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Armenia, Germany, EU: New Impetus for Bilateral Cooperation in Difficult Times

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Summary

German Federal Minister for Economic Cooperation and Development Svenja Schulze announced on July 1, 2022 that Armenia will become a bilateral partner of German development cooperation. This rescinds the German government's decision from 2020, when as part of the development ministry's 2030 reform it had determined that previous cooperation with Armenia would be phased out in the coming years. With the CEPA agreement coming into force and generally a more proactive approach towards the South Caucasus, the EU has been deepening its relations with Armenia as well. This intensification of cooperation takes place against the backdrop of the Russian war in Ukraine, and thus increasingly difficult conditions for Yerevan's "multi-vector foreign policy," a highly fragile security environment given the unresolved conflict with neighboring Azerbaijan, as well as tense domestic politics in Armenia. The situation requires a prudent approach from Armenia's European partners, and, accordingly, special sensitivity for and knowledge of the domestic and foreign policy conditions in which the country currently finds itself. At the same time, despite clear limitations in view of Armenia's security challenges, German and EU cooperation with Armenia still has the potential to put into practice the values-based foreign policy agreed in the German government's coalition agreement; and to give shape to a foreign and development policy that sustainably supports democracy, peace, and stability in the Eastern neighborhood.

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Russia's full-scale war in Ukraine has also put Armenia under pressure as it finds itself in a fragile security environment linked in particular to the unresolved conflict with neighboring Azerbaijan. Due to close economic and security ties with and dependence on Russia, Armenia's room for maneuver in foreign policy is limited. Openly critical reactions to the war against Ukraine were not to be expected from Yerevan. However, the Armenian government does not actively support the Russian aggression either. Rather, the Pashinyan government is trying to keep a low profile on the war in Ukraine and to avoid situations that would require an unambiguous positioning.¹ While Armenia voted with Russia against suspending the latter's representation rights in the Council of Europe on February 25, in the United Nations (UN) Armenia abstained during the March 2 vote on the General Assembly resolution condemning the invasion, and stayed away from the April 7 vote on Russia's expulsion from the UN Human Rights Council – unlike previous UN votes on Russia's annexation of Crimea, in which it had voted with Russia. That Moscow would not simply accept Armenia's reticence was predictable. Various high-level bilateral meetings since February 2022, including Prime Minister Pashinyan's visit to Russian President Putin on April 19, testify to Russia's attempts to put pressure on and further tie its much smaller ally closely to it.

Nonetheless, the Pashinyan government continues to strive for good relations with Western partners, especially the European Union (EU), with which Armenia is linked through the Comprehensive and Enhanced Partnership Agreement (CEPA). In an interview with Al Jazeera on June 14, 2022, Pashinyan summarized the complex geopolitical situation from Armenia's point of view: *"I will not deny that the situation [...] is quite sensitive, but we try to be a direct, honest and reliable partner for Russia, our European and Western partners, our neighbors. [...] it is our duty to manage this situation and maintain proper relations with our partners, not to betray anyone."*²

In this precarious geopolitical situation, on July 1, 2022, German Federal Development Minister Svenja Schulze announced the resumption of bilateral development cooperation between Germany and Armenia.³ What are the opportunities and challenges for Armenian-German-European bilateral cooperation in view of Armenia's fragile foreign, security and domestic political situation?

¹ Nerses Kopalyan, "The Weakening of the Leviathan: Armenia, Russia, and the Consequences of the War in Ukraine," *EVN Report*, April 2, 2022, <https://evnreport.com/politics/the-weakening-of-the-leviathan-armenia-russia-and-the-consequences-of-the-war-in-ukraine/>.

² "Prime Minister Nikol Pashinyan's Interview to Al Jazeera," *Al Jazeera*, June 14, 2022, <https://www.primeminister.am/en/interviews-and-press-conferences/item/2022/06/14/Nikol-Pashinyan-interview-Al-Jazeera/>.

³ "Deutschland und Armenien vereinbaren bilaterale Entwicklungszusammenarbeit: BMZ erweitert den Kreis der bilateralen Partnerländer von 61 Auf 65," July 1, 2022, <https://www.bmz.de/de/aktuelles/aktuelle-meldungen/deutschland-armenien-vereinbaren-entwicklungszusammenarbeit-116228>.

