

➤ Faithful But Constrained? Armenia's Half-Hearted Support for Russia's Regional Integration Policies in the Post-Soviet Space

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While Armenia is widely perceived as one of Russia's closest allies, its attitude toward Russia-led policies is actually much more complex than it appears at first glance. Since the early 1990s, Russia has provided Armenia with what the country needs most in light of its geopolitical situation: security. Yet Armenia's over-reliance on Russia actually increases the country's vulnerability. Therefore, from the beginning of the 2000s, Armenia has increasingly sought to diversify its foreign policy and to enhance international integration, especially with the EU. Nonetheless, the country's quest for complementarity has stumbled against Russian pressures, which resulted in President Sargsyan's decision to join the Eurasian Customs Union. While this choice overshadows persistent interrogations in Armenian society, the country is caught in a de facto security trap. This is because the quest for protection at all costs has actually led Armenia to become increasingly, if not entirely, dependent on Russia.

In the post-Soviet space, Armenia is widely perceived as one of Russia's closest allies. Clearly, since the collapse of the Soviet Union, the country has been Russia's key partner in the South Caucasus. The two countries are linked by close military cooperation as well as substantial trade and migration flows. Over the past two decades, Armenia has taken part in all Russian-led regional initiatives in the post-Soviet area, especially (given the geopolitical context of the country) security schemes such as the Collective Security Treaty Organisation (CSTO). In September 2013, President Sargsyan announced that Armenia would also join the far-reaching economic integration scheme recently set up by Russia, the Eurasian Customs Union (ECU) launched in 2010 and the Single Economic Space formally created in 2012.¹ This decision only seems to confirm that Russia remains Armenia's sole strategic ally.

Nonetheless, Armenia's attitude towards Russia is much more complex than this geopolitical closeness suggests. Over the past four years, the country has also substantially reformed itself in line with EU templates and rules under the Eastern Partnership.² President Sargsyan's decision to join the Russian-led ECU was made public only a few weeks after the country completed negotiations with the European Union (EU) for an Association Agreement and a Deep and Comprehensive Free-Trade Area (DCFTA).

Armenia's compliance with EU demands under the Eastern Partnership suggests that the country has sought to develop closer links with other partners in addition to Russia. Furthermore, the commitments that have recently been undertaken by Armenian authorities vis-à-vis Russia overshadow persistent tensions and doubts within parts of Armenian society as to the regional integration option selected by President Sargsyan.

¹ See: Rilka Dragneva, Kataryna Wolczuk (eds), *Eurasian economic Integration. Law, Policy and Politics*, Cheltenham, Edward Elgar, 2013.

² See: Laure Delcour, Kataryna Wolczuk, "The EU's Unexpected 'Ideal Neighbour'? The Perplexing Case of Armenia's Europeanisation", forthcoming.

What, then, underpins the partnership between Armenia and Russia? What factors explain Armenia's membership in Russian-led organisations, and more specifically, what are the reasons behind its Eurasian choice? To what extent do Armenian elites and the general public agree with President Sargsyan's decision to join the Customs Union?

This contribution explores Armenia's perception of Russia and reception of Moscow's policies, including the recent regional integration initiatives. It argues that Armenia's attitudes towards Russian initiatives are in essence shaped by the country's key security issue, the Nagorno-Karabakh conflict, which has ultimately driven Yerevan's engagement with Russia, resulting in a security trap.

A STRATEGIC YET ASYMMETRICAL ALLIANCE: ARMENIA'S OVER-RELIANCE ON RUSSIA

Over the past two decades, Russia has provided Armenia with what the country needs most in light of its geopolitical situation: security. Armenia is indeed confronted with a particularly challenging regional environment stemming from the conflict with Azerbaijan over Nagorno-Karabakh, which started before the collapse of the Soviet Union.

