

MAJOR DEVELOPMENT TRENDS OF THE RUSSIAN-ARMENIAN RELATIONS AT THE BEGINNING OF THE 21ST CENTURY

*Vazgen Hovhannisyan**

The dynamics of Russian – Armenian strategic partnership over the first post-soviet decade has been shaped by several factors. First of all, both Russia and Armenia entered the 21st century with already developed and comprehensive framework of bilateral relations covering almost all dimensions of the strategic interests concerning issues in both regional and international arenas. Specifically, over the course of the 1990's several important long-term bilateral documents were signed between Russia and Armenia that formed the formal backbone of the strategic relations, including the Agreement on the Status and Functions of the Russian Military Base on the Territory of Armenia, and the 1997 Russian-Armenian Treaty on Friendship, Partnership and Mutual Assistance. Moreover, in accordance with the military and security development plans adopted within the multilateral framework of Collective Security Treaty of CIS, since 1995 Armenia started the process of its air defense system integration into the unified air defense structure of Russia. In this context, it could be argued, development of bilateral Russian – Armenian military and political relations in the 21st comprises some kind of a “path dependency” phenomenon that is reflected not only in the legal – formal dimension, but also in certain traditions of interstate partnership.

Secondly, Russia and Armenia have entered 21st century under some qualitatively new intraregional and international settings that affected the forms, ori-

*Ph.D. student, FUDAN UNIVERSITY, China, Department of SIRPA, School of International Relations and Public Administration.

entations and practical contents of national interests of the both countries. The launch of antiterrorist campaigns and the new types of preventive engagements first enacted by the US altered the previous strategic alignments that had been based on more traditional discourse of alliance building and straightforward strategic stance. The character of the new challenges to national security and revised modes of interstate relations aimed to neutralize those sorts of asymmetric threats predetermined the need for a more sophisticated profile of regional and international stance.

Thirdly, although the financial crisis of 1997-1998 damaged the national economies across the post-soviet space, yet starting from the end of 1990's almost all the CIS states saw a steady recovery and impressive GDP growth rates that lasted roughly about a decade. Coupled with comparatively stable domestic socio-economic dynamics in Russia and Armenia over the 2000's, this factor created a "momentum" for a more balanced, but also intensive Russian-Armenian interaction geared towards a more comprehensive and deepened "paradigm" of partnership. Specifically, the proclaimed priorities of V. Putin's administration to push forward the geo-economic pattern of relations with its CIS neighbor states that was based upon rational profit-seeking assumptions instead of formerly adopted subsidization practice of the former Soviet republics, found a pertinent ground for application in case of many CIS states¹. In other words, a stable economic growth trend that started from the end of 1990's and was visible in almost all of the post-soviet states, considerably enhanced the attractiveness of economic partnership, opening a new arena for private or state-owned Russian capital involvement in the CIS space.

Finally, substantial transformations occurred in Russia's modus operandi in relation to the former Soviet Union space, influencing, inter alia, on parameters of interstate interaction of Russia and Armenia. The scale, scope and directions of Russian-Armenian relations and evolving modalities of strategic partnership between the two countries underwent a prominent "modernization". The enhanced

¹ Ch. Thorun, *Explaining Change in Russian Foreign Policy: The Role of Ideas in Post-Soviet Russia's Conduct Towards the West*, Palgrave Macmillan 2009, pp. 31-32.

resource-base significantly elevated the real capabilities of Moscow to shape the regional development directions, while the pragmatic motivations behind Russia's proactive policies in the CIS underpinned the practical results- and achievements-oriented forays. Moreover, in the same venue, Russian new leadership dropped the previous grand schemes of overwhelming integration of the whole post-Soviet area under the CIS guise, instead actively prioritizing bilateral relations as a more efficient way of securing Russian national interests¹. The new functional formats of integration have taken higher profile to emphasize Russia's drive to reap concrete end-results; the recently developed integrationist structures like EURASEC (RF, Belarus, Kazakhstan, Ukraine), Russia-Belarus Union or CSTO (Armenia, Belarus, Kazakhstan, Kyrgyzstan, RF, Tajikistan) all come to prove Russian seriousness in protecting its immediate interests.