Armenian-Russian Relations: Allied, But Not Without Friction

Armenian-Russian relations are more ambivalent than the two countries' status as allies might suggest. During the Velvet Revolution in Armenia, which brought Nikol Pashinyan to power in 2018, it became clear that the majority of citizens want to live in a democratic state. At the time, hundreds of thousands took to the streets against a system of abuse of power, the intertwining of economic and political interests, and insufficient opportunities for political participation. Although the demonstrators declared the protests to be a purely internal affair and denied a geopolitical dimension, the protests and the agenda of the new government, subsequently elected with a large majority, showed the growing distance from the Kremlin's autocratic model of rule. In the years before, when he was still an opposition deputy, Pashinyan had repeatedly expressed sharp criticism of Armenia's entry into the Russian-dominated Eurasian Economic Union (EEU) and what he saw as the country's subordination to Russia.⁴ However, his government's room for maneuver - and thus its ability to act more autonomously from Moscow - was limited. Accordingly, Pashinyan soon had to adjust his course to Armenia's existing foreign policy environment.⁵ As prime minister, he has been much more conciliatory in his rhetoric and has not shown any significant foreign policy efforts to distance Armenia from Russia. Rather, Pashinyan has attempted to better explore possible leeway within the framework of the "complementary foreign policy" already pursued by his predecessors.⁶

In particular with regard to security, Armenia has been dependent on Russia. Through the Moscow-dominated Collective Security Treaty Organization (CSTO) of which Armenia is a member as well as through the 1997 bilateral treaty on Friendship, Cooperation and Mutual Assistance, Russia has given Armenia security guarantees; it supplied the country with weapons at discounted prices, maintained military bases in the country, and supported it in securing its borders. The second war in and around Nagorno-Karabakh in the fall of 2020 resulted in defeat for Armenia while Azerbaijan regained control of large areas. From the perspective of quite a few Armenians, during the war and the subsequent recurrent violent confrontations along the Armenian-Azerbaijani state border, Russia and the CSTO failed to comply with their security obligations, causing disappointment.⁷ This feeling was further exacerbated by Moscow's and the CSTO's limited reaction to Yerevan's

⁴ David Batashvili, "Nikol Pashinyan's Russian Problem," *GFSIS Security Review* (2019), <https://gfsis.org.ge/files/library/pdf/English-2684.pdf>.

⁵ Narek Sukiasyan, "Appeasement and Autonomy: Armenian-Russian Relations from Revolution to War," *EUISS Brief no. 2* (January 2021), <https://www.jstor.org/stable/pdf/resrep28789.pdf>.

⁶ Anahit Shirinyan, "Armenia's Foreign Policy Balancing in an Age of Uncertainty," *Chatham House* (March 2019), <https://www.chathamhouse.org/2019/03/armenias-foreign-policy-balancing-age-uncertainty>.

⁷ Ani Avetisyan, "Apparent Inaction Gives Rise to Criticism of CSTO in Armenia," *OC Media*, July 9, 2021, <https://oc-media.org/apparent-inaction-gives-rise-to-criticism-of-csto-in-armenia/>.

request for assistance in light of Azerbaijan's military operations into the territory of the Republic of Armenia in September 2022. The reaction triggered sharp criticism, which also reflects a growing understanding in Armenia that Russia is not a reliable ally for Armenian security (not least when Moscow is distracted and Russian resources are tied up in the war in Ukraine), but that it is simply pursuing a policy of hard interests, which can also be detrimental to Armenia.⁸ Against this backdrop, some civil society and foreign policy experts have therefore been expressing a desire for a more emphatic expansion of relations with the country's Western partners.⁹

A representative poll conducted by the International Republican Institute (IRI) in November - December 2021 shows the ambivalences in Armenia's relations with Russia.¹⁰ While 64 % of respondents consider Russia to be one of Armenia's two most important security partners, as many as 15% also named Russia when asked about the top two political threats. It thus lands in third place, behind Turkey and Azerbaijan. The current edition of the Caucasus Barometer impressively shows the dwindling trust in Russia. While 83% of respondents saw Russia as Armenia's most important friend in 2013, the figure in 2021 was only 34%.¹¹

EU-Armenia Relations: (Too) Great Expectations?

Following the conclusion of the bilateral EU-Armenia Partnership and Cooperation Agreement (PCA) in 1996, Armenia has also been cooperating with the EU on a multilateral level within the framework of the Eastern Partnership (EaP) since 2009. After the Velvet Revolution in 2018, many in Armenian political and civil society circles expected that the changes in the country would resonate with the EU, including via (concrete) offers of support.¹² However, as the only EaP country that at the same time did not seek EU membership, but nevertheless sought closer cooperation with the EU through its declared democratization course, Armenia increasingly stood alone within the EaP. Moreover, after the Russian invasion of Ukraine and the EU membership applications of Ukraine, Moldova, and Georgia, the future of the EaP is uncertain.

⁸ Armine Martirosyan, "Can Armenia leave the CSTO and head West?," *Jam News*, September 22, 2022, <https://jam-news.net/can-armenia-leave-the-csto-and-head-west/>.

⁹ Taline Papazian, "Armenia and the West. Reassessing the Relationship," *EVN Report*, July 22, 2022, <https://evnreport.com/politics/armenia-and-the-west-reassessing-the-relationship/>

¹⁰ International Republican Institute, "Public Opinion Survey: Residents of Armenia," January 31, 2021, <https://www.iri.org/resources/public-opinion-surveyresidents-of-armenia/>.

¹¹ Caucasus Research Resource Center, "Caucasus Barometer 2021 Armenia," <https://www.caucasusbarometer.org/en/cb2021am/codebook/>.

