

# **The evolution of the European Union's conception in the foreign policy discourse of Armenia: implications for U-turn and the path beyond the Association Agreement**

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## **Abstract**

*The question of why Armenia abruptly shifted from the Association Agreement (AA) with the European Union (EU) to the Russian-led Eurasian Economic Union (EEA) has produced perplexing conclusions. Drawing on discourse analysis and semi-structured interviews, this study seeks to explain the evolution of the EU's conception in foreign policy discourse of Armenia, delving into its implications for U-turn and the prospects of EU-Armenia further partnership. Departing from mainstream explanations, it argues that Armenia's U-turn was preceded by marked disillusionment with the 'expectation – capability' gaps attributed to the Eastern Partnership (EaP). This has significantly influenced the EU's conception in Armenia's official discourse, shifting it from the notions of 'normative', 'liberal' and 'status quo challenging' power to 'pragmatic' actor and 'political dwarf'. The paper concludes that a major breakthrough in bilateral 'edited' partnership cannot be expected anytime soon due to Armenia's large - scale Eurasian integration and lower security expectations from the EU.*

*Keywords:* European Union, Armenia's U-turn, ENP review, New framework

## **1. Introduction**

Armenia's abrupt shift from the Association Agreement with the EU to the Russian-led Eurasian Economic Union has led to puzzling conclusions. According to widely held views, the path to the EEA was predetermined for Armenia, given Russia's increasing assertiveness towards the EU in the wake of AAs advancement (Popescu, 2013; Terzyan, 2016).

There is a tendency in existing studies to attribute Armenia's U-turn to either geopolitical (mainly EU-Russia contestation) determinants or domestic

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context-related constraints. It is generally assumed that Russia's powerful grip on Armenia militates against independent foreign policy making and considerably hobbles its profound advancement towards the EU (Emerson and Kostanyan, 2013; Giragosian, 2015). Thus, 'Armenia has placed itself in a situation where it cannot say no to Moscow' (Popescu, 2013). Alternatively, some authors put Armenia's U-turn in a broader context, scrutinizing the interaction between the EU, domestic and regional factors, which explains both the country's receptivity to EU templates in 2010–2013 as well as Armenia's decision to join the Eurasian Economic Union. Therefore, Armenia's U-turn is explained in terms of cost–benefit analysis of the EU's offer against the country's specific regional, political and economic context, namely, the perceived legitimacy of the EU's offer and the perceived compatibility of EU templates for reforms with Armenia's security reliance on Russia (Delcour and Wolczuk, 2015).

A closer scrutiny of Armenia's foreign policy discourse suggests that irrespective of Russian constraints, its initial high hopes pinned on the EU's promising neighbourhood policy, started to steadily wane down, given its irrelevance to country's needs. More precisely, Armenia's President's vocal criticism extended to three core shortcomings of the EU's policy: its incapability of reconciling energy and its broader development policies; the lack of security guarantees for Armenia facing Azerbaijani and Turkish menace, and most importantly, its irrelevance to breaking the logjam over the Nagorno-Karabakh conflict (President of the Republic of Armenia, 2014a). The paper argues that the fragility of the EU's policy toolbox in terms of enhancing Armenia's security resilience has been pivotal to undermining the EU's image across the country. Nevertheless, it would be an oversimplification to dismiss external constraints and contend that EU-related 'expectation-reality' gaps were pivotal to Armenia's U-turn.

Notwithstanding recent ups and downs, the European Neighbourhood Policy (ENP) review and the European Council's decision on granting mandate to the European Commission and the High Representative to open negotiations on a new, legally binding and overarching agreement with Armenia in late 2015, seems to breathe new life into the EU-Armenia scaled down partnership.

The purpose of this study is twofold. Firstly, it delves into the evolution of the EU's conception in Armenia's foreign policy discourse, accounting for its implications for U-turn. Secondly, it scrutinizes the prospects of the EU-Armenia further partnership in the face of Armenia's membership in the EEU and ensuing dire constraints.

A discourse analysis of Armenia's President Serzh Sargsyan's speeches convincingly illustrates Armenia's strive for achieving a breakthrough on the path to its European integration. To elucidate the EU's conception, the study relies on a discourse analysis of the relevant speeches, statements of Armenia's foreign policy-makers, as well as appropriate official documents. In turn, interviews with

relevant officials from the European Commission are used to examine the prospects of the EU-Armenia partnership from the 'norm – sender' EU's perspective.

## **2. How is the EU conceived in Armenia's foreign policy discourse? (2008-present)**

As a small and fragile state, subjected to double blockade by its neighbours Azerbaijan and Turkey, Armenia has tended to pin high hopes on the EU's intensifying engagement with the South Caucasus, heralded by the implementation of the ENP in 2004. The EU's robust commitment to promoting stability, security and prosperity in its neighbourhood resonated with Armenia's political leadership and society, longing for breaking the logjam over the country.

The launch of the Eastern Partnership (EaP) in 2009 further reinforced optimism, leading Armenia to ardently pursue the materialization of the association perspective with the EU.