Strategically, the National Security Concept of the Russian Federation approved in 2000 postulated that "one of the key strategic tasks related to ensuring the military security of the Russian Federation is to guarantee productive collaboration and cooperation with member-states of the Commonwealth of Independent States"². The Military Doctrine of Russia adopted under the Putin administration applied a similar logic premised on a view that "forming and maintaining stability and ensuring an adequate response to the emergence of external threats at an early stage, limited contingents of the Russian Federation Armed Forces and other troops may be deployed in strategically important regions outside the territory of the Russian Federation, in the form of joint or national groups and individual bases (facilities)"³.

At the practical policy-making level, several factors attested about the structural and operational changes in the pattern of Russian-Armenian bilateral relations. The first signs signaling about the shift from the static mode of foreign policy-making appeared by the end of the 1990's. First of all, Russia intensified collaboration and arranged more concrete terms for it with a number of CIS

¹ S. Torjesen, *Russia, the CIS, and the EEC: Finally getting right?* In *The Multilateral Dimension in Russian Foreign Policy*, Edited by E. Wilson Rowe and S. Torjesen, N.Y. Routledge 2009, p.154

² *Diplomaticheskii vestnik [Diplomatic Review]*, 2000, Moscow, MFA RF, N 2, pp.3-13.

³ [текст Военной доктрины РФ] *Российская газета*, 25.04.2000.

states in the area of defense and security. In the South Caucasus region this new strategic course of Russian Federation first of all concerned Armenia, as the framework of military and political relations between the two countries could have already been qualified as strategic partnership.

For instance, already in March 2000 a Russian-Armenian protocol was signed according to which Russia acquired the right to maintain military presence in Armenia for 25 years. On September 27, 2000, the defense ministers of RF and RoA signed three new agreements on cooperation in defense, which covered joint planning of military activities, rules of regulating Russia's military presence in Armenia and mutual use of airspaces by the air force of each country¹. Though politically sensitive and applicable in limited terms due to the same political reasons, enhancement of Russia's operational capacities south of major security concern hotspots for Russia (Chechnya and Pankisi gorge in Georgia) substantially increased Moscow's military position to react assertively should the strategic need emerged to involve its Armenian capabilities.

Later on, October 1, 2002, the defense ministers signed an intergovernmental agreement on joint use of military infrastructure objects and exchange of defense information². Afterwards, when the required preparations had been finished, air defense installations and air reconnaissance facilities were combined into a single air defense system with the control and command center in Moscow. In April 2001, the military and military technology cooperation between the two countries intensified by the decision to establish a Russian-Armenian joint military contingent³. It was stated that the joint military unit would "play a large part in ensuring security in the South Caucasus, but with no aggressive aims"⁴.

Also, a political decision was taken to create collective rapid response forces numbering 1500 troops on the Armenian territory as a structural component of CSTO (Collective Security Treaty Organization) in the South Caucasian direction⁵. The CSTO itself was established in October 2002 based on the "old"

¹ Russia to keep base in Armenia, *Jane's Defence Weekly*, 22 March, 2000, p.11.

² ИТАР-ТАСС 01.10.2002. Also, in 1999 Russia and Armenia agreed on Rules of Joint Actions of Air Defense Systems.

³ Armenia, Russia agree to create joint military contingent, *RFE/RL Newswire*, 17.04.2001.

⁴ RFE/RL Newswire, 17 April, 2001.

⁵ Russia strengthens its military presence in Armenia, *PanArmenian News*, 13.12.2002.

CIS Collective Security Treaty (6 member-states), yet without mentioning the “CIS” acronym in the official name of the organization. The major feature of the “renewed” alliance was a provision in its Charter on mutual military assistance in case of an external aggression against a member-state of the CSTO; a provision similar to the Article 5 of the NATO Charter. Put simply, a military attack on any member-state should be treated as an attack on all the members. Moreover, all decisions adopted within the framework of the CSTO concerning international issues are binding to all the participants. At the same time, the formalization of security guarantees and more streamlined decision-making procedures aimed at attaining higher efficiency and alacrity, in contrast to the previous stipulations on the “necessity of multilateral consultations to organize a repulse of aggressor”¹.