¹² Richard Giragosian, "Paradox of Power: Russia, Armenia, and Europe After the Velvet Revolution," *ECFR Policy Brief* (August 2019), https://ecfr.eu/publication/russia_armenia_and_europe_after_the_velvet_revolution/.

Already before the revolution, the EU and Armenia had expanded their bilateral relations through the adoption of the CEPA agreement, replacing the 1996 PCA.¹³ In provisional application since 2018, it entered into full force on March 1, 2021. CEPA is the EU's most comprehensive cooperation agreement to date with a country in the European neighborhood after the EU Association Agreements with Ukraine, Moldova, and Georgia. It contains agreements on political, economic, and sectoral cooperation, including support for Armenia in building and strengthening democratic institutions, the rule of law, and good governance. Similar to the Association Agreements, CEPA aims to bring Armenia legislatively closer to the EU by asking the country to approximate to parts of the acquis communautaire, albeit to a more limited extent.¹⁴

The very genesis of CEPA reflects Armenia's challenging foreign policy environment. In 2013, Yerevan, too, had actually been on track to sign an Association Agreement with Brussels, including a Deep and Comprehensive Free Trade Area.¹⁵ However, just a few months before the agreement was to be concluded, Armenia made a U-turn in its foreign policy in the wake of Russian pressure and dependencies, and in January 2015 joined the Eurasian Economic Union instead.¹⁶ The subsequently negotiated CEPA takes into account the arising obligations for Armenia from the EEU: for example, free trade is not part of the agreement.

Armenian Disappointment over the European Union

The conditions for implementing CEPA under Pashinyan nevertheless seemed favorable. The goals set forth in the Agreement show a great deal of overlap with the objectives of the Pashinyan government's reform agenda. However, public perception of the EU was already clouded when the new political leadership took over the reins of government. Brussels was confronted with accusations, particularly from Armenian civil society, that independent civil society organizations had been insufficiently involved in monitoring processes, that the EU had made too little use of the levers of conditionality to enforce existing reform agreements, and that it had not sufficiently held the Armenian leadership accountable.¹⁷

¹³ Hrant Kostanyan, and Richard Giragosian, "EU-Armenian Relations: Charting a Fresh Course," *CEPS Research Report 2017-14* (November 2017), <https://ssrn.com/abstract=3075166>.

¹⁴ Laure Delcour, and Narine Ghazaryan, "Armenia: A Precarious Navigation Between Eurasian Integration and the European Union," in *Principled Pragmatism in Practice: The EU's Policy towards Russia after Crimea*, eds. Fabienne Bossuyt and Peter van Elsuwege, (Leiden, Boston: Brill; Nijhoff, 2021), 143–62, https://doi.org/10.1163/9789004453715_009.

¹⁵ Laure Delcour and Katharina Hoffmann, "The EU's Policy in the South Caucasus," *L'Europe En Formation* 1, no. 385 (2018): 7–25.

¹⁶ Vahram Ter-Matevosyan, Anna Drnoian, Narek Mkrtchyan, and Tigran Yepremyan, "Armenia in the Eurasian Economic Union: Reasons for Joining and Its Consequences," *Eurasian Geography and Economics* 58, no. 3 (2017): 340–360.

¹⁷ Delcour et al. 2018.

Disappointment in Armenia over the EU's passivity during the war in and around Nagorno-Karabakh in 2020 was even greater.¹⁸ Armenian societal discourse emphasized the democratic development of the country since the Velvet Revolution, and many Armenians expected that the EU would resolutely back Yerevan's position in the war based on the EU's (self-)image as a normative, democratic actor. From an Armenian perspective, this expectation was disappointed.¹⁹ In addition to the trauma of the war and its outcome, hopelessness and a feeling of being left alone have hence taken root in many parts of the country. Quite a few Armenians now perceive Russia's war against Ukraine and the strong Western response it triggered through their prism of the 2020 war in and around Nagorno-Karabakh.²⁰ Many juxtapose (warranted or not) the current wave of international solidarity for Ukraine with the muted Western response to the 2020 war, which for them confirms the perception that Armenia can only rely on itself.

Polls reflect the complex perception of EU-Armenia relations. In the recent Caucasus Barometer, 53% of Armenians surveyed said they fully or somewhat trust the EU.²¹ Although not currently an issue politically, as many as 38% would fully or somewhat support Armenia's EU membership – more than twice as many as those who do not or somewhat do not support membership (16% combined). In the December 2021 IRI survey, 69% of respondents rated Armenia-EU relations as good or very good; however, when asked to name the two "countries" with which relations should be deepened for the purpose of Armenia's development, only 9% of respondents named the EU.²²

Relations with Germany: Potential for Development

Relations between Germany and Armenia have largely run under the radar of both publics, and often politicians, despite the fact that German official development cooperation has been active in Armenia since the 1990s, and Germany has provided the country with over 750 million euros in loans and grants between 1992 and 2017.²³ Official development cooperation has been implemented within the framework of Germany's Caucasus Initiative, with joint projects in Armenia, Azerbaijan, and Georgia. These have included, for example, projects to support private sector development, especially small and medium-

¹⁸ Tobias Schumacher and Cengiz Günay, "Territorial Conflict, Domestic Crisis, and the Covid-19 Pandemic in the South Caucasus: Explaining Variegated EU Responses," *Journal of Common Market Studies* 59, no.51 (2021): 137–149.

