

POLICY BRIEF

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Limitations on Cooperation with the EU: Russia's Invasion of Ukraine and Consequences for Armenian Foreign Policy

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Executive Summary

The Russian war in Ukraine has increased the anxieties felt in Armenia since the end of the Second Karabakh War. Russia's confrontation with the West has heavily restricted Armenia's foreign policy, which had been seeking to advance the so-called peace deal with Azerbaijan. The Armenian authorities' intensive efforts to find an optimal solution, counter-balancing the participation of the EU and Russian, have become more limited and dangerous for Yerevan.

The "New Era of Peace" policy pursued by Yerevan since the 2020 Second Karabakh War has clashed with Azerbaijan's blackmailing and coercion approaches, which have been seeking to get the most out of a defeated Armenia. Meanwhile, the lack of any progress on the delimitation and demarcation of the borders between Armenia and Azerbaijan mediated by Russia and Azerbaijan's creeping annexation of Armenian territories stipulated the EU to offer its assistance in the peace process from December 2021.

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This policy paper attempts to analyze EU-Armenian relations in order to assess the capacity and limitations of Brussels in the Armenian-Azerbaijan peace process, especially after the Russian invasion of Ukraine. It aims to address its recommendations to the Armenian government to help increase the EU's ability to help resolve the border issue with Azerbaijan while avoiding Russian displeasure.

Key words: EU facilitation, Peace process, Foreign policy, Armenia, Azerbaijan, Russia

Introduction

Armenia is considered to be in the Russian sphere of influence due to the historical past and the special political relationship between the two countries. The first reason for Armenian-Russian convergence is the threat to Armenia from Turkey, with relations influenced by the latter's denial of the Armenian genocide committed by the Ottoman Empire during the First World War and by official Ankara's direct political and military support to Azerbaijan from the very beginning of the Nagorno-Karabakh conflict. The second reason is Azerbaijani animosity – the country waged wars against the Armenians of Nagorno-Karabakh, who was aspiring in the beginning - reunification with Armenia and afterwards – independence. Armenia, isolated in a hostile neighborhood, had no choice but Russia as a strategic political and military ally and a source of arms supplies. Close Armenian-Russian relations have also been determined by the country's dependence on Russian state-owned companies that own significant parts of Armenia's economy and the high level of remittances by seasonal workers and emigrants in Russia.

Despite this close security and economic dependence, Armenia was trying to conduct balanced foreign policy by developing relations with the West as well, such as aiming to fortify its links with the US and deepening rapprochement with the EU (Aberg Terzyan 2018), thus building a “complementary foreign policy” during the second President (Socor 2013) followed by “multipolar foreign policy” during the third President.. In this context, the EU's Eastern Partnership program has been a linchpin in Armenia-EU relations, allowing Yerevan to make significant progress in democratic reforms and deepen its economic and political relations with Brussels. Despite the decision of Armenia under pressure from Russia in 2013 to join the Customs Union, which later transformed into the Eurasian Economic Union, the process of "Europeanisation beyond accession" continued, determined mostly by the political will of the authorities and strong domestic demands for reforms (Delcour Wolczuk 2015).

Expectations that Armenia would see democratic reforms (Lanskoy Suthers 2019) after the 2018 so-called “Velvet Revolution, were unsatisfactory. Consolidating all branches of power in his hand, Prime Minister Pashinyan violated the principle of separation and independence of powers. His regime has been rated by Freedom House as a transitional or hybrid regime referring to semi-consolidated authoritarian states (Freedom House 2022).

Pashinyan’s statement at the beginning of the negotiation process on the Nagorno-Karabakh conflict to start the negotiations from his own point of view (Pashinyan 2019) systematically dismantled the logic and consistency of the negotiation history, driving the negotiation process to a deadlock.

The actions of the Armenian authorities and the outcome of the Second Nagorno-Karabakh War in 2020, led Armenia into becoming more dependent on Russia than under the administration of President Serzh Sargsyan. As a result, Armenia could no longer provide a guarantee of security for the Armenians in Nagorno-Karabakh. The Russian so-called peacekeepers, who were deployed immediately after the war, who did not receive a UN mandate for a peacekeeping mission became an additional leverage of influence for Armenia.

Since the end of the 2020 Second Nagorno-Karabakh War, Russia has taken an initiative to mediate the normalization of Armenian-Azerbaijani relations, seeking to establish peace and unblock communications, aiming at strengthening its dominance in the region. However, in the post-war period, Russia, together with Azerbaijan, consistently rejected the former internationally recognized format of the OSCE Minsk Group in negotiations, associating it exclusively with the Nagorno-Karabakh conflict, trying to separate the Armenian-Azerbaijani conflict from the Nagorno-Karabakh one. Russia continued following its traditional conflict management strategy, failing to provide any roadmap for resolving the conflict between Armenia and Azerbaijan, but continuing to strengthen its regional position while ignoring Azerbaijan's creeping annexation of Armenia's internationally recognized territories. This opened up a chance for the EU to establish an alternative track in facilitating the normalization process between Baku and Yerevan.