This unresolved conflict has structured Armenia's foreign policy since the country's independence and continues to pose an essential threat to Yerevan.³ In fact, Armenia's security situation has significantly deteriorated in the 2000s because of two interrelated factors. First, the conflict's settlement mechanism (the OSCE Group of Minsk) yields little progress, and tensions around the contact line have exacerbated over the past few years. Frequent clashes and casualties there may result in an 'accidental war'.⁴ This would be a considerable challenge for Yerevan, as the balance of power between Armenia and Azerbaijan has drastically shifted since the early 1990s. Growing oil revenues have not only fuelled Azerbaijan's impressive economic growth, but also Baku's massive military spending. While over the past decade all three South Caucasus countries have markedly increased their defence budget, the rise has been particularly dramatic in Azerbaijan – from \$175 million in 2004 to \$2.46 billion in 2009⁵ and \$3.7 billion now, with an average annual increase of approximately 50 percent. In 2011, Azerbaijan's spending on defence exceeded Armenia's entire national budget.⁶ A second cause of Armenia's deteriorating security situation is its growing isolation, a result of the 1990s conflict that has only grown deeper as a consequence of regional developments in the 2000s. After the war that followed the USSR's collapse, Armenia gained control of the Nagorno-Karabakh enclave and a part of Azerbaijani territory. However, due to the conflict, the country's borders with two of its four neighbours have been closed since the beginning of the 1990s. By breaking up trade and energy flows and disrupting transport links, the blockade imposed by Azerbaijan and Turkey has only aggravated Armenia's landlocked situation.⁷ This has made Armenia even more vulnerable to external shocks, a weakness which was exposed by the 2008 conflict between Russia and Georgia when the major transit route for Armenia's trade was disrupted.

3 'The key issue of the National Security of the Republic of Armenia is the settlement of the Nagorno Karabakh conflict.' Republic of Armenia, National Security Strategy, approved at the session of National Security Council at the RA President office on January 26, 2007.

4 International Crisis Group, 'Armenia and Azerbaijan: Preventing War', *Europe Briefing* No.60, 8 February 2011.

5 Richard Giragosian, 'Armenia's National Security : External Threats, Domestic Challenges', in: Annie Jafalian, *Reassessing Security in the South Caucasus*, Farnham: Ashgate, 2009, p.53.

6 In 2011, Armenia's and Azerbaijan's defence budget totalled respectively 4.1% and 6.2% of their GDP. Source: Tracey German, 'Introduction to the Nagorno-Karabakh Security Situation', European Parliament workshop 'Nagorno-Karabakh: Security Situation', June 2012, http://www.europarl.europa.eu/meetdocs/2009_2014/documents/sede/dw/sede200612expertsresentations/_sede200612expertsresentations_en.pdf. See also 'Aliyev Highlights Baku's Boosted Military; Yerevan Concerned', Radio Free Europe/Radio Liberty, 24 March 2014, <http://www.rferl.org/content/azerbaijan-military-buildup-armenia-aliyev/25028461.html>; and International Crisis Group, op.cit., p.5.

7 Richard Giragosian, op.cit. p.59.

In a context in which Armenia has to address major regional threats in order to ensure its survival, Russia has been viewed as the sole guarantor of the country's security. The special relationship between Moscow and Yerevan has been built around military cooperation, with Russia offering both bilateral and multilateral security guarantees. These apply only to the territory of Armenia and not to Nagorno-Karabakh. However, both Russia's military presence in Armenia (with the 102nd military base located in Gyumri and an airbase at Yerevan's Erebuni Airport) and Yerevan's CSTO membership are viewed as strong deterrents against Azerbaijan initiating operations against Nagorno-Karabakh. While these would certainly spill over into the territory of Armenia,⁸ under CSTO provisions other members (primarily Russia) would have to defend Armenia in the event of military aggression. This explains why Armenia has been such an active participant in CSTO activities. Being the sole CSTO member who might be directly involved in a conflict,⁹ the country strongly favoured the creation of a Collective Rapid Reaction Force (CRRF) that was created, among other things, to repulse military aggression.

