

Armenia's New Choice: Scenarios for the Economic and Political Future

JOINT KAS-RSC EVENT
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Summary

On 12 September 2013, the Regional Studies Center (RCS) and the Konrad Adenauer Stiftung (KAS) convened a special public discussion/seminar entitled "Armenia's New Choice: Scenarios for the Economic and Political Future." The event was held in the Marriott Hotel on Wednesday, 12 September 2013 from 16:00-18:00, and included presentations by several leading analysts and two Members of Parliament focusing on the September 3rd decision by the Armenian president to commit Armenia to joining the Russian-dominated "Customs Union." That decision effectively canceled Armenia's planned "initiating" of a Deep and Comprehensive Free Trade Area (DCFTA) agreement with the European Union (EU) that, along with a pending Association Agreement, was to be concluded at the Vilnius Summit in late November 2013.

Event Objectives

Similar to earlier joint Regional Studies Center (RSC)/Konrad Adenauer Stiftung (KAS) events, held in February and June 2013, this event sought to provide a public arena for a more professional discussion and debate of an important critical issue. More specifically, the event objective was to provide a neutral platform to examine the issues and implications from Armenia's decision to join the Customs Union, with a moderated panel of three experts and two Members of Parliament offering objective assessments of the "pros and cons" of the move to join the Customs Union.

Other related objectives include offering an opportunity for public education and debate over this important issues, which despite a flurry of media coverage, was never publicly discussed in such a format.

Target Audience: Members of the diplomatic community, representatives of international organizations, as well as local analysts and experts, but with an added focus on Armenian public and state bodies and institutions, including members of the parliament, government and ministries, and universities, with the event and presentations offered as constructive contributions to the public policy process.

Event Assessment

Clearly, the event was successful and met our objective for a professional discussion of public policy issues, in a constructive and objective approach. Each speaker offered their own unique insight and contribution and even in cases of disagreement, the atmosphere remained civil, professional and respectful. With over 150 attendees, the event even exceeded the success of our earlier events. Most notably, we were able to hold a successful event less than ten days after a significant development in Armenian policy.

Event Summary

The event was opened by Dr. Canan Atilgan, the Regional Program Director for the Konrad-Adenauer-Stiftung (KAS). In her remarks, she noted that the event was aimed at identifying and analyzing strategies and formulating meaningful policy options that would be con-

sidered by the decision-makers. "We're committed to promote the European values and rapprochement with European structures, support good governance, active civic sector and a trustful media," she added.

As for the President's last announcement, she said, it was unexpected. The new situation leads to core questions as "What are the next steps?", "How to deal with Association Agreement?", "What can Armenia expect from current situation?", but the most important question is the long-term future and Armenia's independence and sovereignty, Dr. Atilgan concluded.

Following the opening remarks, Richard Giragosian the Director of the Regional Studies Center (RSC), an independent think tank in Yerevan and co-sponsor of the event, introduced the speakers and explained the format. He then framed the debate by outlining the background of the issue noting that as an independent "think tank," the Regional Studies Center (RSC) offers a regular series of similar events and briefings, aimed at providing an alternative source of objective analysis and information covering a wide range of issues.

He went on to say that this event offered a neutral platform to examine the issues and implications from Armenia's decision to join the Customs Union, with speakers providing objective assessments of the "pros and cons" of the move. Moreover, the event was an opportunity for public education and debate over this important issue, which despite a flurry of media coverage, was never publicly discussed in such a format.

Giragosian explained that less than ten days before the event, President Sarkisian announced policy "U-turn," when he stated that Armenia will join the Customs Union, and not the EU's Deep and Comprehensive Free Trade Area (DCFTA), was a strategic mistake and missed opportunity. He then asserted that it revealed two deeper problems: if there was Russian pressure, then it reveals a deeper problem in the Armenian-Russian "strategic partnership," pressure is not how a partner or ally treats one another; if no Russian pressure, then why did the Armenian president give up and give in so quickly and for so little in return. He then noted the larger question over the decision-making process, a secret and speedy decision with little analysis or study of the implications, a policy reversal, wasting several years of reform and negotiations with the EU.

The first speaker, Dr. Alexander Iskandaryan, Director, Caucasus Institute, explained that "what happened is a fact and it's a political fact and political decision. It's a fact without an alternative, there was no choice. Any

government would have to act in the same way. Armenia doesn't have anything to do with what happened. It was directed against Ukraine and especially Belarus."

"Russia pressures others as well, such as Ukraine, Moldova and Georgia. This pressure is on sectors as economics, communication, trade, tariffs, etc. On Armenia there is one more pressure point. It's the security issue. The card of security was being used by Russia. I think this fact is documented in Moscow and Brussels. There is no chance to get back. The problem that rises is a recent one. We have what we have. The question is "What's next?"

He went on to outline three main points:

1. Armenia can't join Custom's union. And the border issue isn't the main problem. In reality Kazakhstan and Russia have other visions of exporting energy. Armenia has another vision of importing. These interests contradict to each other.

2. The absence of the border isn't a big deal. In this context the announcement on Kaliningrad's district it wasn't made to compare Armenia with it. It was brought just to show that the border isn't that important as a factor.

3. The Association Agreement is a 1000-page document. It includes chapters on taxes, regulations, law approximation, etc. Armenia can't sign it at once. There will come the time when we'll try to find a way to combine the two documents. On the paper we can be a member of Customs Union, but Armenia can't have the same status as Kazakhstan or Belarus.

"We talk about the fact as the history of Armenia is over. This reflects the political discourse in Armenia. We were not supposed to move to Brussels or Moscow. Armenian delegation will try to get to Vilnius and sign something. The DCFTA is not possible now. The AA without DCFTA technically, politically and formally will be very hard to have. The EU officials also understand what happened. After some years when the situation changes we'll change our position and try to find new ways of working in the European framework."