One of the practical benefits that Armenia successfully made use of being a member of the CSTO was the Russian government’s decision to provide its allies with Russian-made armaments and ammunitions at internal prices. Given the expanding scope of the rearmament needs of Armenia (according to Russian experts’ estimations the rearmament needs of the CIS states in the mid-term prospective might reach \$150 billion²) this factor would create an additional stimulus for Yerevan to keep in line with and deepen the chosen strategic partnership with Russia.

To improve the military and security interoperability of the CSTO forces, a number of joint military exercises were conducted with Armenia’s active participation. For example, in September 2005 near the Armenian-Turkish border a Russian-Armenian tactical exercise was held under the CSTO arrangement whereby each party contributed a mechanized infantry regiment, an artillery battery and a tank company with a total number of 1300 servicemen³. Given the complex character of contemporary regional security threats and the necessity to develop more sophisticated means to guard against the potential risks, a special emphasis was

¹ www.dkb.gov.ru

² Итоги деятельности СНГ за 10 лет и задачи на перспективу: аналитический доклад, *Дипломатический вестник*, декабрь 2001.

³ V.Socor, Russian-Armenian Military Exercise Anachronistic, *Eurasia Daily Monitor*, Volume 2, Issue 172 (September 16, 2005).

placed on air defense and intelligence capacity-building. During the regular “Combat Commonwealth” exercises the model of actions by regional air defense force (integral part of CIS unified air defense system) was consistently tested. In 2005 a decision was made to create a unified air defense system of the CSTO; Armenia was included into the System’s Caucasian area of responsibility with control and command center located in Rostov-on-Don (Russia’s North Caucasus)¹.

A notable feature of these annual military exercises was their traditional orientation toward upgrading the joint capacities to repel an armed attack on Armenia. For example, a joint war game held in Armenia in 2002 was based on counter-offensive scenario against the attack of an invading army. Accordingly, those arrangements included large concentration of tanks, artillery units, helicopters and airborne forces.

The economic cooperation has become one of the most dynamic dimensions of Russian-Armenian partnership over the first decade of the new century, with a major stress on the energy sector. Gearing towards the bilateral relations along the “economization” path was to a certain degree stipulated by the Russian ruling elites’ predisposition to actively advance and secure capital assets under Russia’s control within the CIS area. These “modernized” approaches of the establishment rest upon the premise that Russia’s structural involvement and ownership of infrastructural assets in neighboring regions would ultimately result in improved protection of the national interests. In his Presidential Address to the Federal Assembly in 2004 V. Putin stated “It is obvious that the scope and scale of the tasks to be handled by the Russian state have altered substantially. Foreign policy must be adequately adjusted to address the goals and opportunities of this stage of development; in other words, foreign policy instruments must be utilized to attain more tangible and practical returns in economy, in implementation of all-national projects²”. Yet, in contrast to B. Yeltsin’s 1992 declaration that the positive outcomes of internal reforms in Russia depended on and correlated with the positive success of integration project within the CIS, a remarkable change was observed in

¹ А. Венцеловский, Е. Устинов, С. Северинов, ПВО: контуры будущего, *Красная звезда*, 31.08.2005.

² Послание Президента РФ Федеральному Собранию, 2004 г., www.kremlin.ru

V.Putin's approaches in 2004: "Our priority remains the deepening of integration in the CIS space, especially within the frameworks of the Common economic space and the Eurasian economic community. This, without exaggeration, is one of the preconditions for regional and international stability"¹.

As far as Armenia is concerned, capital transaction volumes significantly increased in overall economic relations between the two countries. Two aspects of economic interaction growth could be seen: sharply expanding trade volumes and substantial increase of Russian state and private presence in the RoA.

In 2001 "assets against debt" mechanism was devised to restructure the accumulated Armenian debt to Russia into the Russian ownership of assets². Since then, Russia's regional economic involvement sharply increased. Soon after, some strategically important infrastructural sectors of Armenian economy were placed under Russia's control using different modes and methods of economic engagement. Two examples were most indicative of the Russian active drive in Armenia: RAO "UES of Russia" and Gazprom activities.