Rapprochement with the EU and the path to European integration has been unequivocally regarded as indispensable due to the following core factors: firstly, Armenia's firm commitment to the European system of values and resolution to render a modern European state, characterized by fully-fledged democracy and free market economy. A scan of President's discourse reveals his deep faith in the European system of values and the propensity to view European integration as Armenia's civilizational choice: "The people of Armenia have made their historic and irreversible choice. Our road to becoming closer to Europe has been unique in a natural way..." (President of the Republic of Armenia, 2011). Moreover, he unequivocally stated that Armenia's heritage, values, culture and identity make the Armenian nation an indivisible part of Europe, constituting the cornerstone of Armenia's Eurointegration policy (President of the Republic of Armenia, 2012); secondly, Armenian political leadership's deep conviction that European integration holds the potential to radically improve Armenia's geopolitical position by producing a breakthrough on promoting peace and cooperation in the South Caucasus region. The EU's promising commitment to fostering reforms and development in the region considerably resonated with Armenian society and its policy – makers, leading them to zealously welcome the EU's mounting involvement in the region.

Last, but not less importantly, Armenia's resolution motivated the importance of remaining committed to its complementary foreign policy, assuming well-balanced partnerships with core regional actors. This would enable Armenia to enlarge its room for manoeuvre and avoid further plunging into the orbit of the Russian influence.

Aside from the above-mentioned factors and beliefs, there has been a tendency in Armenia's foreign policy discourse to view the EU as a special –

normative and liberal actor capable of moving beyond the crude realpolitik and conveying its liberal spirit to the turbulent and volatile South Caucasus region.

President Sargsyan has attributed a number of normative characteristics to the EU, deeming its ‘normative power’ essential for promoting stability and security in the South Caucasus. Not surprisingly, the EU has been broadly regarded as a normative, civil and revolutionary actor: “Nowdays, Europe has become a synonym of tolerance, constructive approaches, and peaceful resolutions. We aspire for the Eastern Partnership to enforce that perception of Europe. We want the initiative to be successful and to prove that policies based on the system of values are able to bring exceptional and unexpected results” (President of the Republic of Armenia, 2009).

In Armenia’s foreign policy discourse the EU’s uniqueness is inherently linked to its commitment to spreading its goodness into its neighbourhood, with the view to transforming it into an area of security, prosperity and stability.

The notion of ‘status quo challenging actor’ is inherently linked to those of normative and liberal actor. Sargsyan has tended to place sheer faith in the EU’s intensifying engagement with its volatile neighbour, the South Caucasus region. The EU’s ‘soft power’ was deemed essential for putting the region on the path to peaceful, prosperous and democratic development. As a ‘revolutionary’ actor, the EU’s remedial activities had a significant role in breaking the deadlock in the Armenian-Azerbaijani troubled relations and particularly in the Nagorno – Karabakh conflict settlement. This would occur gradually, getting speed due to the successful implementation of the EU’s ‘historical’ ENP and EaP initiatives.

In President’s view, the EU could challenge the status quo by promoting democracy and preparing ground for democratic interstate dialogue; advancing trust-building measures through people-to people contact and joint undertakings aimed at expanding the areas of common interests, and most importantly, stepping up its influence over Azerbaijan and making sure that the latter abides by ‘European rules’. Therefore, ‘policies of rapprochement with Europe are not only an axis of internal reforms, but also a pivot of the foreign policy agenda’: “We attach importance to the EU’s involvement in Armenia and South Caucasus not only because the EU is a global player, but primarily because it is the best model of nations’ peaceful, secure and sustainable development. Our vision of the South Caucasus’s fully-fledged development is anchored in the values and understanding which made Europe’s success possible” (President of the Republic of Armenia, 2012).

It follows that the EU has been unequivocally conceived as a superior and normative actor, which, owing to its success story, has an indispensable mission to ‘civilize’ its troublesome neighbours, suffering severe constraints of fierce and self-destructive interstate conflicts.

Furthermore, Sargsyan brought up the issue of redefining Armenia’s national and particularly foreign policy identity, in order to enhance its receptivity

to undisputed and time-tested European norms and values. "We should formulate and define a new Armenian identity. An identity which should become our beacon in the new century. The new Armenian identity should be person-centered, freedom-centered, and rights-centered" (President of the Republic of Armenia, 2008). The Europeanized identity would help Armenia smoothly and swiftly pass through the long-desired path to European integration, invariably associated with the peaceful, prosperous and secure path to development.

The National Security Strategy of Armenia stresses the necessity of intensifying partnership with the EU, given that the latter ardently pursues to promote democracy, enhance the rule of law and protect human rights in Armenia and beyond. Besides, as a major global economic and political power, the EU's regional initiatives are deemed essential for mitigating volatility in the South Caucasus and laying ground for lasting stability and flourishing cooperation (MFARA, 2007). Interestingly, in the early stages of the EU's external policy intensification in its neighbourhood, Armenia's foreign policy - makers tended to regard the EU as a global and revolutionary power, deemed powerful enough to challenge the status-quo in the region (President of the Republic of Armenia, 2012).

The President has attached critical importance to the EaP, regarding it as a bold and mutually obligating initiative, capable of translating the EU's normative goals into substantive outcomes in the South Caucasus and beyond: "We enter this process with the aspiration to make our markets more accessible for each other, to foster dialogue between our peoples and our societies, to jointly shape our future, and to mutually enrich our cultures. I am confident, we will succeed" (President of the Republic of Armenia, 2009).