¹⁹ Laurence Broers, "The EU and Karabakh: Picking up the Pieces, Looking for a Role," *Eurasianet*, January 20, 2021, <https://eurasianet.org/perspectives-the-eu-and-karabakh-picking-up-the-pieces-looking-for-a-role>.

²⁰ Ani Avetisyan, "Silent and Uneasy: Armenia's Response to the Russian Invasion of Ukraine," *OC Media*, March 4, 2022, <https://oc-media.org/features/silent-and-uneasy-armenias-response-to-the-russian-invasion-of-ukraine/>.

²¹ Caucasus Research Resource Center, 2021.

²² International Republican Institute, 2021.

²³ Botschaft der Bundesrepublik Deutschland Eriwan, "Aktivitäten der Bundesrepublik Deutschland in Armenien", November 2017, <https://eriwan.diplo.de/blob/1284084/bd55c7b58ce14a2b3599b22815ddfc2d/ez-broschuere-de-data.pdf>.

sized enterprises, the rule of law, environmental protection, or local governance. However, the three countries' increasingly divergent development paths made such a regional approach more difficult. In 2020, as part of the German Federal Ministry for Economic Cooperation and Development (BMZ) 2030 reform,²⁴ which aimed to increase the focus and prioritization of German development cooperation, it was decided that cooperation with Georgia would be expanded financially and politically. Georgia became a bilateral "transformation partner," while Armenia (like Azerbaijan) would only be supported within the framework of multilateral, European, and civil society cooperation after current projects have been phased out. The German government cited "low needs" as the main reason for the decision to terminate bilateral development cooperation with Armenia; not least in comparison with Georgia, this justification raises questions.²⁵ From Armenia's point of view, the fact that Germany planned to discontinue bilateral development cooperation so soon after the Velvet Revolution and its democracy agenda was another sign that it was being forgotten by the "West."

Actually, though, in 2016, the German Bundestag had called for greater German engagement in Armenia and the region. On June 2, 2016, it had adopted the motion "Remembrance and commemoration of the genocide of Armenians and other Christian minorities in 1915 and 1916," thus for the first time clearly recognizing the deportations and killings of Armenians in the Ottoman Empire as genocide.²⁶ The motion also postulates that Germany carries a special historical responsibility towards the Turkish-Armenian rapprochement as well as the stabilization of the Caucasus due to the German Empire's role as the Ottoman Empire's main ally.

New Impetus for Intensified Bilateral Cooperation

Now there are indeed signs of an upturn in relations between Armenia and Germany: the German government has announced that it will intensify bilateral cooperation with Armenia. Armenia was eventually included as a bilateral partner in the so-called country list of bilateral development cooperation, and can expect additional funding, long-term

²⁴ Veronika Ertl, "Die ‚BMZ 2030‘-Reform. Bausteine für eine strategische Wirksamkeit der deutschen Entwicklungszusammenarbeit?", *KAS Auslandsinformation* 2/2021 (2021), https://www.kas.de/documents/259121/13447291/DE_kas_ai_02-2021_ertl_web.pdf/c038ac75-7026-b7d3-e6e9-ffffb0fa801c?version=1.0&t=1625213427060.

²⁵ Deutscher Bundestag, "Antwort der Bundesregierung auf die Kleine Anfrage der Abgeordneten Uwe Kekeritz, Ottmar von Holtz, Claudia Roth (Augsburg), weiterer Abgeordneter und der Fraktion Bündnis 90/Die Grünen. Umsetzung und Auswirkung der Strukturreform ‚BMZ 2030‘ besonders im Hinblick auf die Themen und Länderliste der deutschen Entwicklungszusammenarbeit", Drucksache 19/20436 (June 26, 2020), <https://dserver.bundestag.de/btd/19/204/1920436.pdf>.

²⁶ Deutscher Bundestag, "Antrag der Fraktionen CDU/CSU, SPD und BÜNDNIS 90/DIE GRÜNEN. Erinnerung und Gedenken an den Völkermord an den Armeniern und anderen christlichen Minderheiten in den Jahren 1915 und 1916," Drucksache 18/8613 (May 31, 2016), <https://dserver.bundestag.de/btd/18/086/1808613.pdf>.

cooperation, and a more visible representation of German development cooperation in Yerevan.²⁷ This should elevate German-Armenian relations to a new level.