In June 2005 RAO "UES of Russia" embarked on takeover of the Armenian electrical grid system, buying the rights of local entity management from Midland Resources Holding. Close to the yearend the Russian company already became the dominant electricity producer (80%) and distributor in Armenia³.

In April 2006, the Russian Gazprom and Armenian authorities reached an agreement on the gas price for Armenia (\$110 for 1000 cubic meters) to be twice less expensive compared to the average European price. At the same time, Gazprom acquired a 24-mile section of the pipeline connecting Armenia to Iran, which was the only plausible alternative of energy supplies in the region. Also, under the deal Gazprom, through a joint venture, was granted a concession to build a larger second pipeline along this route. While monetarily small by Gazprom standards, the deal was strategically important in Eurasian natural gas trading that the Russian company aspires to dominate⁴. As Gazprom deputy CEO put

¹ Ibid.

² Putin – Kocharyan Meeting Concentrated on Economic Cooperation, Azg [newspaper], 19.12.2001.

³ E.Danielyan, Russia Tightens Grip on Armenian Energy Sector, *Eurasia Insight: Business and Economics*, 28.09.2005; РАО ЕЭС будет управлять электросетями Армении в течение 99 лет, www.lenta.ru, 25.07.2005.

⁴ A. Kramer, Armenia Sells Russia Crucial Gas Link in Deal for Cheap Fuel, *The New York Times*, 7.04.2006.

it, “had we not taken part in building the pipeline from Iran to Armenia, nobody would have known where this gas could go”¹.

During the first official meeting of Russian and Armenian presidents in 2008, in a way summarizing the past period, D. Medvedev confirmed Russia’s stance in bolstering positions as the main investor in the Armenian economy: “Russia is the main investor of Armenia’s economy. Aggregate volume of capital investment has already surpassed the mark of \$1.2 billion. [we] agreed on several additional steps to be taken that are aimed at promoting a number of large-scale projects in Armenia to be implemented by the Russian companies”².

Political relations between Armenia and Russia over the first decade of 21st century can be characterized as a high-profile partnership based on common long-term strategic interests, including preservation of regional stability and closer “synchronization” of socio-political, economic and humanitarian policies to attain a deeper integration. Two aspects are discernable in the pattern of Russian-Armenian political interaction. First, previously dominant inclination of political discourse toward hard balancing and alliance-building gave in, paving a way to a more nuanced and flexible understanding of regional and global juncture. Both countries attuned their respective regional political preferences to a more functional and result-oriented foreign policy conduct. In particular, the Putin administration’s political drive to improve and more properly institutionalize the relations with Azerbaijan has not impacted negatively on Russian-Armenian relations. Russia’s shift to proactive engagement in the South Caucasus did not imply a strategic change in the regional balance or alterations of the status quo, yet the newly developed regional priorities necessitated expansion and restructuring of Russia’s presence in the region.

As for Karabakh conflict settlement modalities, V. Putin formulated Moscow’s position in early 2002; Russia would be ready to act as a security guarantor of a peace agreement to be reached between conflicting parties³. Since then, dur-

¹ С.Мартirosян, Армяно-российские отношения в период неопределенности, 28.02.2005, www.ekavkaz.org.

² Товарооборот между Арменией и Россией достигнет в 2008 году миллиарда долларов США, *ИА Regnum*, 29.01.2008.

³ ИТАР-ТАСС, 28.01.2002.

ing the office terms of both V. Putin and D. Medvedev administrations, the Russian stance over the potential modalities of Karabakh conflict resolution has remained unchanged. On the practical side, Russia continued to actively participate in the political and diplomatic peace process within the framework of the Minsk Group (USA, France, and RF), yet in contrast to its position with regard to the Abkhazian and South Ossetian conflicts, Moscow has refrained from accentuating on its regional “veto power”. In 2006, Russian Defense minister S. Ivanov confirmed to the parties involved in the conflict that Moscow is ready to dispatch peacekeepers after a “political-diplomatic” solution is reached¹.