However, the role of Russia as a security provider comes with a price. At first glance, the close military cooperation between Moscow and Yerevan seems to be mutually beneficial. While Russia is the guarantor of Armenia's security, the latter country has played a pivotal role in maintaining Russia's influence in the South Caucasus since the collapse of the Soviet Union and especially since the early 2000s. In this regard, the alliance has proven especially important over the past decade, with Azerbaijan pursuing a multi-vector policy between Russia and the West and Russia's relations with Georgia sharply deteriorating under the presidency of Mikheil Saakashvili. The alliance with Armenia is thus key to achieving Russia's objectives in the region, especially with a view to preventing the expansion of Turkish and American influence. Nonetheless, the strategic partnership between Moscow and Yerevan is fundamentally asymmetrical. Russia has used its position as security provider as leverage to strengthen its dominance in other sectors. Moscow is not only the country's protector, but also the major provider of energy resources and the main investor in Armenia, with investment flows amounting to \$3 billion in 2012.¹⁰ Whereas the European Union, not Russia, is Armenia's largest trading partner,¹¹ Yerevan is dependent on Russia in strategic economic sectors, such as energy, communication and transportation. This is reflected in both Russia's share in Armenia's imports, which is almost twice the EU's,¹² and Russia's ownership of Armenia's few strategic assets.¹³ In addition, while not homogeneous and consisting of several waves, the large Armenian diaspora living in Russia¹⁴ provides yet another instrument of Russian influence.

Migrants' remittances to Armenia significantly contribute to the Armenian economy: they totalled \$839.1 million in 2010 – approximately 9 percent of the country's GDP¹⁵ – and 90 percent of those come from the Russian Federation.¹⁶

8 Sergei Minasyan, "Look Not a Gift Tank in the Muzzle", *Russia in Global Affairs*, 15 April 2013. <http://eng.globalaffairs.ru/number/Look-Not-a-Gift-Tank-in-the-Muzzle--15937>

9 Ibid.

10 Sergey Minasyan, "Russian-Armenian Relations: Affection or Pragmatism?", *PONARS Eurasia Policy Memo* No. 269, July 2013.

11 The EU's and Russia's share in Armenian trade are respectively 29.6% and 23.5%. Source: European Commission DG Trade, http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113345.pdf

12 Armen Sahakyan, "Threading the Needle: Armenia's Policy towards the EU and the EAU", April 2013, <http://www.europeaninstitute.org/EA-April-2013/threading-the-needle-armenias-policy-towards-the-eu-and-the-eau.html>.

13 In 2008, Armenian Railways awarded a concession to Russian Railways which established South Caucasus Railway as a wholly owned subsidiary. Russian investors also play an important role in telecommunications, e.g. with shares in mobile operators VivaCell-MTC and ArmenTel-BeeLine. Finally, the Metamor nuclear plan, which accounts for approximately one third of Armenia's energy needs, is managed by the Russian United Energy Systems (UES) group. See Narek Galstyan, "The Main Dimensions of Armenia's Foreign and Security Policy", *NOREF Policy Brief*, March 2013; Bertelsmann Transformation Index, *Country Report Armenia*, 2006.

14 While the last Russian census recorded approximately 1.2 million Armenians living in the Russian Federation in 2010, it is estimated that the actual figure exceeds 2 million.

15 Other estimations give a much higher figure, ranging between 20 and 30% of GDP.

16 Lili Karapetyan, Liana Harutyunyan, *The Development and the Side Effects of Remittances in CIS Countries: the Case of Armenia*, CARIM-East Research Report 2013/24.

While stemming from historical links, Moscow's overwhelming economic presence is also the result of a number of Armenian concessions in response to Russian pressure. For instance, in 2003 the country handed over five strategic assets to Russia as payment for its debt.¹⁷ A few years later, in exchange for a reduction in energy prices, the Armenian government agreed to concede to Russia the majority stake in the Tabriz-Yersakh gas pipeline, which otherwise could have reduced the country's dependence on Russian energy sources.¹⁸ As a consequence of such concessions made to Moscow, Armenia is deeply sensitive to any deterioration of Russia's economy. Armenia's fragility was exposed during the global financial and economic crisis, with a shrinking of GDP of more than 14 percent in 2009 and a decrease in remittances of 30 percent.