The second speaker, Prof. Alexander Markarov from Yerevan State University, noted that "we have more questions than answers. We can describe our region as very unpredictable in its predictability. Politics isn't a static situation, it's very dynamic. So if we want to analyze politics we should go back to tens of years of European integration: different European projects in post-soviet

states, different levels of integration, CSTO, etc.” He then identified several points:

1. Are there any objective and subjective explanations to the current decisions?

Now there are two projects on the table. 1. Political and military cooperation 2. Economic cooperation. 7 months before President told that it's very hard to be in one military group and have deep economic relation with another. Besides, there is no pure economic cooperation. Former German Ambassador Schultz also told that you can't have two documents at the same time. You should choose and identify your priorities. In our case the security is the priority. The EU has never showed its positions concerning Karabakh conflict in any de facto or de jure, or in other forms.

2. What Armenia gets from virtually joining CU?

We should have another road map now. One of the problems is the different directions of the economies in the member states of CU. One of the main factors is the gas price. The gas price later on will stay the same and this will help Armenia. Another advantage will be Abkhazia-Georgia transport corridor connecting to Iran.

3. How are the EU-ARM relations going to develop?

We should think of the dynamics and the process only. Armenian delegation will definitely be in Vilnius. We'll continue amicable relations with EU. However, realistically it's impossible to take out one part of the Association Agreement and sign it. We can't sign the document in this form, too.”

The next speaker was Nikol Pashinyan, opposition Member of Parliament. He stated that the president's announcement brought more uncertainty than gave answers. What does it mean to join Custom's Union in economic sense? Lukashenko in his latest announcements told CU doesn't work. Belarus still has the same problems as it had before joining it. Besides Armenia has already signed the CIS free trade agreement. So we already have free trade with Russia, Kazakhstan, Belarus and even with other CIS countries.” He went on to say “from the political perspective most probably the internal policy trends of the CU countries will be brought to Armenia. Russia now has 6 years of presidential office term instead of 4. In Belarus and Kazakhstan the Presidents have the opportunity to be elected as many times as they wish. We see this trend in Armenia, too. President Sarkisian has already created a committee to work on constitutional changes.

The foreign policy perspectives are also vague. How we're going to deal with Georgia and Iran which are the strategic partners of Armenia? What kind of policy would Armenia develop towards China, India, EU and USA? We should choose a direction of diversified relations. If we lose the balance we endanger our sovereignty. We can't have any foreign policy on the cost of the sovereignty. The sovereignty is very essential for us. It's articulated in the first article of our Constitution and fortunately this article can't be changed.”

Pashinyan then said that “we (The people who joined the civic contract) are against joining any structure before the NK conflict resolution. For example if we join the EU then the population of Karabakh will need a visa to Armenia. In the case of Eurasian Union we can't say anything as doesn't exist. But most probably it will be very similar to the EU. In conclusion the announcement of the President wasn't accepted in Armenia. Even if he was a legitimate President this is unacceptable. The competence of choosing their future belongs to the people of Armenia only.”

Tevan Poghosyan, another opposition Member of Parliament from the Heritage party bloc then began by stating “we knew that there will be pressures on Armenia on this issue. However, this decision was unexpected even for the President. The recent announcements of Prime Minister and deputy minister of foreign affairs reveal this. The thin is that Russia has just realized that it can pressure more on Armenia.”

Adding that “joining CU isn't in Armenia's interests in any sense,” he asked, “are we going to import the corrupted values of Kazakhstan and others? As for security we should realize that we should sustain the balance of powers in the regions. As for economy, of course our wine is easier to be sold in Russia than in EU. Don't we want to improve the quality?” He then closed by noting that “there was no prediction that Armenia is going to join CU. There was no discourse in public. We should try to have our own calculations of our interests. The others have their own interests. We should discuss every single article and to say no to the ones that contradict to our interests. Anyway, I'm sure that the European direction fits Armenian interests better.”

The last speaker, Mikayel Zolyan, an Analyst with the Yerevan Press Club (YPC), then closed the event by saying that “we should find out what we could do that we didn't. There are two key questions: “Who's in charge for this situation?” and “What can we do?” The common answer for the first question is the foreign powers, and for the second is nothing or only pray. Of course Armenia

has limited resources. But if the small states didn't have any chances to maneuver, there will be only 12 big states in the world."

"First we don't have any social scientists whose main field of research is Russia. Secondly the media is in a horrible situation. The main debate is on the issues of alcoholics vs. the sexual minorities. As for ideology, we don't have choice. There is no alternative to democracy, human rights, rule of law, etc. Even the most undemocratic leaders speak from these democratic values. For security we don't have choice too. If one talks against the CU, it's not that he's against Russian-Armenian relations and cooperation in the field of security."

He continued by noting that "the problem is the foreign policy of Armenia and how the decisions are made here. Now we have a situation that decisions on Armenia aren't made by Armenia. The Brussels and Moscow decide and let us know. I don't exclude the chance that Armenia can sign some type of document in November. There are two blocks of countries in Eastern Partnership. Ukraine, Georgia, Moldova there was a change by elections which means they are trying to move towards democracy."

Zolyan then added that "we are better in some criteria comparing to these states. In the second group, which includes Azerbaijan, Belarus and Armenia, there is an imitative democracy. In those systems there is a problem to sustain the legitimacy of the power. Belarus has some kind of charismatic leadership. Azerbaijan has energetic resources. Armenia has nothing. So even the imitative democracy is very weak here. That's why it's more open for foreign pressure and closed for its society."

The presentations were then followed by a dynamic discussion and interactive question and answer period for all speakers.

Richard Giragosian

Director

Regional Studies Center (RSC)