



# BULLETIN

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## Armenia between European and Eurasian Integration Models

Konrad Zasztowt

*On 9 April, Armenian President Serzh Sargsyan will be sworn in for a second term. The opposition has accused the authorities of rigging Sargsyan's re-election, although it has not provided conclusive evidence that they did. The president's election was recognised by international partners of the government in Yerevan, including Russia, the U.S. and the EU. Thus, the internal political crisis will not affect the planned initialling of Armenia's Association Agreement with the EU at the EaP's November summit in Vilnius. This document will specify Armenian–EU relations as well as contribute to the modernisation of Armenia. The main threat to the reforms are local advocates of the preservation of post-Soviet political and economic systems.*

**The Internal Crisis following the Presidential Election: No Consequences for Foreign Policy?** Despite the president's victory in the first round of the election, the results showed that a significant part of the population would like to change the political elite. This is proved by the 37% of votes gained by challenger Raffi Hovannisian of the Heritage party. He was able to gather the votes of people from different backgrounds who are discontented with Sargsyan's rule, including those of the other mainstream opposition parties, which did not put up candidates, such as Prosperous Armenia, the Armenian National Congress and the Armenian Revolutionary Federation. Hovannisian did not recognise the election results that were announced officially. He accused the authorities of massive fraud and announced that he was the true winner. From the 10<sup>th</sup> to 31<sup>st</sup> of March, Hovannisian led a hunger strike, demanding a repeat of the presidential election or early elections to parliament. Since then he has continued to organise an opposition movement against Sargsyan's presidency and has announced the culmination of protests after the presidential inauguration on 9 April. In Hovannisian's opinion, the current president from that moment "ceases to represent the Republic of Armenia and the Armenian people."

Despite his relatively strong position on the political scene, Sargsyan has been forced to reckon with the voice of the opposition, which leaves him little room to manoeuvre in foreign policy. Opposition parties, particularly Heritage and Armenian Revolutionary Federation, criticise the authorities for, in their opinion, too soft policies towards Turkey and Azerbaijan. This will inhibit the government's willingness to compromise in negotiations on the Karabakh issue. However, foreign policy is not the main subject of dispute between the ruling Republicans and Hovannisian and the other opposition politicians, which means that the current internal crisis will have no significant effect on relations with the EU or Russia.

The only force on the Armenian political scene that may lead to a withdrawal from the policy of rapprochement with the EU is the pro-Russian party Prosperous Armenia. By now the party has remained passive in the face of the current internal crisis. It divides Armenian society into two main groups: followers of the pro-EU Republican government and equally the pro-European Hovannisian supporters.

**The EU's Perspective on Armenia.** Despite the controversy about the fairness of Sargsyan's electoral victory, it was quickly recognised by European Commission President José Manuel Barroso. The head of EU diplomacy, Catherine Ashton, and Commissioner for Enlargement Štefan Füle assessed the elections as progress towards the achievement of democratic standards. Also, this year's European Neighbourhood Policy Progress Report praised the elections for being "well-conducted."

According to EU officials, Armenia is one of the leading countries of the Eastern Partnership (EaP) seeking to sign an Association Agreement with the EU. The agreement's political component has already been negotiated, and the economic part of the negotiations—a Deep and Comprehensive Free Trade Agreement (DCFTA)—is likely to come to an end in autumn. This would enable the initialling of Armenia's Association Agreement with the EU at the November EaP summit in Vilnius. The government in Yerevan is firmly committed to the liberalisation of the visa regime between the EU and Armenia. Although the EU–Armenian agreement on readmission is still in negotiations, biometric passports have been accepted since June 2012 in accordance with the guidelines of the European Commission. Moreover, in January 2013 the visa regime for citizens of the Schengen zone was abolished. An agreement on visa facilitation for Armenians travelling to EU countries was signed in December 2012.