As noted earlier, challenging the status quo has been inextricably linked to democracy promotion in the region and particularly to putting the dictatorial regime of Azerbaijan on the path to democracy. The latter has been regarded as indispensable by Sargsyan to conflict settlement. Sadly, over time, Armenia's EU-related high hopes and mounting enthusiasm turned into deep disillusionment.

It should be noted that the credibility in the EU's normative power was questioned by Sargsyan profoundly due to the EU's heightened emphasis on energy diversification-related projects and ensuing intensification of the EU-Azerbaijan bilateral energy partnership since 2009. Ample evidence indicates that the EU-Azerbaijan tailor-made intensifying bilateral energy partnership has been negatively correlated with the fulfillment of Azerbaijan's commitments namely in the spheres of democracy, human rights protection, good governance, market liberalization reforms, etc. (Terzyan, 2014, pp. 213-218). Remarkably, the ENP reports invariably stress acute shortcomings in Azerbaijan with regard to the deficit of democratic reforms, alarming that "No legislation was adopted to protect human rights and fundamental freedoms... Only limited progress was reached in

the fight against corruption and there was a lack of coherence in initiatives and continuing actions” (EEAS, 2015a).

This leads to the conclusion that the EU proved incapable to convey its liberal spirit to Azerbaijan and to reconcile energy interests with its broader development policy agenda with the view to democracy promotion and conflict settlement.

Ironically, in 2009, shortly after the intensification of the EU-Azerbaijan negotiations, contrary to its commitments assumed within the Eastern Partnership, Azerbaijan embarked on constitutional reforms which abolished presidential term limits. According to Kostanyan, Azerbaijan’s increasing assertiveness is a challenge to the EU, which has a difficulty in bringing energy partnership in line with the EU’s broader development policy agenda. Moreover, he noted that the search for an appropriate strategy for dealing with Azerbaijan is one the most divisive issues among member states, External Action Service (EAS) and DG Energy (Kostanyan, 2015). Admittedly, while the latter would emphasize the priority of energy partnership, claiming that all other policy areas, whether pertaining to democracy promotion or market liberalization, have got to take a back seat to energy interests, EAS would stress the necessity of an energy policy, consistent with the EU’s broader development policy.

Essentially, the monumental challenge for the EU is centred on how to deal with Azerbaijan which, emboldened by the steadily growing relevance of its energy resources, breaches its democracy promotion-related commitments, intensifying massive crackdown on fundamental human rights and freedoms (Freedomhouse, 2014). The lack of coherence among the EU, compounded by its limited toolbox vis-à-vis Azerbaijan, inevitably plays havoc with the EU’s development policy.

The disillusionment with the EU’s status quo challenging policy has found its vivid expression in Armenia’s official discourse with regard to the EU’s conception. The latter shifted from a ‘normative’ and ‘status quo challenging’ actor to a ‘pragmatic’ one, whose normative values are eclipsed by its overriding energy interests. This particularly refers to the shift in the EU – Azerbaijan intensifying strategic partnership in the field of energy, despite Azerbaijan’s outright disregard for democratic values. Unsurprisingly, President Sargsyan started to express deep concerns on the possible repercussions of the shift in the EU-Azerbaijan bilateral energy partnership. “We do comprehend the imperative for the EU member states to ensure energy security and diversification of supply sources. At the same time, we have the right to anticipate the same comprehension of the issue related to the security of our country, regarding the stability and even development of our region” (President of the Republic of Armenia, 2011). He particularly stressed the imbalance produced by flourishing bilateral energy partnership, which further increases Azerbaijan’s assertiveness and leads it to translate energy revenues into military build-up. Deeming this detrimental to

regional stability, Sargsyan expressed hope that “the EU is fully aware of the fragile situation in the region. The South corridor must not become a new source for nourishing war” (President of the Republic of Armenia, 2011).

The accumulated evidence intensified skepticism about the EU's positive engagement in the region and prompted Sargsyan to explicitly question the effectiveness of the EaP, pointing to its three core shortcomings: the unclear criterion of grouping partners; lack of powerful incentives for Azerbaijan to move beyond the energy partnership and comply with the EU policies as well as its irrelevance to the Nagorno-Karabakh conflict settlement. The President particularly pointed to the tremendous differences between Eastern partners, their goals and approaches, which ultimately rendered the regional cooperation component of the EaP infeasible: “I still do not understand the criterion of grouping Armenia and Azerbaijan into one partnership – different opportunities, different approaches, different goals – and this is the reason that component did not work” (President of the Republic of Armenia, 2014a).

Not surprisingly, Sargsyan has abstained from pinning high security hopes on the EU, given the fact that the EU's strategic energy partner, Azerbaijan, lacks strong incentives to pursue deep and comprehensive European integration. Moreover, the fact that Armenia remains subject to blockade by its another neighbour, Turkey, tremendously hinders its advancement towards the EU. Remarkably, Yerevan has tended to regard Turkey's belligerent policy towards Armenia as the major obstacle against the country's swift and smooth integration into European organizations. In Sargsyan's words, the EaP has proved largely inappropriate in terms of translating its vision of united Europe, free of dividing lines, stable and prosperous into reality. This is vividly exemplified by the EU's incapability of influencing Turkey to unblock its closed border with Armenia (President of the Republic of Armenia, 2014b).

