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ARMENIAN FOREIGN POLICY PRIORITIES AFTER THE 2021 EARLY PARLIAMENTARY ELECTIONS

BENYAMIN POGHOSYAN

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EXPERT OPINION





საქართველოს სტრატეგიისა და საერთაშორისო ურთიერთობათა კვლევის ფონდი
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Background

The official campaign for the June 20, 2021, early parliamentary elections in Armenia started on June 7, 2021. Twenty-five political entities were contesting the elections – 21 parties and four alliances (blocs). No election in the modern history of Armenia had seen such a quantity and a diversity of contenders. However, despite this impressive number, only a few participants had a real chance to overcome the threshold to enter the Parliament – 5 percent for parties and 7 percent for alliances.

The June 2021 early parliamentary elections in Armenia were the second in a row. The previous one was held in December 2018, seven months after the Velvet Revolution, which brought journalist-turned-politician Nikol Pashinyan to power.¹ Pashinyan enjoyed limitless power in Armenia from January 2019 to September 2020. He fully controlled the executive and legislative branches of government as the My Step alliance had a constitutional majority in the Parliament. Even the messed-up response of the government to the initial outbreak of COVID-19 in April-June 2020 and the steep economic decline did not seriously damage Pashinyan's reputation.

His honeymoon in power abruptly ended on September 27, 2020, when Azerbaijan launched a large-scale military operation against the unrecognized Artsakh (Nagorno-Karabakh) Republic. The outcome of the war was truly catastrophic for the Armenians. Artsakh lost control over 8,500 square km of territories, including approximately 30 percent of the former Nagorno-Karabakh Autonomous Region. Up to 4,000 Armenian soldiers were killed, more than 10,000 were wounded and hundreds are still counted as missing.

The seven months before the elections were marked in Armenia by multiple crises – political, economic, psychological, etc. The main opposition parties established a Motherland Salvation Committee demanding Pashinyan's resignation and the formation of an interim national unity government. However, Pashinyan succeeded in repelling immediate attacks mainly using his control over the army and the law enforcement bodies. Pashinyan spent the first week after signing the November 10 statement in the bunker of the Ministry of Defense while angry people stormed the government and parliament buildings.²

Several months later, the General Staff of the Armed Forces of Armenia demanded his resignation³ but the momentum had gone and Pashinyan, after a month of political maneuvering, managed to replace the Chief of the General Staff. However, it was evident that early parliamentary elections were unavoidable and in mid-March 2021, Pashinyan declared the decision to hold parliamentary elections on June 20, 2021.⁴

Pashinyan's main opponent in the elections was the second President of Armenia, Robert Kocharyan. Kocharyan governed in 1998-2008 and left a mixed legacy. He stabilized the economy after the chaotic 1990s and registered a double-digit GDP growth in 2001-2007. The main driver of the economic growth was construction and there was an apparent lack of diversification. In his foreign policy, Kocharyan deepened strategic relations with Russia while developing a partnership with the Euro-Atlantic institutions. Armenia signed its first IPAP with NATO in 2005, Armenian peacekeepers were deployed in Iraq and Kosovo and the US government-funded Millennium Challenge Corporation signed a USD 235.6 million agreement with the Armenian government to reduce rural poverty in March 2006.⁵ Kocharyan's rule was also marked by election fraud – including during the 2003, 2008 presidential and the 2003 and 2007 parliamentary elections – and a growing nexus between business and state apparatus. However, the major stains on Kocharyan's rule were the assassination of the Prime Minister, the Parliamentary Speaker and other officials on October 27, 1999, and the violent clashes between protestors and police on March 1, 2008, which left ten people dead.

The campaign was characterized by a high level of polarization and mutual insults. Kocharyan and other opponents of Pashinyan called him a traitor and used the derogatory term “capitulator” while mentioning him. Pashinyan's key message was his promise to implement a Steel Revolution in Armenia in 2021.⁶ He promised that if re-elected, he would replace the “velvet” approach with a “steel” approach.

Kocharyan promised to establish a “dignified peace” although this concept lacked clarity. He argued that Artsakh may regain the territories of the former Nagorno-Karabakh Autonomous Region – the entire Hadrut region, some villages of the Martakert and the Askeran regions and the city of Shushi – through negotiations, albeit unclear how Azerbaijan would be forced to do that. In domestic issues, Kocharyan's main trump card was his promise to repeat the impressive economic growth of 2001-2007.