The special relationship between Armenia and Russia thus reveals paradoxes. Clearly, Armenia views Russia as the major ally necessary to preserve its territory from threats in a very challenging region. Ultimately, Russia is viewed as the protector of Armenia's existence as a sovereign state. However, Armenia's over-reliance on Russia's energy resources and investments (stemming from Russia's leverage on security issues), as well as on remittances from migrants living in the Russian Federation, actually erodes the country's independence and increases its vulnerability.

COMBINING A RUSSIAN SECURITY UMBRELLA AND A EUROPEAN MODEL OF DEVELOPMENT: THE LIMITS OF ARMENIA'S QUEST FOR COMPLEMENTARITY

In this context, the question is whether Armenia's geopolitical isolation leaves the country with options other than a multifaceted dependence on Russia. From the beginning of the 2000's Armenia has increasingly sought to diversify its foreign policy and to enhance its international integration with a view to reducing its vulnerability. The quest for 'complementarity', identified as a fundamental principle of Yerevan's diplomacy,¹⁹ involves pursuing the strategic partnership with Russia while simultaneously enhancing partnerships with other actors involved in the South Caucasus, including primarily the EU, but also Iran, the US and NATO.

Clearly, the Russian Federation is still seen as the country's security guarantor. Both military cooperation with Russia and participation in the CSTO remain the cornerstones of Armenia's security strategy. This is reflected in the commitments undertaken by Yerevan over the past few years. In 2012, Armenia held a CRRF exercise on its territory for the first time which tested elite units by simulating a response to an aggression against a member state. In a similar vein, Armenia agreed in 2010 to extend the lease on the Gyumri base, which is home to S-300 anti-aircraft missiles and Mikoyan MiG-29 fighters and where approximately 3,000 Russian soldiers are stationed until 2044. In exchange, this agreement provides Armenia with guarantees against general threats to the country's security. Yet Armenia has simultaneously sought to intensify its cooperation with NATO since the early 2000s, for example with the conclusion of Individual Partnership Action Plans which lay out priorities for democratic, institutional and defence reforms, the participation of Armenian troops to peacekeeping operations such as the Kosovo Force and to the International Security Assistance Force (ISAF) in Afghanistan, as well as regular meetings at the highest level.

Nonetheless, it is primarily with the European Union that Armenia has applied the principle of complementarity. This is because of two interrelated factors: first, the growing need for the modernisation of the Armenian economy at the end of the 2000s and second, the perceived legitimacy of the EU's offer in this regard.²⁰

17 Ian McGinnity, *Selling its Future for Short : Armenia's Economic and Security Relations with Russia*, Claremont McKenna College, 2010, pp.7-8.

18 Ibid., p. 5.

19 Statement by Vartan Oskanian, Minister of Foreign Affairs, 25 May 2000 <http://www.mfa.am/en/speeches/item/2000/05/25/eapc>; National Security Strategy, op.cit

20 Laure Delcour, Katarzyna Wolczuk, "The EU's Unexpected 'Ideal Neighbour'? The Perplexing Case of Armenia's Europeanisation", op.cit.

Modernisation emerged as an imperative in light of the country's increasing vulnerability at the end of the last decade. The conflict between Georgia and Russia raised a sense of urgency in Yerevan about the need to loosen the grip imposed by the Turkish and Azerbaijani blockades. Nevertheless, the failed rapprochement with Turkey a few months later put an end to Armenia's hopes to diversify its economic partners and transit routes in the short run. The global economic and financial crisis of 2009, which severely affected the country, was yet another factor prompting structural reforms with the view to reducing economic fragility.