Background to EU-Armenian Relations

Since Armenia's independence, it has been suggested that the European dimension in its foreign policy has become one of the most important factors (MFA 2022) in Yerevan's willingness to balance its relations, reduce its dependence from Russia and accelerate the country's democratic transition. However, the EU's policy towards the South Caucasus has been very cautious as it seeks to avoid challenging Russia's apparent dominance in the region. By assessing objectively Russia's ability to create problems, Brussels has used soft instruments of democracy and human rights to attract the Armenian authorities into the European family.

Despite Russia's jealousy of the EU's attempts to play an active role in its traditional spheres of influence, such as the South Caucasus, Brussels has tried to act constructively in the Eastern regions rather than trying to take Russia out. In this regard, through the European Neighborhood Policy (ENP) Armenia has had an opportunity to record progress in the protection of human rights, to improve its anti-corruption legal framework, develop its business environment and take serious steps towards economic diversification (European Commission 2010).

At that time, with the emergence of the Eastern Partnership (EaP), Armenia's initial optimism about EU opportunities was high (Nalbandian 2013). However, the potential risks and Russian dissatisfaction led Armenian President Serzh Sargsyan to back out of signing a DCFTA with the EU, stating in 2013 that Armenia decided to join the Russian-led Customs Union. This decision by official Yerevan demonstrated that the EU, as a non-military regional power, faced serious limitations on its influence in the regional spectrum, and secondly, that Armenia was not ready to sacrifice its security and the security of Nagorno-Karabakh for the sake of European integration.

EU-Armenia Relations After the Maidan Revolution

After the Ukrainian Maidan, the leadership of Armenia tried to continue balancing its foreign policy between Russia and the EU. The signing of the Armenia-EU Comprehensive and Enhanced Partnership Agreement (CEPA 2017) was a great success for Armenian diplomacy being under the pressure of Russia. Yerevan had a new opportunity to maneuver with the West,

avoiding the choice between two integration projects, while continuing to operate within the framework of a balanced multi-vector strategy (Pinto 2017).

The EU continued to work intensively with the new authorities after 2018 Velvet Revolution in Armenia, supporting the declared democratic agenda of the new powers. According to a 2019 Armenian Opinion Survey, it was noticeable that trust towards the EU and its positive image grew drastically compared to that of the Eurasian Economic Union. This trend was largely due to the positive reaction of Brussels to the revolutionary changes that had taken place in domestic politics (Opinion Survey 2019). At the same time, the EU continued to strengthen its position in the space of Armenia's public discourse and finally there was the influence of the EU financial assistance.

With the global outbreak of the Covid-19 pandemic in 2020, the EU first allocated over 92 million EUR, and then went on to announce additional financial assistance of 24 million EUR (\$29 million) to help Armenia cope with the coronavirus pandemic and its severe socio-economic consequences (Azatutyun 2020). Due to its concern about the stability of the eastern neighbourhood, the EU provided Armenia with huge financial assistance, effectively mitigating the consequences of the post-war economic and humanitarian crisis (Wfp.org 2021). The conflict over Nagorno-Karabakh has always been considered by Brussels as not only the main obstacle to socio-economic development in Armenia (EU Delegation 2021), but also as the main reason for political dependence on Russia.

Second Nagorno-Karabakh War and EU-Armenian Relations

Azerbaijan seized the chance, however, in 2020 to strike on Nagorno-Karabakh when most Western powers were distracted by global and regional problems - the tough US election campaign during Donald Trump's presidency, the Coronavirus lockdowns, and the profound post-Brexit transformations. After the defeat of Armenia, Russia continued to fulfill its role in managing the conflict by deploying its so-called peacekeepers in Karabakh, which was the only post-Soviet conflict in which there was no presence of Russian troops.

The EU was unable to use its diplomatic tools as a regional power to contain the war in Nagorno-Karabakh (Meister 2022), which created frustration with and skepticism in the EU's commitment to its system of values in Armenia. Only the direct intervention and mediation of Russian President Vladimir Putin made it possible to reach an agreement on a ceasefire on

November 9, 2020, and this automatically removed the two Western mediating parties (France and USA) of the OSCE Minsk Group from the negotiation process. Further, Russia, together with Turkey, tried to seize control of the issue of the settlement of the Nagorno-Karabakh conflict, excluding the participation of the West, then making the process of finding ways to normalize Armenian-Azerbaijani relations primarily a subject of bargaining between the two Eurasian powers.

The new Eurasian initiative proposed by Turkey, which began to promote a new regional format of cooperation (“3 + 3”) with the three states of the South Caucasus (Armenia, Azerbaijan, Georgia) and three regional powers (Iran, Russia, Turkey) was also doomed to failure. From the outset, the Turkish-led economic initiative did not have any reasonable or credible basis for regional cooperation, but reflected only the wish of Ankara and Moscow to build a new regional configuration and exclude the Western involvement. The Turkish proposal ignored existing disputes, such as the Russian occupation of Abkhazia and South Ossetia, decades of unresolved conflicts in the region, such as Armenia's support for self-determination of Nagorno-Karabakh. Meanwhile, Ankara's initiative was neglecting the fundamental contradictions between Shiite Iran and Sunni Turkey in the struggle for regional dominance in the South Caucasus.