However, despite all of the odds, Pashinyan managed to win a landslide victory. The Civic Contract party received 54 percent of the votes and secured a comfortable majority. Two oppositional alliances, Armenia, led by Kocharyan, and I Have Honor, associated with the third President of Armenia, Serzh Sargsyan, also entered the Parliament but with no leverage to influence the decision-making process in the Armenian Parliament. Both alliances along with two other opposition parties applied to the Constitutional Court demanding a repeal of the results of the elections. However, all international observation missions confirmed that the elections were mostly in line with democratic standards. The Constitutional Court confirmed the election results, the President re-appointed Pashinyan as the Prime Minister on August 2, 2021,⁷ and the Parliament confirmed the new government's five-year program on August 26, 2021.⁸

Relations with Azerbaijan and the Future of Karabakh

The new government will face serious foreign policy challenges. One of them is the presence of Azerbaijani troops on Armenian territory. For more than four months, Azerbaijani troops have encroached on Armenian territory in the Syunik and the Gegharkunik provinces and have no intention of leaving. Armenia applied to the CSTO asking for support but after months of considerations, the CSTO labeled the situation as a border incident which has nothing to do with the CSTO mandate. In parallel with the call to the CSTO, the trilateral Armenia, Azerbaijan and Russia process is underway in order to solve the situation. The Armenian government wants more Russian border troops to be deployed along parts of the Armenia-Azerbaijan border to prevent the further advancement of Azerbaijani troops on Armenian territory.

Meanwhile, this situation is a part of a much broader issue of Armenia-Azerbaijan relations after the 2020 war. Azerbaijan seeks to portray itself as a peaceful state, ready to sign a peace treaty with Armenia and launch a new era of stability and prosperity in the South Caucasus. Nevertheless, Azerbaijan's "generosity" comes with strings attached – Armenia should recognize Azerbaijani territorial integrity within Soviet Azerbaijani borders and start the delimitation and demarcation process accordingly which means recognizing Nagorno-Karabakh (Artsakh) as part of Azerbaijan.⁹

Azerbaijan increases its pressure over Armenia more often using tools of coercive diplomacy. On July 14, the Azerbaijani army killed an Armenian

soldier near Yeraskh, a village located very close to the border with the Nakhijevan Autonomous Republic and just 60 km from the capital of Yerevan. Three Armenian servicemen were killed in another incident in the Gegharkunik province on July 28. Azerbaijan signals its readiness to expand the zone of instability along its borders with Armenia, hoping to force the Armenian leadership to recognize Nagorno-Karabakh as a part of Azerbaijan.

Another tough challenge is the restoration of communications in the region. November 10, 2020 and January 11, 2021 tripartite statements stipulate the opening up of communications, including the routes which will connect the western Azerbaijani provinces with the Nakhijevan Autonomous Republic. Since then, the Azerbaijani leadership has made numerous statements about the so-called Zangezur corridor which should traverse the Syunik province of Armenia and connect the artificially separated Turkic world spanning from Istanbul to Kazakhstan and the China border.¹⁰

Recently, Azerbaijan established new economic zones in Azerbaijan and called one of them Eastern Zangezur which is composed of some territories which the Azerbaijani army took during the 2020 war. Immediately after that, President Aliyev started to speak about Western Zangezur (the Syunik province of Armenia) as a historical land of the Azerbaijani people and promised that Azerbaijanis would return there.¹¹

All of this rhetoric coming out of Azerbaijan creates a perception in Armenia that the restoration of communications is only a curtain to cover Azerbaijan's real intention – to establish de facto and later de jure control over the Syunik province. To avoid such risks, the Armenian government should offer other routes for Azerbaijan to be connected with the Nakhijevan Autonomous Republic which will not pass through the Syunik province. The Ghazakh-Ijevan-Yerevan-Yeraskh-Nakhijevan railway and highway may connect Azerbaijan with Nakhijevan without passing through the Syunik province. If Azerbaijan's only goal is to restore communications, it should not reject this offer. Meanwhile, Russia may also use the Ijevan-Ghazakh railway and highway to connect with Turkey and Iran via Azerbaijan and Armenia. Russian trains may enter Turkey from Armenia via the Ijevan-Gyumri-Kars railway and reach Iran via the Ijevan-Yerevan-Yeraskh-Nakhijevan-Iran railway.¹²