In this context, it is important to note that Armenian authorities never viewed Russia as a potential partner in the modernisation process. Instead, Armenia has clearly selected the 'European model of development'²¹ to carry out far-reaching reforms, as illustrated in President Sargsyan's discourse:

'We have stated more than once that European direction is our priority. In recent years, we have registered considerable success in that area. European Union has not only become one of our most important partners in the world but also plays a significant role inside Armenia, assisting us in the implementation of the reforms and in strengthening economic and overall stability of the country'.²²

Given the perceived legitimacy of European templates, Armenia considered the EU's enhanced offer under the Eastern Partnership with great interest and a consensus emerged amongst domestic actors regarding the benefits of closer relations with the EU. Armenia's interest in EU templates did not remain purely declarative, but translated into an extensive adoption of EU standards. Since 2010, when negotiations were launched for an Association Agreement with the EU, the country has undertaken substantial reforms in line with EU demands on legal approximation. Whereas it was initially considered a laggard in the EU's neighbourhood policy, Armenia actually caught up and quickly completed the negotiations for a DCFTA. Yet Armenia is a case of silent Europeanisation. Unlike some other Eastern partners, it was not vocal in highlighting its achievements in the sphere of European integration and never expressed any membership aspirations. Clearly, this is because of the strategic alliance with Russia: 'We are not in a position to yell: 'EU!' because of our security situation.'²³ Whereas the country viewed the security partnership with Russia and the adoption of EU reform templates as compatible, it kept a low profile given Russia's increasing irritation at the EU policies in the Eastern neighbourhood.

However, Armenia's hopes of achieving complementarity (albeit silently) between the two poles of its foreign policy were short-lived. While the country continued implementing reforms in line with EU standards, it became increasingly aware of the Union's limitations in terms of providing security. The Safarov case²⁴ in particular was a blow to Yerevan's perceptions of the EU and, for that matter, of NATO. Clearly, Armenia realised that decisions by some EU Member States could – even if unintentionally – bring additional insecurity without triggering any condemnation by the bloc.²⁵ This again brought the alliance with Russia to the forefront.

Yet in 2013, with the EU's Eastern Partnership about to deliver its first results at the Vilnius summit and Armenia moving significantly closer to the Union, Russia started increasing its pressure for the country to join the Eurasian Customs Union – an option initially ruled out by Yerevan.²⁶ Russia's simultaneous use of three different yet equally powerful leverages (i.e. demographic drain through the programme 'Compatriots Living Abroad',

21 The "adoption of a European model of development" was explicitly mentioned in Armenia's 2007 National Security Strategy.

22 President Sargsyan, speech before the plenary meeting of the 20th Congress of the European People's Party (EPP), Marseille, 7 December 2011, accessed on 30 December 2011

23 Interview with a civil society expert, Yerevan, November 2011.

24 An Azerbaijani officer, Ramil Safarov, brutally murdered an Armenian lieutenant with an axe in Hungary in 2004 and was imprisoned there until 2012, when Hungary decided to extradite him to Azerbaijan. Safarov received a hero's welcome upon returning to Azerbaijan. He was pardoned by Azerbaijani president Aliyev despite contrary assurances made to Hungary, promoted to the rank of major and given an apartment and over eight years of back pay. Armenia reacted by suspending ties with Hungary.

25 The EU expressed its concern, but did not condemn either Hungary's decision or Aliyev's move. See statement by the spokespersons of EU High Representative Catherine Ashton and Commissioner Štefan Füle on the release of Ramil Safarov, 3 September 2012, A389.

26 See e.g. Garen Arevian, "Armenia Again Rules Out Entry into Russian Customs Union", <http://www.accc.org.uk/armenia-again-rules-out-entry-into-russian-customs-union/>

reactivated in 2012;²⁷ massive arms sales to Azerbaijan in spring 2013, followed by Vladimir Putin's visit to Baku in August; and an increase of gas prices by 50 percent in July 2013) significantly affected Armenia. While the country still attempted to preserve a diplomatic balance by signing a non-binding Memorandum of Understanding with the Eurasian Economic Commission in April 2013, it ultimately had little choice but to accommodate Russian requirements.