Already in 2021, the EU had begun to increase its involvement in the region. Brussels surprised observers in the summer that year when it offered the prospect of an economic and investment plan worth billions for Armenia. The talk of a total of up to 2.6 billion euros over the next five to seven years in financial assistance and investments may be slightly misleading in that this figure includes not only (concrete) commitments of grants and loans, but also possible additional follow-up investments by international financial institutions and the private sector.²⁸ Nevertheless, the package is a clear sign of support for Armenia from Brussels. Moreover, the engagement of EU Council President Charles Michel shows that the EU not only can bring its financial weight to bear, but that Brussels also is ready to play a more active role with regard to peace and security.²⁹ Since December 2021, Michel has been facilitating talks between Armenia and Azerbaijan, which are intended to contribute to de-escalation, confidence-building, and the solution of concrete challenges such as border delimitation.

Evidently, expanding EU and German bilateral cooperation in Armenia will not only increase their visibility, but will also (once again) raise Armenian expectations towards them. What domestic and foreign policy challenges do Germany and the EU face in Armenia, and what opportunities does increased engagement nevertheless offer?

Challenges and Opportunities for German and European Engagement in Armenia

Armenia's Fragile Security Environment

German and EU bilateral cooperation with Armenia to support the country in implementing its reform agenda and in strengthening its socio-economic development takes place against the backdrop of a highly fragile security environment. The issue of Nagorno-Karabakh as well as the Armenian-Azerbaijani conflict more broadly permeate almost all political and societal discussions in Armenia. This has only been exacerbated by the Azerbaijani military operations into the territory of the Republic of Armenia in September 2022, which have moreover multiplied fears among Armenians of an even larger attack. Given the centrality of national security for the Armenian public, what Armenians have

²⁷ Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung, *Länderliste nach Partnerschaftskategorien*, <https://www.bmz.de/resource/blob/29604/4faa74bb6cb43ad3bff1c468f091ac08/laenderliste-data.pdf>.

²⁸ "Explaining the €2.6 Billion EU Package for Armenia," *Civilnet*, September 29, 2021,

<https://www.civilnet.am/en/news/634412/explaining-the-%2525E2%252582%2525AC2-6-billion-eu-package-for-armenia/>.

²⁹ Heydar Isayev, Joshua Kucera, and Ani Mejlumyan, "EU Emerges as Major Player in Armenia-Azerbaijan Negotiations," *Eurasianet*, May 25, 2022, <https://eurasianet.org/eu-emerges-as-major-player-in-armenia-azerbaijan-negotiations>.

perceived as recurrent reluctance by Brussels and Berlin to be more outspoken affects how EU and German engagement more generally has been viewed in the country, which may ultimately reflect more broadly on the engagement's viability and sustainability. Similar to their stance towards the EU, Armenian social media users, journalists, and officials, for example, expected an unequivocal positioning by the German government in the latest fighting, and thus assessed its reaction as a shying away from calling out Azerbaijan's actions.³⁰ A rhetoric that many in Armenia regard as "bothsidesist" has consolidated the perception in Armenia that the country cannot rely on any outside support.³¹ In contrast, plans to set up a civilian EU mission alongside Armenia's border with Azerbaijan, announced after the EU-facilitated meeting between Prime Minister Pashinyan and President Aliyev of Azerbaijan at the first summit of the European Political Community in Prague on October 6, 2022, have been perceived very positively in Armenia.³² Nonetheless, since national security issues are not directly addressed by the bilateral cooperation portfolios of Berlin and Brussels with Yerevan, an expansion of such cooperation may be considered by the Armenian public as disconnected from the actual priorities and needs in the country.

Domestic Instability

A second, but related challenge pertains to Armenia's domestic instability. Nikol Pashinyan and his Civil Contract party won another clear victory in early elections in June 2021, thus calming the deep political crisis in the country that began after the defeat in the war in and around Nagorno-Karabakh, at least for the time being. At the same time, Prime Minister Pashinyan has been under great pressure domestically due to questions about the future of Nagorno-Karabakh and its ethnic Armenian residents, as well as Armenia's relations with Azerbaijan and Turkey. These tensions again intensified after the September 2022 escalation.³³ Protests by the opposition, which is demanding Pashinyan's resignation, have not developed any critical momentum (so far), partly because their masterminds enjoy little support in broad sections of society. However, far wider protest mobilization is likely if the Prime Minister agrees to concessions in negotiations with Azerbaijan that

³⁰ Auswärtiges Amt, Twitter thread "Kämpfe an der armenisch-aserbaidschanischen Grenze", quote tweets and comments, September 14, 2022,

https://twitter.com/auswaertigesamt/status/1570031307303837696?s=46&t=EelJyVWWG2DqqtHEQD5u_g

³¹ Karena Avedissian. "Name the Aggressor," *EVN Report*, September 13, 2022, <https://evnreport.com/opinion/name-the-aggressor/>.

³² "Statement following quadrilateral meeting between President Aliyev, Prime Minister Pashinyan, President Macron and President Michel, 6 October, 2022", *European Council Statements and Remarks*, October 7, 2022,

<https://www.consilium.europa.eu/en/press/press-releases/2022/10/07/statement-following-quadrilateral-meeting-between-president-aliyev-prime-minister-pashinyan-president-macron-and-president-michel-6-october-2022/>.