The biggest challenge for the new Armenian government, however, is the future of Nagorno-Karabakh. As of now, Armenia has de facto dropped its obligations as a security guarantor of Karabakh. It only provides financial assistance to the region by paying salaries, pensions and covering costs to construct new houses. The security of Armenians living in Karabakh depends entirely on Russian peacekeepers. In current circumstances, Armenians will live in Karabakh as long as Russian soldiers are there. Some in Armenia believe that the Russians will never leave Karabakh and thus Armenia should not worry about the security of those Armenians who continue to live in a de facto Russian protectorate. However, this is distorted logic. No one can guarantee that Russian troops will stay in Karabakh forever. They may leave for different reasons but the outcomes for Armenians will be the same – massacre or, in the best-case scenario, forced deportation. Meanwhile, many Armenians will leave Karabakh even before the Russian departure. In the 21st century, it is difficult to demand that people live in total uncertainty, only providing them with a guarantee that they will not be massacred. Thus, the Armenian government must make a clear choice. Armenia should modernize its military in order to protect Karabakh after Russia’s potential departure or face the prospect of the complete loss of Artsakh.

Relations with Russia

Relations with Russia were always a cornerstone for Armenian foreign policy. Since Armenia has regained its independence in 1991, Russia has been its essential political and military ally. Several reasons were behind such a choice – geopolitics, history and a significant Armenian community in Russia. A Russian military base and border troops have been deployed in Armenia and Yerevan joined the Collective Security Treaty Organization and the Eurasian Economic Union. Meanwhile, in the last ten to 15 years, the discourse about Armenia’s dangerous overdependence on Russia was prevalent in Armenian and Western expert circles. Many perceived Armenia as a client state of Russia and called for changes.

The Velvet Revolution in Armenia in the spring of 2018 and the election of Nikol Pashinyan as the Prime Minister of Armenia seemed to have created favorable conditions for such a shift. Just less than a year before the revolution, Pashinyan was arguing for the Armenian withdrawal from the

Eurasian Economic Union.¹³ Part of the new elite who came to power after the revolution had an overt anti-Russian and anti-Putin stance. Many of them participated in rallies arguing for the Russian military base's withdrawal from Armenia or criticizing President Putin's tilt towards authoritarian rule. The new government's first actions – criminal investigations against the incumbent CSTO Secretary, General Yuri Khachaturov, the arrest of the former Armenian President, Robert Kocharyan, and criminal cases against key Russian companies operating Armenia – were perceived as the steps towards decreasing Armenian dependence on Russia.

Since late 2018, the fundamental question raised by many while discussing the future of Armenia-Russia relations was about possible Russian actions against the new government. Almost all experts agreed that Russia had two main levers to pressure Armenia – the economy and Karabakh. Thus, there was some anticipation that if Armenia continued its policy, it would face a significant backlash on both fronts. However, even the most pessimistic experts could not anticipate the launch of the large-scale war by Azerbaijan in September 2020 and Armenia's total defeat.

During the 2020 Karabakh war and its aftermath, one of the most debated issues was the claim that by allowing Azerbaijan to start the war with Turkish support and by not intervening immediately in favor of its ally Armenia, Russia had two primary goals: to force Armenia to accept the "Lavrov plan" and to establish a Russian military base in Stepanakert and punish Nikol Pashinyan. According to conventional wisdom, Armenian society would not tolerate the humiliation, huge territorial and human losses and would force Pashinyan out of power after he signed the capitulation on November 10, 2020.

However, after the signature of the November 10, 2020 statement, Russia seems not keen to facilitate the departure of Pashinyan. President Putin called Pashinyan a brave and smart leader who had adopted uneasy but right decisions for his country. He met with Pashinyan on April 7, 2021 and congratulated him for the victory during the June 20 elections and met with him again in July 2021.¹⁴

To better understand Russian policy in Armenia after the November 10 statement and the future of Armenia-Russia relations, we should assess the vital Russian interests in the region. The key for Russia was establishing the Russian military base in Stepanakert with Armenia and Azerbaijan's consent. The actual borders of the Russian protectorate in Karabakh were

not of much interest to Kremlin. Will Russia control the entire former Nagorno-Karabakh Autonomous Region or only part of it? Both options were equally acceptable for Russia.

