations with Brussels, Ankara might turn to Moscow and favor Russia as an economic partner. It is only in the event of such a new Eurasian partnership that Moscow, which closely follows US-supported Armenian-Turkish dealings, might favor reconciliation between Armenia and Turkey. For now, Russia instrumentalizes Armenian nationalists' one-upmanship: they demand a "Greater Armenia" as outlined by the Treaty of Sèvres,³⁶ link the recognition of the genocide with ideas of national security, and are organizing a Congress for the advocates of Western Armenia in Paris during 2008. This return of nationalism favors Russia's interests, as it reinforces Ankara's tough stance toward Yerevan.

Finally, the Russia-Georgian crisis constitutes an explosive issue for the future of relations between Russia and Armenia. Nearly 400,000 Armenians live in Georgia, established for the most part in the poor region of Samtskhe-Djavakheti, neighboring Armenia and traversed by the BTC and BTE. Tens of thousands of Armenians also live in Abkhazia and support the separatist government in Sokhumi over Tbilisi. In its showdown with Georgia, Russia expects its Armenian ally to use the Armenian minority in Georgia against Mikhail Saakashvili's regime.³⁷ But US influence over Armenian-Georgian relations explains in part Russia's failure. Washington has been able to defuse any risk of conflagration between these two states despite their unstable relations. What is more, Tbilisi does not wish to awaken Armenian nationalism in Georgia, and be confronted with a new secessionist crisis while the issues of Abkhazia and South Ossetia are unresolved. Armenia, for its part, needs the Georgian corridor to open up its economy that does not want to seem as the aggressor by creating a "second Nagorno-Karabakh." Sponsored by the US, this relative peace shows that the Russian-Armenian partnership also has limitations. During his trip to Washington in October 2007, Serge Sarkissian assured the White House that, if he won the election, he would follow his predecessor's Georgia policy to the letter.³⁸

³⁵ *Ibid.*

³⁶ According to the Treaty of Sèvres, signed on 10 August 1920, the eastern provinces of the Ottoman Empire were given to Armenia, after the mediation of US President, Woodrow Wilson.

³⁷ H. Khachatryan, "Armenia Concentrates on the Balancing Act Between Russia and Georgia," <eurasianet.org>, 8 November 2006.

³⁸ S. Avoyan, "Armenia, Georgia Vow Joint Effort to Attract Foreign Investment," RFE/RL, 15 October 2007. According to Armenian statistics, bilateral trade increased 16%, to US\$ 51 million, in the first two quarters of 2007.

Conclusion

If Serge Sarkissian's were to win in February's elections, relations with Russia would be reinforced in three areas: the common conception of a state under siege, strategic cooperation, and the issue of Nagorno-Karabakh.

The quip frequently heard in Moscow "Armenia is like Russia's devoted spouse; you can cheat on her, without her complaining,"³⁹ reflects the state of relations between these two countries fairly accurately. It is true that the partnership between Russia and Armenia constitutes the only example of a strategic alliance in the South Caucasus. Yet it is founded on common fears and a negative vision of regional development, due to a strong feeling of aggression mixed with paranoia concerning their territorial integrity.

Nothing seems to point to the fact that this defensive strategy of an Armenian-Russian shield will change in the years to come. The continuity of authoritative regimes in Russia and Armenia, and the reinforcement of military cooperation is the dominant trend. This is especially true since Russia has suspended the Treaty on Conventional Armed Forces in Europe (CFE) and Armenia is looking at the possibility of doing the same, if Azerbaijan continues—in its view—to violate the treaty by increasing its military budget.⁴⁰ Against such a Soviet style nationalistic background, which will lead to a sharp increase in both countries' military budgets, little is at stake in the presidential elections of 2008 in either Yerevan or Moscow.

Lastly, the *status quo* in Nagorno-Karabakh will persist as long as the Minsk Group is unable to promote the principle of compromise and the rule of "land for status." Azerbaijan will feel the right to use all means necessary to resolve the crisis and Armenia will continue to decry Baku's rigidity as the main threat to regional peace. The risk of another war over Nagorno-Karabakh before 2012 is not to be excluded,⁴¹ Azerbaijan's oil revenue is due to diminish at that time, generating a social crisis that may

³⁹ 168Jam, Armenian daily newspaper, Yerevan, 6 March 2007.

⁴⁰ Azerbaijan's defense budget rose to US\$ 1.1 billion in 2007, Armenia's was US\$ 280 million. Baku has voted in favor of a US\$ 1.3 billion defense budget for 2008. R. Khachatryan, "Armenia Threatens to Quit Key Arms Treaty," RFE/RL, 14 December 2007; J.-C. Peuch, "Armenia, Azerbaijan Mull CFE Treaty Withdrawal in Year of 'Many Uncertainties' for OSCE," <Eurasianet.org>, 7 January 2008.

⁴¹ International Crisis Group, "Nagorno-Karabakh: Risking War," Europe Report No. 187, 14 November 2007.

be manipulated, and translated into an increase of nationalist violence against Armenia.