Furthermore, Sargsyan's statements lead to the conclusion that the EU's lack of strategic foresight about the repercussions of its ‘interference’ in the sphere of Russia's privileged interests has unleashed a whole new level of instability in the turbulent Eastern neighbourhood. Remarkably, Armenia's U-turn was attributed to its reluctance in confronting the severe consequences facing Ukraine due to its strong faith in the EU's ‘soft power’ and ensuing disillusion. “The Ukrainian crisis has indicated that misperception of the root causes of the current situation can call further proceeding of the Eastern Partnership into question. Armenia joined the Eastern Partnership with a deep conviction that it is not directed against any third country... It is necessary to find solutions by means of a dialogue that takes into account the interests of all regional beneficiaries (President of the Republic of Armenia, 2014 a). The President started to implicitly regard the EU as a ‘political dwarf’ suffering from ‘expectation capability’ gaps. It follows that rather than translating its vision of a stable, prosperous and secure

neighbourhood into reality, the EU has dragged Russia into provocations and incited it to stand up for its 'sphere of privileged interests'.

Not surprisingly, Armenia's political leadership has tended to justify Armenia's membership in the EEU in terms of its security concerns. This is particularly important, given Armenia-Russia comprehensive security partnership and, more specifically, Armenia's membership in Russian-led Collective Security Treaty Organization (CSTO). A member of Parliament of the party "Rule of law", Hovhannes Margaryan has flatly stated in the interview that since security is the top priority for Armenia, it is impossible to downgrade the importance of the Armenia-Russia security partnership and the fact that Russian troops, located across the Armenian-Turkish border, give Armenia a sense of security (Margaryan, 2015).

Ironically, shortly before Armenia's U-turn, Russia set out to intensify military cooperation with Armenia's fiercest foe, Azerbaijan, in the form of supplying Russian military hardware worth \$4 billion (Eurasianet, 2013). The nightmare scenario of the Azerbaijan-Russia flourishing military cooperation sent ripples of apprehension through Armenia and significantly influenced its choice of the EEU.

Besides, it is impossible to neglect Armenia's energy dependence on Russia and the fact that only Russia has the capacity to alleviate energy-related burdens (Margaryan, 2015).

It is worth noting that, prior to Armenia's move towards the EEU, Russia played its energy card by increasing gas prices for Armenia by 50 percent in April 2013, thus indicating possible economic consequences to Armenia's European aspirations. Ironically, the gas price was reduced as Armenia decided to join the EEU. Armenia's energy minister, Armen Movisisyan stated outright that the Eurasian choice shields Armenia from gas price hikes<sup>1</sup>. Secondly, as a single country, Russia is the main external trade partner of Armenia, being the destination for 20 per cent of Armenian exports and source of 70 per cent of remittances (Worldbank, 2015). Russia also maintains the leading position in the realm of foreign investments in Armenia. According to official information, there are about 1,300 enterprises with Russian capital, which is over one fourth of all economic entities with involvement of foreign capital<sup>2</sup>. Last but not less importantly, Russia is home to more than 2.5 million Armenian migrants, who would be subject to severe hardships in case of Armenia's 'non-Russian' foreign policy options. This assumption is based on the Russian authorities' massive crackdown on the Georgian population in Russia, following Tbilisi's resolution to

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<sup>1</sup> Asbarez (2013), Gas Price Reduced as Armenia Joins Customs Union, retrieved from <http://asbarez.com/114797/gas-price-reduced-as-armenia-joins-customs-union/>.

<sup>2</sup> Armbanks.am (2014), *Russian Investments in Armenia's Real Economy Fell to \$86.25mln Last Year*, retrieved from <http://www.armbanks.am/en/2014/04/08/74187>.

head into the path to Association Agreement with the EU (Emerson and Kostanyan, 2013).

Perplexingly, Armenia's foreign minister, Edward Nalbandian, went as far as to blame the EU for constraining bilateral partnership and forcing Armenia to choose between the Association Agreement with the DCFTA provisions and EEU: "We were told we had to make a choice, even a civilizational choice. Armenia made its civilization choice centuries ago and did not need to make another one. We wanted to sign the Association Agreement, but without the DCFTA provisions but we were told this was not possible and that the Association Agreement was incompatible with the EEU membership" (Common space, 2015).

**Table 1. The evolution of the EU's conception in foreign policy discourse of Armenia**

<i>The conception of the EU in the early 2000s</i>	<i>The conception of the EU since 2011</i>
<p><b>Normative, liberal, civil power</b> committed to value-driven foreign policy making</p> <p><b>Global player and revolutionary actor</b>, serving as a role model for peaceful coexistence</p> <p><b>Status-quo challenging power</b> capable to spread its goodness into its neighbourhood, fostering reforms, development and conflict settlement.</p>	<p><b>Pragmatic actor</b>, whose normative values are eclipsed by its overriding energy interests;</p> <p><b>Political dwarf</b>, which is incapable of challenging the status quo in the region, and risks further fuelling volatility (by inciting Russia's ire); <b>Anti-Russian actor</b>, which provokes Russia in the sphere of its privileged interests (the case of Ukraine).</p>

Source: own representation.