A new geopolitical context that was unfolding in the region since the beginning of the 21st century could not but impact the modalities of Armenian foreign policy course over the time-span under consideration. Accepting the fact that the region was rather “sensitive to change in the balance of powers”², in the operational dimension several strategic-level postulates were acknowledged to guide the RoA foreign policies. Particularly, forging a more pragmatic concept of national interests dictated a more nuanced, though no less institutionalized responses to the complex and “hybrid” challenges that emerged in the region since the start of active US/NATO military engagement operations in the Central Eurasia. Though the Russian-Armenian formalized strategic partnership continued to be a bulwark of Armenian defense and security policies and a key element in Russia’s security calculus in its newly energized alliance-building efforts under Putin-Medvedev administrations, however two “background” approaches were put forward by official Yerevan. Both of these approaches, in fact, ushered a gradual departure from the older “paradigm” of straightforward perception of national interests towards a broader understanding of Armenia’s longer-term priorities.

First, in 2003 President R. Kocharyan introduced a new foreign policy postulate that Armenia should be not just a security “consumer”, but also a contributor of “regional and international security”, while “Armenian-Russian interaction

¹ B. Nygren, *The Rebuilding of Greater Russia: Putin’s foreign policy towards the CIS countries*, Routledge, NY and London, 2008, p.108

² R. Kocharyan, *Russia’s Important Role in Regional Processes*, *International Affairs (Moscow)*, April: 2003, p.106.

and partnership reflect not only the traditional friendship between our nations but also our interest in putting in place and consolidating a regional security system as new forms of cooperation are now emerging in the context of growing interaction between Russia and the United States”¹. Soon afterwards, an Armenian peacekeeping unit was sent to Iraq to supplement the US/NATO military forces. From 2004-05 Armenia-NATO cooperation has been seriously upgraded within the framework of the “Individual Partnership Action Plan”. However, these practically oriented alterations in Armenian foreign and security policies coupled with RoA accession to WTO (World Trade Organization), have disturbed neither the regional balance of power, nor the parameters of strategic partnership with Russia. In October 2005, the Minister of Defense, now President of RoA S. Sargsyan concisely expressed the essence and basic directions of foreign and defense policies of RoA: “The guarantee of the full-fledged security for Armenia is provided on the hand, by the Russian-Armenian military alliance, both on bilateral base and within the framework of Collective Security Treaty Organization, as well as on the other hand, by development of cooperation with the structures of NATO and the USA. Reforms in defense sector of Armenia are carried out within the framework of Planning and Revision Process, and Individual Partnership Action Plan. Strategy of reforms within Collective Security Treaty Organization is aimed at creation of unified and effective systems against security threats”².

Second, as J. Perovic correctly noted in his analysis of Russian business power, there is a genuine interest on the part of the CIS countries in a strong Russian economy and stable relations, and Russia’s enhanced engagement through its big corporations is consequently seen as an opportunity to strengthen ties and profit from Russia’s economic revival³. Though varying from state to state, rediscovering of “soft power” and upgrading the humanitarian dimension

¹ Ibid, p.108.

² Серж Саркисян: Военно-политическая обстановка на Южном Кавказе: региональные угрозы, *ИА Регнум*, 7.10.2005.

³ J. Perovic, Russian energy companies in the Caspian and Central Eurasian region: Expanding southward in *Russian Business Power: The role of Russian business in foreign and security relations*, ed. by A. Wenger, J. Perovic, and R. W. Orttung, Routledge: London and NY 2006, pp.107-108.

of its socio-economic presence in almost all countries of the CIS provided Russia a significant “bottom - up” leverages upon the dynamics of domestic change in those countries. In contrast to the situation of the 1990’s, when Russian policy-making vis-à-vis the CIS countries primarily rested on elite level relationships and interpersonal bonds, from the beginning of the 21st century the pattern of Russian engagement has been structured along more sophisticated tools and influence yielding avenues. In case of Armenia, where presence of Russian private and state capital has reached a substantial share in the economy (in form of ownership or co-ownership), the concept of “synchronization of socio-economic and political development trends” with those in Russia has acquired a sustainable nature. It was not for nothing that the Armenian President once mentioned that relationships with NATO would not endanger the allies of Armenia in any manner, as “losing a spiritual proximity with Russia would be very reckless”¹.

November, 2011.

¹ Кочарян: Россия - ключевой партнер Армении, *ИА Регнум*, 25.10.2005.