President Sargsyan's decision to join the ECU put an end to Armenia's quest for complementarity, since DCFTAs and ECU are mutually exclusive. Nonetheless, this decision was a surprise not only to the EU, but also to the Armenian elites. Whereas the president justified his decision with the need for a consistent foreign policy based upon coherent alliances,²⁸ the move has received a mixed reaction within Armenian society. The clear-cut choice announced on 3 September actually overshadows persistent interrogations about the country's regional integration strategy.

BETWEEN 'DECLARATIVE EURASIANISATION'²⁹ AND TOTAL SUBMISSION?

Clearly, it is Armenia's multifaceted dependency on Russia which prompted the country's engagement with the Eurasian Customs Union at the end of 2013. Nonetheless, the depth and width of this engagement still need to be ascertained. Indeed, both the perceptions of Russia within Armenian society and the reception of its policies are more complex than suggested by the 3 September U-turn.

In essence, Russia is widely seen as the security guarantor by the general Armenian public, whereas there is little knowledge of the European Union and its Eastern Partnership. Negotiations with the EU were conducted with small groups of experts, with hardly any explanations of their consequences and benefits to the population. This explains why President Sargsyan's decision did not raise any massive protests in Armenia. To many, it seemed natural to join the economic integration scheme initiated by Moscow, since Armenia is already a member of the Russian-led security organisation.³⁰ However, perceptions are different among NGOs and, to some extent, in those parts of the Armenian administration engaged in the EU integration process.³¹ Both stress that joining the ECU will only increase dependence on Russia, whereas the Association Agreement/DCFTAs would have brought substantial benefits for Armenia. Clearly, in the medium to long term these would have strengthened the country's economy and also its geopolitical situation, *inter alia* by offering leverage vis-à-vis Turkey. While they are well aware of the challenges with which the country is confronted (be they demographic, economic or geopolitical), Armenian NGOs also put forward domestic political factors (i.e. sharp polarisation and growing political tensions in a non-competitive political system dominated by oligarchic groups) to account for President's Sargsyan U-turn.

The actual scope and impact of this U-turn over the long term still need to be assessed. Whereas they have never publicly expressed doubts as to the regional integration path selected, Armenian authorities' discourse is still very much in line with the complementarity principle, even though the country is less vocal about it. In his speech at the Eastern Partnership summit in Vilnius, almost three months after his decision to join the ECU was made public, President Sargsyan clearly emphasised the role of EU templates for Armenia:

27 This programme is based on a 1999 Federal Law considering everyone who ever held a Soviet passport as a "compatriot". Hayk Hovhannisyan, "As Armenia Moves Closer to the EU, Russia is Taking Advantage of the Country's Economic and Geopolitical Vulnerabilities to Maintain its Influence", LSE, 2013.

28 'Participating in one military security structure [i.e. CSTO] makes it unfeasible and inefficient to stay away from the relevant geo-economic area'. President of the Republic of Armenia, <http://www.president.am/en/press-release/item/2013/09/03/President-Serzh-Sargsyan-working-visit-to-Russian-Federation/>

29 See Kataryna Wolczuk, 'Ukraine's Policy towards the European Union: A Case of 'Declarative Europeanization'', *EUI RSCAS Working Papers*, No. 2004/15, 2004.

30 Perceptions of Russia, including its attitude vis-à-vis Armenians, were however drastically altered after an incident involving an Armenian in a car accident near Moscow in summer 2013.

31 Author's interviews in Yerevan with civil society experts and civil servants, February 2014.

'Building and strengthening Armenian nationhood upon European model has been the conscious choice of ours, and that process is hence irreversible. Our major objective is to form such mechanisms with the European Union that on the one hand would reflect the deep nature of our social-political and economic relationship, and on the other – would be compatible with other formats of co-operation'.³²

While the DCFTA offer is no longer on the table for Armenia, evidence from ongoing negotiations also suggests that the country is not eager to join the Customs Union, even though formally major steps have been undertaken with the adoption of a road map in December 2013 and the approval of the corresponding action plan for implementation in January 2014. The country has actually requested exemptions from customs duties on 900 commodity groups during talks on ECU accession. This huge number (more than twice as many as Kazakhstan) reflects Armenian concerns about the economic consequences of ECU accession. As openly emphasised by then-Prime Minister Tigran Sargsyan, the average import customs duty is 2.4 percent in Armenia, while it is three times as much in the ECU; joining may therefore cause a price increase in Armenia. In addition, as noted by the Prime Minister, Armenia will have to reconsider its World Trade Organisation commitments, which entail starting negotiations with the WTO.³³