Obviously, in an attempt to justify U-turn, Armenia's foreign policy - makers started to increasingly overemphasize the shortcomings of the EaP and the fragility of the EU's neighbourhood policy toolbox. Nevertheless, as previously noted, President Sargsyan had started to raise deep concerns on the shift in the EU-Azerbaijan energy partnership long before Armenia's U-turn, given that it would inevitably give the energy-rich Azerbaijan advantages over its fiercest foe, Armenia.

Consequently, along with the above-mentioned core driving forces behind Armenia's abrupt shift from the Association Agreement to the Russian-led EEU, there was a deep and profound exasperation with the expectation-capability gaps attributed to the EU and its initiatives. While Armenia was chiefly expecting security-related measures from the EU with the view to mitigating volatility in the region and strengthening its resilience against Russia, the EU proved incapable of addressing those issues.

Whereas in contrast to the EU, in Armenia's political thinking, Russia is unequivocally perceived as an indispensable strategic ally and a security guarantor. Unsurprisingly, there was no marked opposition to Armenia's

membership into the EEU coming from the Armenian society, government or most other political parties. The latter tended to invariably stress the security implications of the decision for Armenia, contending that the country needs to further deepen strategic partnership with its security provider Russia in all possible spheres<sup>3</sup>.

Public opinion surveys across Armenia's population show that positive attitudes towards the EU remarkably changed from 2012 to 2014. More precisely, the positive image that the EU was enjoying among 49% of respondents fell by 9% percent in 2014, reinforcing its negative image, which increased by 8 percent within the same timeframe, accounting for 25 percent of respondents' attitudes. Moreover, even though Armenians value political, economic, humanitarian and scientific cooperation with the EU, the latter is not perceived as a security partner. Remarkably, Russia enjoys the conception of the most reliable security partner among the vast majority of respondents (Galstyan, 2015, pp. 214-216). In essence, the marked disillusionment with the EU and the shift from optimistic to critical notions, reflected in the official foreign policy discourse, are largely consistent with the evolution of public attitudes.

### **3. The prospects of the EU – Armenia partnership within the ENP review**

The ENP review, inaugurated on November 18, 2015, has seemingly breathed new life into the waxed and waned partnerships between the EU and its neighbours. Evidently, one of the core constraints that the EU has encountered is essentially on how to foster fulfillment of commitments by neighbours assumed within the ENP, as a recipe for applying its vision of a prosperous, secure and stable neighbourhood. Recent studies have been quite critical of the ENP review, contending that “the new ENP represents little more than an elegantly crafted fig leaf that purports to be a strategic approach to the EU's outer periphery, but masks an inclination towards a more hard-nosed *Realpolitik*” (Blockmans, 2015). Basically, the ENP review does not put forward a profoundly enhanced package, capable of producing a major breakthrough on the EU's neighbourhood policy. It is often viewed as a candid admission of the EU's modest influence on its neighbours which, in a sense, heralds a shift from an idealistic value driven foreign policy to a classical, pragmatic one (Kostanyan, 2016).

One might rightly point out that the EU has suffered from ‘expectation – capability’ gaps and its toolbox proved largely impracticable in its volatile neighbourhood. The EU Commissioner for European Neighbourhood Policy & Enlargement Negotiations, Johannes Hahn, aptly noted that the most formidable

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<sup>3</sup> Armenianow.com (2013), Ruling Party Says Customs Union Decision Meets Armenia's National Interests, retrieved from [http://www.armenianow.com/news/48249/armenia\\_ruling\\_party\\_customs\\_union\\_russia](http://www.armenianow.com/news/48249/armenia_ruling_party_customs_union_russia).

challenge for the EU is to mitigate volatility in the EU's neighbourhood and stabilize it, given that it has degenerated from a ring of friends to one of fire or volcano (Hahn, 2015).

A question arises on how the key provisions of the reviewed ENP would translate into concrete commitments in the EU- Armenia partnership.

In essence, the European Council's decision on granting mandate to the European Commission and the High Representative to open negotiations on a new, legally binding and overarching agreement with Armenia seemed to breathe new life into waning partnership, plagued with Armenia's membership in the EEU (EEAS, 2015b).

Clearly, the feasibility of further European integration is considerably contingent on Armenia's ability at skillful balancing of the European and Eurasian paths, which might significantly suffer from the escalation of the EU-Russia relations, as well as the EU's ability to identify an ingenious framework of further partnership. Nevertheless, it is premature to jump to far-reaching conclusions and claim that Armenia's further European integration has reached an impasse. The launch of negotiations between the EU and Armenia on a new overarching framework for the deepening of their bilateral relations on December 7, 2015 engenders moderate optimism. Armenia's foreign minister, Edward Nalbandian expressed confidence that the new framework opens a new promising page in the Armenia-EU mutually beneficial relations (MFARA, 2015).

One of the core questions to be addressed is identifying the extent to which Armenia's commitments assumed within the EEU are compatible with the new framework of the EU-Armenia partnership and the application of the reviewed ENP provisions.

The reviewed ENP places pronounced emphasis on stabilization as its main political priority, striving to spread the EU's model of stability, built on democracy, human rights and the rule of law and economic openness into its turbulent neighbourhood. Therefore, it commits the EU to do more in terms of promoting democratic reforms in its neighbourhood, deeming vibrant civil society and independent justice system crucial to economic and social stability (European Commission, 2015).