³³ Tony Weselowsky, "Facing Mass Protests Calling for Him to Resign, Armenia's Prime Minister Is Running Out of Options," *RFE/RL Armenian Service*, May 6, 2022, <https://www.rferl.org/a/armenia-pashinian-karabakh-options-protests/31837928.html>.

broad sectors of the Armenian public perceive as too far-reaching. This would have the potential to significantly paralyze domestic politics and to (again) plunge the country into deep political crisis.

Domestic instability, however, results not only from security challenges, but also from internal governance issues. Particularly in May 2022, when anti-government protesters became increasingly assertive, the authorities responded harshly, temporarily detained hundreds, and reportedly used excessive force.³⁴ This drew much criticism, including from those who do not seek to topple the government. In addition, the government is confronted with accusations that it is taking an overly authoritarian approach to domestic dissent.³⁵ For example, the government has controlled and orchestrated its press conferences in a way that excludes media close to the opposition. Not only the opposition, but also supporters of the Velvet Revolution and Armenian democratization have thus repeatedly criticized the government and especially Prime Minister Pashinyan. In its most recent monitoring report, the Parliamentary Assembly of the Council of Europe attests to a certain thin-skinnedness and difficulties taking criticism for at least some of the ruling party's actors, which it says is reflected in limited tolerance toward independent authorities.³⁶ Moreover, it is not quite clear whether Pashinyan, whose leadership style has been discussed increasingly controversially within Armenia, can hold the party together in the long term.

Armenia's domestic political turbulence, which is closely interrelated with the security environment, has the potential to also affect cooperation with Germany and the EU. First and foremost, it is hard to predict how many political and human resources and capacities Yerevan will ultimately be able or willing to muster to implement the reform agenda in light of the domestic challenges and framework conditions outlined above. In addition, local cooperation partners of Western actors could become the target of verbal or, even worse, physical attacks, especially if the cooperation involves sensitive political issues, in case the opposition were to try again to play politics against international donors or the reform agenda and liberal actors as a whole.³⁷

³⁴ Knar Khudoyan, "The 'Revolution of Millionaires' in Armenia is Turning Increasingly Tense," *OpenDemocracy*, June 1, 2022, <https://www.opendemocracy.net/en/odr/revolution-of-millionaires-armenia-protests-nagorno-karabakh/>.

³⁵ Ani Avetisyan, "Armenian Media Outlets: Pashinyan's Insistence on Virtual Press Conferences 'Non-Democratic'," *OC Media*, July 27, 2022, <https://oc-media.org/armenian-media-outlets-pashinyans-insistence-on-virtual-press-conferences-non-democratic/>.

³⁶ Kimmo Kiljunen, and Åberg, Boriana, "The Functioning of Democratic Institutions in Armenia," *Parliamentary Assembly of the Council of Europe*, Doc 15432 (January 10, 2022), <https://www.ecoi.net/en/file/local/2066739/doc.+15432.pdf>.

³⁷ Anush Hakobyan, and Tatevik Margaryan, *CSO Meter: A Compass to Conducive Environment and CSO Empowerment. Armenia 2021 Country Report*, <https://transparency.am/en/publication/pdf/279/9704>.

Russia as Spoiler

The scope for German and European engagement in Armenia is also likely to be limited by Russia's spoiler potential. With regard to CEPA, it was often emphasized, especially within the EU, that it was a prime example of how Armenia's foreign policy cooperation with Moscow and Brussels could be combined and that there did not have to be an "either-or" situation. Skeptics, on the other hand, already pointed out when the agreement was initiated that the actual compatibility would only become apparent in the actual application of CEPA and EEU obligations. This was, of course, already at a time when cooperation between the EEU and the EU was at least not completely ruled out.

In fact, the EU is not the only normative actor. Russia's international influence, including in Armenia, has also taken on an increasingly normative dimension in recent years – one that contrasts with that of the EU.³⁸ This has been evident, for example, in various discussions on the rights and protection of LGBTQI persons, children, and women in the context of Armenia's ratification process of the Istanbul and Lanzarote Conventions of the Council of Europe.³⁹ Through Russian presence in the Armenian media landscape and its local Armenian partners, pro-Russian narratives are deliberately fed into the Armenian opinion-forming process.⁴⁰

Moscow, moreover, still has multiple levers of influence over Armenia to alter Yerevan's foreign, as well as domestic, policy decisions, as evidenced by Yerevan's about-face on the 2013 Association Agreement. A more recent, albeit less glaring, example may be Armenia's participation in the 3 plus 3 cooperation format.⁴¹ In the field of domestic politics, recent statements by the outgoing prosecutor general, nominated by the previous government, on possible tighter control of the Internet similar to the Russian model have caused concern within Armenia that Russia might pressure Yerevan into tightening the screws for civil society.⁴² Moreover, 22 temporary detentions by Armenian law enforcement at a protest against the Russian invasion of Ukraine in August 2022 raised

³⁸ Laure Delcour, "The Road to Equality? EU Diffusion of Anti-Discrimination Norms in Armenia." *Democratization* 29, no. 3 (2022): 469–486.