The growing stalemate in the Armenian-Azerbaijani conflict, with periodic escalation and gradual occupation of the internationally recognized Armenian territories by Azerbaijan prompted the President of the European Council, Charles Michel, to take a proactive position. The first meeting, held on December 14, 2021 in Brussels with the Heads of State Armenia and Azerbaijan, was aimed at bringing the conflicting parties to peace negotiations under the facilitation of the EU. Before that meeting, Charles Michel had a telephone conversation with Russian President Vladimir Putin, during which, along with various global topics, the issue of the Armenian-Azerbaijani conflict was discussed (Michel 2021). This action was aimed, firstly, at consulting with the Russian President on the peace process, and secondly, so as not to raise Russia's jealousy about the EU's attempts to facilitate the negotiation process. However, after the Russian invasion of Ukraine, Brussels stopped communicating with Moscow about the Armenian-Azerbaijani peace process, competing with Moscow for facilitation. Since then, as the situation has exacerbated, the Russian co-chair has refused to cooperate with the French and US co-chairs of the Minsk Group (Civilnet 2022), blaming them for refusing work within that format, seriously damaging the negotiation process.

In fact, both the Russian and the EU initiatives aim to fulfill their own political interests. At the same time Armenia mistrusts both sides. The document on allied cooperation signed between

Russia and Azerbaijan of February 22, 2022 (Kremlin 2022) before Russia's invasion of Ukraine caused Armenia to become frustrated with Russia as a strategic ally. The EU's signing of an agreement with Azerbaijan to increase gas supplies in July 2020 as an alternative source to Russia has raised concerns about the implications of the EU's gas shift towards Azerbaijan, which could also affect the peace process (Quinn 2022). At the same time, Armenia continues to work with both Russia and the EU to minimize losses in negotiations, trying to find acceptable solutions in the post-war regional configuration, avoiding to make unilateral concessions under coercion. However, it should be recognized that Russia has numerous levers of influence in the region and could become a real source of trouble for Armenia if Yerevan chooses only EU facilitation. Before the Russian war in Ukraine, Armenia had very limited space to balance its foreign policy between Russia and the West as the strong rivalry between the West and Russia has become aggravated. But now, Russia's recent loss of positions in Ukraine opens up an opportunity for the EU to be more active in facilitation of peace process between Armenia and Azerbaijan. However, despite the Russian messages directed to Armenia about choosing of Moscow's mediation assistance, Yerevan needs to use the EU assistance simultaneously with the Russian one in order to find the most acceptable option for normalizing relations between Armenia and Azerbaijan.

Conclusion and Recommendations

The Russian war in Ukraine has relatively decreased the limitations on Armenia's foreign policy and ability to maneuver towards a peace settlement with Azerbaijan. However, Armenia is not able to completely bypass Russian influence and ignore the fact of Moscow's interests and involvement in the South Caucasus. Further deterioration of Russia's relations with the West is likely to open more opportunities for Yerevan in its aspiration to conduct balanced cooperation simultaneously with the EU and Russia, seeking to minimize losses in any peace deal with Baku. In fact, both Russia and the EU have begun to compete for a leading role in the normalization of Armenian-Azerbaijani relations, but Russia has much more leverage to influence the conflicting parties or provoke Azerbaijan into an offensive. Despite broad EU diplomatic tools to effectively promote peace between Armenia and Azerbaijan, Russian will hinder any move by the conflicting parties towards the Western peace road-map. To operate amid the realignments post the outbreak of war in Ukraine, several recommendations need to be addressed to the Armenian authorities and the EU.

Recommendations:

For the Ministry of Foreign Affairs of Armenia

- Continue the negotiation process for a peaceful settlement with Azerbaijan, balancing between the EU and Russia, until an acceptable solution is found.
- Clearly distinguish between the process of Armenian-Azerbaijani delimitation and demarcation, which Moscow and Brussels can facilitate as mediators, and the legitimate aspiration of Armenians for self-determination in Nagorno-Karabakh.
- Use all possible diplomatic tools to bring the OSCE Minsk Group back into the negotiation process as the only legitimate institution capable of assisting in the Nagorno-Karabakh conflict.
- Work intensively with both sides - Brussels and Moscow - ignoring Azerbaijan's militant and aggressive rhetoric and coercion tactics. Negotiation of a comprehensive and sustainable peace agreement takes time and elaboration of technical details to achieve.

For the EU

- Continue to facilitate the Brussels peace negotiation format between Armenia and Azerbaijan, ignoring Russia's persistent efforts to derail the European direction of negotiations.
- Use diplomatic tools to influence Azerbaijan in order to prevent Baku's intrusion, annexation and provocative actions on the borders between Armenia and Azerbaijan, which could harm the negotiation process.
- Extend the presence of monitoring group sent by Brussels to monitor the border by ensuring a regular EU presence on the ground.

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