An EU official from the External Action Service pointed out in the interview that democracy promotion and related democratic reforms are pivotal to elevating a neighbour's status for the EU and boosting the partnership. Moreover, the lack of democratic reforms is viewed as a red-line for the EU, namely, it interferes with all other areas of cooperation (Interview with official 1, 2015)<sup>4</sup>. Putting aside the fact that this approach has not so far influenced EU's partnership

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<sup>4</sup> Interview with an External Action Service (EEAS) official 1, Brussels, 3 December 2015. Note: Several EU officials provided valuable insights, but asked not to be cited in an attributable way because they are currently in service.

particularly with Azerbaijan, the question remains whether the EU is endowed with the capacity to further foster democratic reforms in Armenia. A close scrutiny of ENP reports on Armenia demonstrates that democratic reforms in the country tend to be cosmetic and stylistic, rather than substantive and thorough.

Overall, there is a tendency in ENP progress reports on Armenia to emphasize limited progress in implementing the ENP Action Plan, with some efforts to establish deep and sustainable democracy and put sound macroeconomic policies and structural reforms in place, which however have not yielded tangible results. The shortcomings pertaining to fight against corruption, fair trial, human rights protection remain largely unaddressed. The formula is simple: related reforms were developed but not put in practice (European Commission, 2014). Not surprisingly, the ENP reports on Armenia markedly stress the necessity of heading into the enforcement and implementation stage when it comes to democratic legislative reforms.

Extensive evidence prompts to posit that substantial democratic reforms are incompatible with the basic philosophy of Armenia's ruling elite. Evidently, the latter would stop at nothing to cling to power and therefore, would resist against any substantial reform that could challenge its power.

Remarkably, the opposition Heritage Party Vice-Chairman, Armen Martirosyan, contends that Armenia's ruling elite's strive for retaining power has been pivotal to opting for EEU, given Kremlin's guarantees that it would be safe within the Russian-led union. As noted earlier, there is a tendency in Sargsyan's discourse to deem Armenia's choice of Eurasian Economic Union essential for shielding Armenia from dire scenarios, facing Ukraine. One could argue that Russia possesses appropriate tools for injecting volatility into Armenia, thus fundamentally constraining the application of alternative, i.e. non- Russian foreign policy options.

A quick glance at the reviewed ENP indicates that economic and social development has been put at the heart of the EU's contribution to stabilising the neighbourhood and building partnerships. In terms of economic development and modernization, the reviewed ENP stresses the necessity of advancing a new generation of public administrators 'capable of delivering effective and inclusive economic management and sustainable social outcomes' (European Commission, 2015). Admittedly, the EU has an ample toolbox to promote capacity building and open up new training opportunities for public administrators. On a more fundamental level, a question remains: whether and to what extent the EU-backed measures would suffice to foster substantial democratic reforms in the public administration sphere and, more specifically, fight against corruption.

ENP and World Bank reports point to acute shortcomings in the country, stemming chiefly from poor governance and widespread corruption, which militate against the business climate and hobble economic development. World Bank findings expose harassment by tax and customs officials and ubiquitous

corruption among them. "Economic activity in the country is also hampered by a lack of competition, which translates into de facto business monopolies, owned by government-linked entrepreneurs"<sup>5</sup>.

Ample evidence suggests that the EU has proved incapable to convey its liberal market economy spirit to Armenia and to improve the business climate so as to make it conducive to economic modernisation and entrepreneurship, small and medium business advancement.

The exclusion of Deep and Comprehensive Free Trade Area (DCFTA) that would envisage a preferential trade relationship between the European Union and Armenia, foreseeing a removal of import (and export, if applicable) duties on trade in goods between the parties, tremendously impairs the EU's transformative economic power in Armenia.

Even though the EU's "Generalised Scheme of Preferences"(GSP) allows Armenia to pay less or no duties on its exports to the EU<sup>6</sup> (European Commission, 2016), Armenia's heavy commitments assumed within the EEU leave little space for substantial compliance with the EU market rules and profound reinforcement of economic cooperation.

Article 4 of the treaty on the EEU envisages the creation of a common market of goods, labour and services (Treaty on the EEU 2014, art. 4). Moreover, article 5 commits member states to carry out economic policy in strict compliance with the goals and principles of the EEU (Treaty on the EEU 2014, art. 5). According to article 25, there is a common regime of trade of goods with third parties (Treaty on the EEU 2014, art. 25). All these stipulations lead to conclude, that Armenia is extremely constrained to boost trade and broader economic cooperation with the EU.

Admittedly, even though the EU-backed measures have influenced cosmetic institutional reforms, they fall short of addressing acute challenges, pertained to the fight against corruption and the widespread crackdown on small and medium business. A close scrutiny of the bigger picture leads to contend that the EU's reform-oriented initiatives are welcomed by Armenian political and economic leadership insofar as they do not challenge deep-rooted foundations of broadly centralized and monopolized political and economic establishments.

Unsurprisingly, the EU officials from the External Action Service, expressed doubts about tangible outcomes in the EU-Armenia economic cooperation, noting that mostly non-preferential access to the EU market coupled

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<sup>5</sup> Asbarez (2015), World Bank Sees Further Improvement of Armenia's Business Climate, retrieved from <http://asbarez.com/141167/world-bank-sees-further-improvement-of-armenias-business-climate/>.