Russia is satisfied by the current status quo in the region while dividing it with Turkey. Russia also supports the opening up of communications in the region which will provide Azerbaijan railroad and highway access to Turkey via the Syunik region of Armenia and the Nakhijevan Autonomous Republic while providing Armenia railroad access to Russia and Iran via Azerbaijan.

The government of Nikol Pashinyan is a guarantor of the implementation of the November 10, 2020 and January 11, 2021 statements. Thus, as of now, Russia has no reason to force Pashinyan out. Pashinyan significantly increased Russian influence over Armenia and his efforts were much more successful than the alleged pro-Russian Robert Kocharyan and Serzh Sargsyan's activities. It is difficult to assess whether this outcome resulted from a preliminary planned deal between Pashinyan and the Kremlin or if it was a result of the Kremlin's heinous game after May 2018 and the incompetence of Pashinyan.

Meanwhile, Russia is not interested in creating obstacles for implementing both statements by bringing forces to power in Armenia which would argue for changes. It is better for the Kremlin to have a weak Pashinyan who is ready to implement whatever the Kremlin, Turkey and Azerbaijan agree upon between themselves vis-à-vis the future of the region.

Thus, most probably, the Kremlin will not seek to push Pashinyan out of power in Armenia in a short/mid-term perspective. Meanwhile, the Kremlin will use its resources to weaken his position thus preventing him from even thinking about disobeying the Kremlin and finding or re-finding new patrons in the US or the EU.

US Policy in the South Caucasus

One of the recurring topics in expert discussions after the 2020 Karabakh war is the decrease of Western influence in the region. The US and France, two other OSCE Minsk Group co-chairs, did not take part in the elaboration of the November 10, 2020 trilateral Armenia-Azerbaijan-Russia statement which put an end to the war. Meanwhile, the South Caucasus was not on the US foreign policy priority list for quite a long time. Ukraine was a focus

for Washington in the post-Soviet space while the general shift towards the Asia-Pacific region has been underway since the early 2010s.

The victory of Joe Biden in the US November 2020 elections seemed to bring the usual patterns of US foreign policy back to the pitch. The notion that “America is back” is perceived as a willingness to increase American involvement in different parts of the world. The Biden vision of 21st-century geopolitics as a battle between democracy and authoritarianism arguably implies more US involvement in the post-Soviet space in order to deter and counter an authoritarian Russia. The word democracy is perhaps the most often used term in the Interim National Security Strategic Guidance published by the new administration in March 2021.¹⁵ Here, Russia and China were defined as the main adversaries of the US and in this context, they continued the “return of the great power competition” notion embedded in the 2017 US national security strategy. Russia and China were also identified as the main threats for the US in the 2021 annual threat assessment of the US intelligence community published by the office of the Director of National Intelligence in April 2021.¹⁶

The US would not like to see Russian influence increase in the South Caucasus; meanwhile, it is not in a position to force its desirable solutions in the region. Most probably, the US will imply a cautious approach, seeking to decrease Russian presence in the region through persistent efforts to push forward for continued liberal reforms in Armenia and Georgia using US assistance and the US leading role in international financial institutions as leverage to influence the policy of governments. The US views the EU’s involvement in the region through the Eastern Partnership initiative as an essential supplement to push forward this agenda and welcomes the recent EU announcement on the new aid package for the regional powers.

The US continues to believe that the economic cooperation between the regional states will not only contribute to the de-escalation of the situation but, in the long-term perspective, result in the decrease of Russian influence in Armenia as Yerevan will feel less threatened by Azerbaijan and Turkey and thus will have fewer incentives to be militarily tied with Moscow. In this context, the US will support the restoration of communication routes in the South Caucasus and the establishment of economic ties between Armenia and Azerbaijan and Armenia and Turkey.