To what extent, then, will Armenia be able to safeguard some degree of independence vis-à-vis Russia? At this stage, the number of exemptions which will be effectively granted for ECU accession is not clear, and these are merely temporary mechanisms. In addition, the energy agreement signed on 16 January 2014 only tightens Russia's stronghold over Armenia's energy sector, with the cession to Gazprom of the remaining shares in Armenia's gas distribution company (now called Gazprom Armenia) and a commitment to buy exclusively from Russia until 2043 in exchange for lower gas prices and repayment of only half of Armenia's energy debt. Finally, Armenia's position over the referendum in Crimea³⁴ (whereas Yerevan had not recognised the independence of Abkhazia and South Ossetia) only seems to confirm the country's increasing dependence on Russia. Clearly, Armenia's stance is primarily connected to the Nagorno-Karabakh issue: according to President Sargsyan, the referendum in Crimea was 'yet another example of the realisation of peoples' right to self-determination through a free expression of will'.³⁵

32 President of the Republic of Armenia, Speech at the third Eastern Partnership Summit, Vilnius, 29 November 2013, <http://www.president.am/en/press-release/item/2013/11/29/President-Serzh-Sargsyan-speech-at-the-third-Eastern-Partnership-summit/>

33 'We have to monitor our business competitiveness in CU – Armenia PM', <http://news.am/eng/news/201568.html>, 28 March 2014.

34 Together with Russia, Belarus and 9 other countries such as Syria and Venezuela, Armenia voted against a UN resolution on the territorial integrity of Ukraine declaring Crimea's recent secession vote invalid.

35 'Sarkisian Appeals to 'Brotherly' Ukraine', <http://news.am/eng/news/201623.html>, 29 March 2014.

CONCLUSION

As illustrated by its recent position on Crimea, Armenia's foreign policy is filtered through the prism of the Nagorno-Karabakh conflict. While there may be nuances within the country as to both perceptions of Russia and foreign policy strategy, the priority given to Nagorno-Karabakh raises little debate. In essence, it is the conflict which makes Armenia seek closer ties with Russia. Armenia's creeping strategy of complementarity between a Russian security umbrella and a European model of development has thus stumbled against its overarching foreign policy priority.

Armenia's actual involvement in the Russian-led integration schemes is not clear for the time being. Clearly, this is connected with the transformation of the Customs Union into a Eurasian Economic Union. Nonetheless, while the commitment to join Russian-led regional economic initiatives *de facto* rules out a wide-ranging engagement with the European Union, the authorities' discourse is still ambiguous, as shown by President Sargsyan's reference to the irreversibility of the European model at the Vilnius summit.

Yet the hope of retaining some degree of complementarity in foreign policy seems to be illusory. The quest for protection at all costs has led Armenia to become increasingly dependent on Russia – a dependence from which, despite attempts to diversify its foreign policy, Armenia has not been able to escape. Standing together with Russia on the Crimean issue is likely to result in both greater regional isolation and a tighter Russian grip. Clearly, as illustrated by a recent speech of its ambassador to Yerevan, Russia uses Armenia's foreign policy agenda to extend its influence in the country.³⁶ Armenia is thus caught in a security trap with its sovereignty shrinking. Its fate crucially hinges on the future of Russian-led initiatives and on the balance of power between Russia and other actors in the region. ■

³⁶ 'We will thwart any aggressive interference in the internal affairs of friendly states carried out under the pretext of spreading ideas alien to our minds and hearts'. 'Choking Embrace: 'Mother' Russia says won't tolerate 'outside interference' in friendly countries', <http://www.azatutyun.am/content/article/25354286.html>