<sup>6</sup> In 2013, the EU launched a new, revised system of GSP + which entered into force on 1 January 2014. GSP+ is a scheme that rewards developing countries that show a credible commitment to implementing those conventions by granting duty reductions on exports to the EU on some 6,000 tariff lines (66% of the EU common customs tariff).

with reinforcing Eurasian constraints on Armenia's economy render a number of EU's economic tools impracticable vis-à-vis Armenia<sup>7</sup>. One could argue that it is premature to draw any far-reaching conclusions, given that over time, various issues pertaining to trade-related matters could be addressed trilaterally between the EU, Armenia and Russia.

Within the measures designed to stimulate economic development and enhance stability, the reviewed ENP places marked emphasis particularly on youth employment and employability. Improving employability and promoting knowledge-based economic growth envisages reinforcing struggle against brain-drain and even promoting incentive schemes for well-educated people to return to their home country. Whereas irregular migration and large-scale brain-drain remains one of the most monumental challenges facing Armenia. Clearly, the economic disarray<sup>8</sup> has inflicted severe hardships on the Armenian population, forcing them to flee the country. A recent study exposes alarming trends of migration outflows. More precisely, in the intercensus period of 2001 and 2011, the resident population fell from 3.2 to 3.0 million persons. The annual net migration balance passed instead from -23,100 in 1995-2001 to -32,000 in 2002-2011 (Migration Policy Centre, 2013). Not surprisingly, today the Armenian population of Russia estimates 2.5 million according to various surveys, and Russia ranks as the first country in terms of labour migration from Armenia (Aleksanyan, 2015). Given that Armenia's membership in EEU eliminates visa-related-barriers and thus facilitates the free movement of Armenian labour force, massive outflow of Armenian population to Russia seems bound to continue.

While Armenia's most influential partner, Russia, does not oppose irregular migration, the EU's tools would inexorably fall short of producing any tangible result. As noted earlier, tackling migration and youth employment-related issues is deemed essential for translating the ENP's vision of economic development and stabilization into reality.

The reviewed ENP gives great weight to energy cooperation both as a security measure (energy sovereignty) and as a means to sustainable economic development. Noting that energy is key to the stable development and resilience of the partners themselves, it commits the EU to strengthen its energy dialogue with neighbourhood countries in energy security, energy market reforms and the promotion of sustainable energy (European Commission, 2015).

Since Armenia has no significance to the EU as an energy supplier or a transit country, European policy has chiefly focused on sustainable energy development and resilience-related matters. There is a tendency in ENP reports for the emphasis to be placed on power plant closure without proposing any

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<sup>7</sup> Interviews with EEAS – related officials from September 2015 to February 2016.

<sup>8</sup> According to various reports, poverty rate in Armenia rose from 17.4% in 2008 to 32% in 2013.

alternative. It merely stresses the necessity of a new power plant that would comply with the latest international safety standards (European Commission, 2014). However, the EU has been quite active in supporting the safe operation of Medzamor nuclear power plant until its full decommissioning in 1990 with more than €60 million. Besides, in order to facilitate energy exchanges between Armenia and Georgia and diversification of available energy sources, it has embarked on the creation of a transmission network in Ayrum (Mediamax, 2015).

A question arises of whether the EU is endowed with the capacity to enhance Armenia's energy resilience and to boost energy cooperation. It is worth noting that Armenia's commitments assumed within the EEU in the field of energy leave little to no space for the EU's energy strategy for Armenia. More precisely, the treaty on the EEU commits its members to carry out coordinated energy policy with regards to the development of common electricity, gas and oil (Treaty on the EEU 2014, art. 79, 81, 83, 84). It is worth noting that in 2013, the governments of Armenia and Russia signed an agreement which granted Gazprom exclusive rights for gas supply and distribution in Armenia by 2044, rendering it the 100% shareholder of the country's gas industry (Radio Free Europe, 2013). The deal further plunged Armenia's energy sector into the orbit of Russian state-run companies.

Given the reinforcement of 'Eurasian' constraints coupled with Gazprom's dominance in Armenia's energy sector, the EU's measures strike as far from being sufficient in addressing issues pertaining to Armenia's energy diversification and enhancing resilience against Russia. In sum, notwithstanding the great weight given to energy cooperation, energy is one of the most closed and 'Russified' sectors in Armenia, which is bound to further deepen due to Eurasian integration.

The similar set of problems applies to the partnership in the field of transport and connectivity. The reviewed ENP finds cooperation on transport connectivity and telecommunications crucial to the economic development of partners, which can foster dialogue and serve as a catalyst for regional cooperation between them (European Commission, 2015). Therefore, the EU commits itself to extend the core Trans-European Transport Network (TEN-T) to the Eastern partners and promote the necessary investment in this extended network. This ambitious goal and promising incentives would smoothly resonate with Armenia's political leadership if the latter had more freedom to carry out transport and connectivity-related policy. More specifically, article 86 of the treaty on the EEU stipulates that "the Union carries out coordinated transport policy, with the view to ensure economic development, step by step and consistent formation of common transport area based on the principles of competition, openness, security, reliability, availability and sustainability" (Treaty on the EEU 2014, art. 86). Admittedly, the strong emphasis on common transport policy within the EEU militates against Armenia's profound advances towards the European realm of transport and connectivity.