Armenia-EU Relations

The EU has always perceived the South Caucasus as a neighboring area between Europe, the Middle East and Central Asia. The South Caucasus was never a part of the EU's vital interests but the Europeans were not indifferent to the region's fate. After the collapse of the Soviet Union, the EU signed Partnership and Cooperation Agreements with the South Caucasus republics and later included the region into the European Neighborhood Policy. The next phase in EU-South Caucasus relations was the launch of the Eastern Partnership initiative and the inclusion of Armenia, Azerbaijan and Georgia into the program. Georgia signed an Association Agreement with the EU in 2014; Armenia was forced under Russian pressure to abandon its Association Agreement in September 2013 while Azerbaijan was never interested in signing it. However, Armenia succeeded in negotiating and signing a new Comprehensive and Enhanced Partnership Agreement with the EU in November 2017¹⁷ which fully came into force in March 2021 and Azerbaijan continues negotiations with the EU to sign a strategic partnership agreement. The EU never presented itself as a hard geopolitical player in the region, preferring to act as a normative power and seeking to bring the region's states closer to the EU through the approximation of legislation, standards and procedures.

The 2020 Karabakh war has drastically shaken up the status quo in the region. Russia and Turkey to a certain extent have significantly increased their influence in Armenia and Azerbaijan. The Kremlin achieved its long-coveted goal of deploying its boots on the ground in Karabakh and simultaneously expanded its military presence in Armenia. In this context, the EU launched significant activities in the region. During the informal summit of the EU foreign ministers in Lisbon on May 27, it was decided to increase the involvement of the European Union and the member states in strengthening support for the Eastern Partners.¹⁸

On July 2, 2021, the European Commission and the EU High Representative for Foreign Affairs and Security Policy outlined a proposal on how to prioritize cooperation with the Eastern Partners in the years to come.¹⁹ Initially, the project envisaged up to EUR 1.6 billion in funding for Armenia, EUR 140 million for Azerbaijan and EUR 1.175 billion for Georgia, including grants, loans, guarantees and blending.

The President of the European Council, Charles Michel, visited the South Caucasus on July 17-19. In Armenia, President Michel confirmed an EU financial support package of EUR 2.6 billion.²⁰ He outlined four priorities that he believed should be addressed in order to achieve more stability and security in the region. These include softening the rhetoric, delimiting disputed borders, looking into possible regional co-operation in transport and moving towards peace negotiations.

The EU seeks to encourage regional economic cooperation and connectivity, hoping that it will decrease future conflicts. The decision to provide the largest assistance package in the South Caucasus to Armenia may be based on the fact that Armenia suffered the most due to the 2020 war and has more incentives to challenge the new status quo. The EU believes that the increase of the living standards of the average Armenian citizen will make the idea of changing the new status quo less popular among Armenians as they will not wish to jeopardize their newly achieved economic prosperity thus contributing to the relative stability of the region. Meanwhile, the EU is not in a position to provide hard security along the Armenia-Azerbaijan border, to force Azerbaijani troops to leave areas in the Syunik and Gegharkunik provinces or to stop shooting on other border villages such as Yeraskh in the Ararat province located only 57 km from Yerevan.

Armenia-Iran Relations

Since gaining its independence in September 1991, Armenia has always viewed Iran as a friendly state and a close partner. Armenia valued the balanced approach of Iran during the first Karabakh war in 1992-1994. The Armenia-Iran border was a real lifeline for Armenia in the early 1990s when Azerbaijan and Turkey closed their borders and the routes through Georgia were not reliable due to the domestic instability there. Armenia and Iran continued their friendly relations after the Karabakh war seeking to foster economic cooperation. The flagship project was the Iran-Armenia gas pipeline which was launched in March 2007.²¹ According to the bilateral swap agreement, Armenia imports Iranian gas and exports electricity to Iran based on a 1 kWh hour electricity per 3 cubic meters of the gas scheme.

The 2018 Velvet Revolution in Armenia raised some concerns in Iran that “pro-Western” forces which came to power in Armenia might make Armenia a launchpad for US anti-Iranian activities. The Armenian Prime

Minister paid a visit to Tehran in February 2019 and emphasized the readiness of the new Armenian government to continue friendly relations with Iran.²² The visit dispersed Iranian doubts and brought the bilateral relations back to normal.