³⁹ Arshaluys Barseghyan, "Those Who Make Anti-Violence Conventions Anti-Armenian," *Media.am*, March 18, 2021, <https://media.am/en/verified/2021/03/18/26850/>.

⁴⁰ Arshaluys Barseghyan, Lusine Grigoryan, Anna Pambukchyan, and Artur Papayan, "Disinformation and Misinformation in Armenia. Confronting the Power of False Narrative," *Freedom House*, June 2021, https://freedomhouse.org/sites/default/files/2021-06/Disinformation-in-Armenia_En-v3.pdf.

⁴¹ Franziska Smolnik, and Mikheil Sarjeladze, "Kaukasische Arithmetik: Die '3+3 Kooperationsplattform' Und Die Regionale (Neu-)Ordnung Im Südkaukasus," *SWP-Aktuell no. 25 (March 2022)*.

⁴² Ani Mejlumyan, "Armenia Moves to Restrict Internet," *Eurasianet*, July 7, 2022, <https://eurasianet.org/armenia-moves-to-restrict-internet>.

fears in Armenia that local authorities would act in (anticipatory) obligingness towards or would bow to the Kremlin.⁴³

It is likely that the Kremlin's willingness to use existing leverage over Armenia will increase further as a result of its war against Ukraine and geopolitical confrontation with Western actors such as the EU, the United States, and NATO, as well as increasingly totalitarian developments in Russia itself. This would make it even more difficult for Armenia to pursue an independent policy and close relations with Western states. At the same time, public attitudes towards Russia are likely to deteriorate further, because in the eyes of many Armenians the limits of allied relations to deter external aggression have become apparent.⁴⁴

Continued Focus on Reform

Despite the challenges outlined above, the deepening of German and European involvement also offers opportunities. These lie in particular in the Armenian government's continuing reform pledges, and thus, the opportunity to strengthen the democratic robustness of Armenian institutions. Such emerging robustness was demonstrated above all by the early parliamentary elections in 2021, which, although held in extremely challenging times for Armenia, were judged to be largely free and fair.⁴⁵ After his re-election, Prime Minister Pashinyan emphasized that he would continue on the course of democratization. Although the planned reforms in the areas of rule of law, the judiciary, democratic governance, and institutions are only mentioned in the last chapters of the government program, the government repeatedly emphasizes its reform ambitions in areas such as anti-corruption, the constitution, and the judiciary. These ambitions still appear credible despite the valid criticism of some of the government's practices mentioned above.

Despite the anything-but-calm waters for the implementation of the reform agenda so far due to Covid-19, war, and domestic political crisis, initial democratic progress is reflected in relevant indices. In Freedom House's Nations-in-Transit Rating 2022, Armenia moves up from the "Semi-Consolidated Authoritarian Regime" category to the "Transitional or Hybrid Regime" category;⁴⁶ in the latest Liberal Democracy Index by Varieties of Democracy (V-Dem), Armenia is listed as one of 15 countries that have undergone significant

⁴³ Ani Avetisyan, "Armenian police arrest protesters against Russian invasion of Ukraine", *OC Media*, August 25, 2022, <https://ocmedia.org/armenian-police-arrest-protesters-against-russian-invasion/>.

⁴⁴ Ani Avetisyan, "Armenia's old allies have failed it, new ones have yet to appear", *OC Media*, September 23, 2022, <https://oc-media.org/opinions/opinion-armenias-old-allies-have-failed-it-new-ones-have-yet-to-appear/>.

⁴⁵ OSCE/ODIHR, *Republic of Armenia Early Parliamentary Elections 20 June 2021: ODIHR Election Observation Mission Final Report*, 2021, https://www.osce.org/files/f/documents/5/4/502386_0.pdf.

⁴⁶ Freedom House, *Armenia. Nations in Transit 2022*, <https://freedomhouse.org/country/armenia/nations-transit/2022>.

democratization in the past decade – bucking the global trend.⁴⁷ In the [Eastern Partnership Index 2020-21](#), Armenia even scores highest among the six EaP countries in terms of rapprochement with the EU in the areas of democracy and good governance.⁴⁸ Importantly, the Armenian government has shown its ability to revise steps that run counter to its declared democratization efforts. A controversial law criminalizing serious insults to public figures and high-ranking state officials (which led to cuts in the "Independent Media Rating" in the Nations-in-Transit ranking) that passed in 2021 has recently de facto been cancelled, probably not least due to criticism from civil society and international partners.⁴⁹

Enhancing Foreign Policy Coherence and Contributing to Stability and Peace

Besides the opportunities that increased German and EU bilateral cooperation with Armenia may offer the latter, such engagement may also have clear benefits for Brussels and Berlin, allowing them to give shape to their foreign policy values and identity while contributing to stability and peace in a highly fragile region. The EU's 2016 Global Strategy already underlined the interdependencies that exist for the EU between democracy, peace and security, prosperity, and a rules-based order, as well as the convergence of values and interests in European foreign relations. The fact that a value-based foreign policy is also a policy of interests should have been made clear by the Russian invasion of Ukraine at the latest. Stabilizing the South Caucasus is in the interests of Germany and the European Union. Closer bilateral cooperation between Armenia, the EU, and Germany has the potential to strengthen stability in the country and the region – the latter especially if the entire South Caucasus becomes (sustainably) more visible on the radar of Berlin and Brussels, and bilateral cooperation is complemented by effective regional and peace policy approaches. The most recent escalation has (again) demonstrated, however, that regional and peace policy, by all likelihood, will be marked by frequent setbacks, and thus require long-term commitment from the EU and Germany.