The reviewed ENP's emphasis on conflict prevention, crisis management, stabilization and regional cooperation leads to presume that the EU would reinforce its engagement in conflict settlement in its turbulent neighbourhood. A question remains, namely whether the enhanced ENP package would offer something tangible to break the logjam on Nagorno – Karabakh conflict. As previously noted, in the initial stages of the EU's neighbourhood policy, Armenia's political leadership was quite optimistic about the EU's capacity to challenge the status quo in the 'frozen' conflict. Indeed, the EU has never qualified for direct involvement in conflict settlement, limiting its role to supporting OSCE Minsk Group.

EU officials from the External Action Service were somewhat ambivalent about the breadth and depth of the EU's possible contribution to conflict resolution. An official stated in the interview that, in principle, the EU might strengthen the emphasis on conflict settlement and put it forward in new frameworks of the EU-Armenia and EU-Azerbaijan partnerships<sup>9</sup>. Meanwhile, other officials expressed doubts on the feasibility of the EU's direct engagement with the conflict settlement. Overall, they implicitly stated that direct involvement could result in taking sides, which would inevitably hinder the advancement of bilateral partnerships either with Armenia or with Azerbaijan. Besides, the EU tends to put faith in the viability of the OSCE Minsk Group platform<sup>10</sup>.

Remarkably, the recent escalation of Nagorno Karabakh war in April 2016, which resulted in dozens of casualties, did not induce the EU to engage in alleviating the crisis. Empirical evidence based on interviews with EU officials suggests that the EU's activities in conflict settlement will not considerably move beyond the flowery statements about the necessity of its peaceful settlement and indirect measures.

Finally, one last point that deserves emphasis is related to the public perceptions of the EU and its activities across the Armenian population. Obviously, public support is essential for enhancing the effectiveness of the EU's reform-oriented initiatives and boosting the EU-Armenia partnership. Meanwhile, recent public opinion surveys show that around 30 percent of respondents are fully ignorant of the EU and even deem Armenia to be a EU member state (Galstyan, 2015, p. 215). Clearly, they do not distinguish the EU from the Council of Europe. One could argue that notwithstanding the EU's effort to stimulate development and promote reforms in Armenia, its activities do not get sufficient visibility. When asked whether the EU is capable to address the widespread ignorance prevalent about itself and its activities across the Armenian population, an EU official from the External Action Service noted that the EU focuses on substance rather than style. Besides, highlighting the EU-backed reforms and its

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<sup>9</sup> Interview with an External Action Service (EEAS) official 1, Brussels, 3 December 2015.

<sup>10</sup> Interviews with EEAS – related officials from September 2015 to February 2016.

transformative power may well provoke pro-Russian circles ardently striving to portray Russia as Armenia's sole 'friend' and indispensable partner<sup>11</sup>.

#### 4. Conclusion

The conception of the EU in Armenia's foreign policy discourse has experienced dramatic ups and downs over the last years. The 'normative', 'revolutionary' and 'status quo challenging' actor that had an indispensable mission to 'civilize' its turbulent neighbourhood over time transformed into a 'political dwarf' and 'pragmatic' actor. This reversal is indicative of the EU's external policy evolution towards the South Caucasus, which shifted from a value driven development policy to an energy-related pragmatic one, i.e. normative values were eclipsed by its overriding energy interests. Evidence suggests that the EU's waning image across Armenia influenced its U-turn to certain extent.

The deterioration of the EU- Russia relationship led Armenia's President to regard the EU as a 'destabilizing' actor which has unleashed instability in the turbulent Eastern neighbourhood due to the lack of strategic foresight on the repercussions of its 'interference' in the sphere of Russia's privileged interests. Not surprisingly, along with other driving forces (Armenia-Russia security and economic strategic partnership, large Armenian community in Russia, etc.), Armenia's U-turn was attributed to its reluctance to confront Ukraine's destiny, stemming from its EU-related aspirations.

Even though the ENP review and the launch of a new framework of the EU-Armenia partnership engenders moderate optimism, in practice, a major breakthrough cannot be expected anytime soon. Regarding the stabilization in the volatile neighbourhood as the reviewed ENP's main political priority, the EU links it to democracy, good governance promotion and economic and social development stimulation. More precisely, democratic reforms in a neighbouring partner are deemed pivotal to boosting partnership with the EU. The EU's reform-oriented initiatives are welcomed by the Armenian political leadership insofar as they do not challenge deep-rooted foundations of the broadly centralized and monopolized political and economic establishments.

Furthermore, a close scrutiny of Armenia's commitments assumed within the EEU indicates that there is little to no space for boosting economic cooperation as well as cooperation in the fields of energy, transport and connectivity. Besides, the reviewed ENP's emphasis on conflict prevention and stabilization does not proscribe the EU's direct involvement in the Nagorno-Karabakh conflict settlement. Overall, a major breakthrough in the EU-Armenia 'edited' partnership cannot be expected anytime soon due to the following constraints: Armenia's lower expectations from the EU in terms of its capacity to tackle with traditional

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<sup>11</sup> Interview with an EEAS official 2, Brussels, 15 January 2016.

security challenges facing the country; lack of powerful incentives among Armenia's authoritarian leadership to fulfil democratic reforms and comply with EU rules; reinforcing 'Russian' constraints on Armenia, which move far beyond mere economic integration within the EEU.

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