Armenian political and expert circles believed that the growing Azerbaijan-Israel cooperation and reports about Israel's usage of Azerbaijani territory for different anti-Iran activities should force Iran to prevent any shifting of the status quo in Karabakh. As Azerbaijan launched a large-scale war on September 27, 2020, many in Armenia thought that Iran would publicly condemn Azerbaijan. Armenia hoped that the reports about thousands of Syrian mercenaries deployed by Turkey and participating in the hostilities along the Iranian border should multiply Iran's concerns. However, despite all of these calculations, the reality was different. Iranian authorities called for the resumption of negotiations but there was no condemnation of Azerbaijan for starting the war and the Supreme Leader of Iran, Ayatollah Seyed Ali Khamenei, stated that all Azerbaijani territories should be freed and given back to Azerbaijan in the final days of the war.²³

During and after the war, the Iranian position was an unpleasant surprise for the Armenian expert community and society. Despite well-entrenched perceptions in Armenia, Iran apparently was not concerned by the significant changes of the status quo and the loss of a border with Nagorno-Karabakh. This position created some confusion in Armenia. Iran also welcomed President Aliyev's suggestion to establish a 3+3 format (Armenia, Azerbaijan, Georgia, Iran, Russia and Turkey) for regional cooperation. Meanwhile, Armenia perceived this option as an attempt to further decrease the US and the EU's role in the region and legitimize the division of the South Caucasus between Russia and Turkey.

The new government should seriously reassess Armenian regional policy in order to counter the challenges and prevent the loss of Armenian sovereignty over the Syunik region. In this context, the future of relations with Iran is of utmost importance. Despite the disappointment in Armenian society about Iran's position during the 2020 Karabakh war, Armenia should elaborate a clear strategy in order to further develop its relations with Iran. The recent China-Iran long-term investment deal and the upcoming signature of the permanent EAEU-Iran free trade area deal makes relations with Iran a clear priority for Armenia. Regardless of Iran's position towards the outcome of the recent Karabakh war and the significant improvement

of Iran-Turkey relations under President Erdogan, Iran is not interested in seeing Armenia become a client state of Turkey and Turkey's uncontested domination in the region.

As the first step to revive its regional policy after the 2020 defeat, Armenia should offer Iran and Russia the launch of a trilateral Armenia-Iran-Russia cooperation format, similar to the Azerbaijan-Iran-Russia and Azerbaijan-Iran-Turkey formats. Armenia may ask Iran and Russia to facilitate its long-term bid to obtain observer status in the Shanghai Cooperation Organization where it received the status of dialogue partner in April 2016. Armenia should also discuss with its Iranian and Chinese counterparts the possibilities of Armenia to be included in the projects within the China-Iran investment deal. Armenia cannot afford to alienate Iran if Yerevan plans to play any meaningful role in regional geopolitics.

Relations with Georgia

Armenia and Georgia share a long history of mutual relations. In more recent times, both were part of the Russian Empire and later the Soviet Union. Soviet history is full of some anecdotal pieces of evidence of Armenia-Georgia friendly competition. The collapse of the Soviet Union created a new geopolitical situation. It brought both countries into the forefront of the regional rivalry between Russia and Turkey, and added new players such as the US, the EU and China. The conflicts in Nagorno-Karabakh, Abkhazia and South Ossetia put Armenia and Georgia on different barricades.

The Euro-Atlantic aspirations of Georgia launched by President Shevardnadze in the early 2000s and fomented by President Saakashvili after the 2003 Rose Revolution put Georgia clearly against Russia in the South Caucasus. Armenia, meanwhile, established a strategic alliance with Russia entering the Collective Security Treaty Organization and hosting a Russian military base in Gyumri. The 2008 Russia-Georgia war and the recognition of Abkhazian and South Ossetian independence by Russia was another tough challenge for Armenia-Georgia relations. Yerevan and Tbilisi managed to avoid a disaster. Armenia did not recognize the independence of Abkhazia and South Ossetia, and President Sargsyan even awarded President Saakashvili with the Medal of Honor in June 2009.²⁴

However, Armenia-Georgia relations have never reached a level of strategic cooperation. The main partners of Georgia in the region were Azerbaijan

and Turkey. Georgia benefited economically by becoming a transit state between Azerbaijan and Turkey. The three states launched a trilateral cooperation mechanism in June 2012 with the first meeting of the foreign ministers and the signature of the Trabzon declaration.²⁵ Soon after, the cooperation was raised to the presidential level in May 2014.