Engagement with Pitfalls – and Potential

The German government's plans to pursue a bilateral partnership with Armenia and the intensification of EU engagement in the country face a number of challenges: first and

⁴⁷ V-Dem Institute, *Autocratization Changing Nature? Democracy Report 2022*, https://v-dem.net/media/publications/dr_2022.pdf.

⁴⁸ Eastern Partnership Civil Society Forum, *Eastern Partnership Index 2020-21: Charting Performance in the Eastern Partnership: Democracy and Good Governance, Policy Convergence and Sustainable Development*, <https://eap-csf.eu/wp-content/uploads/EaP-Index-2020-2021.pdf>.

⁴⁹ Mark Dovich, "Armenia backtracks on criminalizing 'grave insults'", *Civilnet*, July 8, 2022, <https://www.civilnet.am/en/news/667581/armenia-backtracks-on-criminalizing-grave-insults/>.

foremost, Armenia's fragile security environment, domestic political turmoil, and Russia's spoiler potential. In order to ensure that the engagement does not exacerbate the existing uncertainties in Armenia, but rather that it becomes sustainable and effective, frank exchange between Berlin and Brussels with Yerevan on these challenges is particularly important. A continuous close exchange would also help to ensure that cooperation is adapted to local structures, capacities, and interests, and is based on mutual trust and understanding.

Due to Armenia's external and domestic fragility, it is essential that the first tangible successes of enhanced cooperation can be achieved quickly, with direct benefits for the Armenian population. All parties involved should communicate these successes comprehensively, transparently, and with sensitivity for Armenia's domestic and international political challenges. In this way, Germany and the EU can give Armenia's democratic transformation a tailwind.

To ensure broad support for cooperation, it is also vital that its priorities be defined on the basis of the needs of the Armenian population. Besides national security, employment and economic issues as well as the performance of the government are also regularly cited as central challenges in opinion polls. It is precisely in these latter areas that German and European bilateral cooperation can take action. In order to not duplicate activities, Germany should also coordinate with its European and international partners in setting priorities and activities, some of whom, such as [France](#),⁵⁰ the [United States](#),⁵¹ and [Canada](#),⁵² have lately become more active, too.

Lastly, Germany and the EU are well-advised to closely involve Armenian civil society in evolving Armenian-German-European cooperation and to take its expertise and analyses into account. This would also help strengthen cooperation between the Armenian government and civil society, and reduce existing mistrust. Their relations are at times tense, even though the government continues to count a number of renowned former civil society representatives among its ranks. German and EU engagement should take care not to deepen these tensions, but, on the contrary, work toward strengthening constructive exchange, and thus contribute to successful reforms. Involving Armenian civil society is also important to ensure that the complex political dynamics in the country are sufficiently taken into account when designing German and EU policy and programs. Specifically with regard to German development cooperation, promoting exchange between Armenian and

⁵⁰ "Meeting of the Bilateral Working Group on Franco-Armenian Economic Cooperation (9 December 2021)," *Ministère De L'Europe Et Des Affaires Étrangères*, <https://www.diplomatie.gouv.fr/en/country-files/armenia/news/article/meeting-of-the-bilateral-working-group-on-franco-armenian-economic-cooperation>.

⁵¹ Nerses Kopalyan, "The Biden Doctrine Comes to Armenia," *EVN Report*, September 19, 2022, <https://evnreport.com/politics/the-biden-doctrine-comes-to-armenia/>.

⁵² "Mission to Explore Options for Canadian Support to Armenian Democracy," *Government of Canada*, July 7, 2021, https://www.international.gc.ca/country_news-pays_nouvelles/2021-07-07-armenia-armenie.aspx?lang=eng.

German civil society and professionals could have the positive added value of strengthening the thus far rather limited regional and country expertise on Armenia and the South Caucasus in Germany.

Overall, increased German and EU engagement clearly has the potential to make a meaningful contribution to Armenia's democratic and socioeconomic development, in line with the country's reform agenda. Nonetheless, for the foreseeable future, the most pressing issues for the country are to remain security-related, and here Germany and the EU will likely fall short of Armenian expectations. Proper expectation management is thus crucial, but also recognition in Brussels and Berlin that the EU and Germany are perceived by Armenians through the entire spectrum of their action - and inaction.



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