However, despite these achievements, sceptics of EU integration with the EaP countries can easily demonstrate the weaknesses of the policies of the government in Yerevan. There is still no effective action against corruption or reform of the judiciary, administration and local government and a lack of a business friendly legal and institutional environment. The blocking of the planned opening of French supermarket Carrefour in Yerevan was a symbolic event showing the dominance of the post-Soviet oligarchic system in the country. Allowing the French company to enter the Armenian market may undermine the interests of local supermarket chain owners, including those of MP Samvel Aleksanian. For many years he has controlled the lucrative import of flour, sugar and edible oils. Similar monopolies are protected by the present government and are preventing the development of the Armenian economy. The implementation of a DCFTA would mean reform of the current economic system. Therefore, resistance by oligarchs may inhibit the implementation of the provisions of this document after its formal signature. Slowing down or even stopping the EU–Armenian dialogue may also be in the interest of Russia, which sees progress in integration within EaP as a threat to its own integration projects in the former Soviet Union.

**Firm Alliance with Russia?** Russia has many instruments allowing it to influence the policy of Armenia. Security is the key area of the Yerevan government's dependence on the Russian Federation. The Armenian–Azerbaijani conflict over Nagorno-Karabakh presents a constant threat. Its neutralisation is guaranteed foremost by Armenia's membership in the Russia-led Collective Security Treaty Organisation. Forcing the government in Yerevan to take part in Russia's economic projects, such as the Customs Union, is not necessary for it to keep Armenia within its sphere of influence.

Prime Minister Tigran Sargsyan (no relation to the president) has so far declared a firm pro-EU stance and has expressed a lack of interest in the Russia-led Customs Union. On the other hand, the possibility that Russia might seek to halt the process of rapprochement between Armenia and the EU cannot be excluded. Besides the Karabakh issue, another effective instrument of Russian pressure on the government in Yerevan may be a drastic increase in prices for gas imported from Russia, which have remained very low until now. Other leverage may be pro-Russian Armenian politicians, including the leader of the opposition party Prosperous Armenia, a millionaire named Gagik Tsarukyan. Russia's "Eurasian" integration means maintaining the status quo. Therefore, it is a proposal more attractive to Armenian oligarchs than required by the EU's switch to a free-market model. The latter threatens their political and economic privileges guaranteed by the current system.

**Conclusions and Recommendations.** The internal situation of Armenia after the presidential election is not conducive to a sudden change in the country's foreign policy. However, the second term of President Sargsyan can bring evolution in relations with major international partners. This will be the result of EU, U.S. and Russian policies towards Armenia, as well as decisions taken in Yerevan. The adoption of the idea of complementarity as a fundamental principle of foreign policy by the Armenian government means to a large extent a sort of drifting conditioned by partners' expectations and ad hoc benefits. But regardless of the motivation driving the current leadership in Yerevan towards a pro-European course, the EU should seek to initial the Association Agreement with Armenia at the Eastern Partnership summit in Vilnius. It will be a strong confirmation of the Armenian partner's geopolitical choice. Developing closer links between the EU and Armenia increases the opportunity to influence the Yerevan government and achieve the Union's objectives, primarily democratisation and modernisation. However, among other EU priorities are the settlement of the Karabakh conflict and closure of the obsolete Metsamor nuclear power plant, which poses a physical threat to the region.

Further EU support for Armenia must be conditioned on the continuation of internal reforms. In addition to the EU's cooperation with the government in Yerevan, it is also necessary to continue cooperation with Armenian NGOs within the Civil Society Forum of the Eastern Partnership. In addition, organisations that represent authentic grassroots initiatives should also be supported, but not government-controlled entities. It's also necessary to avoid financing projects that serve only EU contractors. Poland and the EU, while supporting the Armenian government, should also maintain a dialogue with the opposition. An overindulgence in undemocratic practices by the present authorities in Armenia may lead to a decline in trust of the EU among Armenian society. Moreover, contacts should be established with Prosperous Armenia, the party perceived as pro-Russian, or at least with its members who present pro-European views.