Given the hostile policy of Azerbaijan and Turkey towards Armenia, the strategic partnership of Georgia-Azerbaijan-Turkey could not make Armenia happy and contribute to Armenia-Georgia relations. However, Armenia and Georgia reached some equilibrium – Armenia uses Georgian territory for its export/import operations, it does not recognize the independence of Abkhazia and South Ossetia and turns a blind eye to the growing economic influence of Azerbaijan and Turkey in Georgia. Georgia receives financial benefits by providing transit services to Armenia and simultaneously supports the Azerbaijani position on the Karabakh conflict. Bilateral Armenia-Georgia economic relations were always at a low level. In the recent decade, Georgian Black Sea resorts have become a “Mecca” for low-middle income Armenians to spend summer holidays but nothing significant happened besides one-way tourism and transit services.

The 2020 Karabakh war and its aftermath created a new geopolitical situation in the region. Georgia officially declared neutrality during the war and canceled military transit through its airspace and land to Armenia and Azerbaijan. However, Azerbaijani civilian cargo planes implemented almost daily flights from Turkey and Israel to Azerbaijan using Georgian airspace. Legally, Georgia had no reason to ban these flights or demand their landing in Tbilisi for checking. However, in general, Georgian policy during the 2020 Karabakh war can be described as negative neutrality towards Armenia and it did not surprise expert circles in Armenia. Georgia is too economically dependent on Turkey and Azerbaijan to damage its relations with these states for satisfying Armenia. And Yerevan itself did not make serious efforts to press Georgia on the military transit issue through bilateral talks or the involvement of the US and the EU.

The results of the Karabakh war have raised several concerns in Georgia. Tbilisi is worried by the deployment of Russian peacekeepers in Karabakh and views it as another step towards strengthening Russian positions in the region. The possible opening of communications between Armenia, Azerbaijan and Turkey may deprive Georgia of its position as the only transit route between Russia and Armenia and Azerbaijan and Turkey.

President Aliyev's offer to establish a regional 3+3 format (Armenia, Azerbaijan, Georgia, Iran, Russia and Turkey) did not receive a warm welcome in Georgia. Tbilisi views this format as an attempt to further decrease the role of the US and the EU in the region and transform it into a closed club where Russia and Turkey are decision-makers with the occasional involvement of Iran.

On September 8, 2021, the Armenian Prime Minister, Nikol Pashinyan, made a visit to Georgia and reiterated Armenia's willingness to develop friendly relations with Georgia. The sides also discussed the future of the South Caucasus in line with the new Armenian government vision to usher in an era of peace in the region.²⁶

Meanwhile, the emerging multi-polar world will be shaped by the growing tensions along the new fault lines. The South Caucasus may become one of the contested areas between Russia and the US. Much will depend on the developments of US-Russia relations. If the US pursues a simultaneous policy of containment both against Russia and China, the former Soviet space, including the South Caucasus, will be transformed into an arena of a tough US-Russia rivalry. In this scenario, the Armenia-Georgia border may become a new dividing line. Regardless of domestic developments, Georgia will remain within the US and Armenia within the Russian spheres of influence while Turkey will seek to balance itself between Moscow and Washington, keeping its membership in NATO. These developments may complicate bilateral Armenia-Georgia relations, making any positive developments less likely.

In the second possible scenario, Russia and the US may come to terms regarding the critical bilateral issues, including the geopolitics of the former Soviet space. The US may stop actively countering Russia in the South Caucasus, relying mainly on Turkey to keep an indirect involvement in the region. In this case, the region will mainly be an arena for the Russia-Turkey competition. The Kremlin and Ankara will seek to strengthen their economic influence in the region by offering new integration projects. Less of a geopolitical fight between the giants will make the life of Armenia and Georgia a little bit easier, allowing them to concentrate on their domestic development and perhaps create new opportunities for fostering Armenia-Georgia economic relations.

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