

# International Political Economy

Analyzing the effects of politics on business and markets.

## Special Report

---

November 20, 2006

### **ARMENIA: A GEOPOLITICAL ANALYSIS**

*Armen Kouyoumdjian*

The Republic of Armenia occupies a crucial piece of real estate between Georgia and Iran, between Turkey and Azerbaijan. After his most recent visit, the author suggests the impediments to its development as well as the nature of its complex international relations.

Armen Kouyoumdjian is a Beirut-born Armenian, who has been living and working in Chile since 1991, after a 20-year career in the City of London, where he specialized in country and political risk analysis. During his time in London, he was vice-chairman of the Washington-based Association for Political Risk Analysis, and subsequently set up and ran its European successor, the Association for Political Risk Management. He now operates as an independent consultant on business and strategic issues, and has been visiting Armenia regularly since 1998. This piece was written in August, 2006. The author can be reached at Casilla 1150, Valparaiso, Chile, Phone/fax 56-32 2612180, Email: kouyvina@cmet.net.

Marvin Zonis + Associates, Inc., (MZ+A) helps firms assess, monitor and manage political risk. "Political risk" refers to the uncertainties that arise from instances of political instability (such as riots and coups), poor public policy (such as inflation and currency crises), and weak institutional frameworks (such as discriminatory regulations and ineffective legal systems). "Political risk management" refers to the development of processes, structures, and knowledge that allow firms to deal effectively with political risk.

In accordance with Title 17 U.S.C. Section 107, this material is distributed without profit to those who have expressed a prior interest in receiving the included information for research and educational purposes.

To SUBSCRIBE to the email distribution list, please submit your name, title, company information, telephone number, fax number and email address to werner@mza-inc.com. You will be added to the list immediately. To UNSUBSCRIBE to the email distribution list, email werner@mza-inc.com and indicate your request to be removed from our distribution list. You will be taken off the list immediately.

## ARMENIA: A GEOPOLITICAL ANALYSIS

*Armen Kouyoumdjian*

---

### Introduction

In early February 2006, another set of negotiations took place between the presidents of Armenia and Azerbaijan, under the auspices of the French government. Though representatives from Russia and the USA were also involved, the move was the initiative of French president Jacques Chirac, and the meetings took place at the palace of Rambouillet near Paris.

Though at least the sponsors tried to put a brave face on it, the talks once again ended without agreement. 2006 has been designated the Year of Armenia in France (actually starting in September and ending in 2007), with an extensive range of cultural and diplomatic activities with an Armenian flavour taking place, mainly in the spring and summer. Did the French president wish to crown the occasion by making it coincide with a major peace breakthrough between the two countries of the South Caucasus? If it were the case, he had his work cut out.

Since the post-independence conflict between the two countries gave way to an uneasy cease-fire in 1994, several attempts have been made to smooth the relationship between the warring factions. It has not been easy, as the positions are fundamentally contradictory, and each country's leadership has to take into account the strong feelings of the populations involved.

The conflict over Nagorno Karabagh, or Artsakh as it is known in Armenia, is only the most visible centre of a complicated set of tensions, conflicts, alliances and influences which have been casting a shadow over Armenia as a country and the Armenians as a people, since Antiquity. In its various geographical manifestations over the centuries, one fact has remained unchanged for Armenia and the Armenians. They have always been at the intersection of the Turkish, Persian and Russian empires (with earlier participation by Greeks and Romans too). Those three empires have also evolved in size, name and orientation but one way or another, they remain present. New actors have joined the equation, such as the United States, the European Union and even Israel. All these protagonists continue to intersect and interact with each other, and the tiny Republic of Armenia which survives from a kingdom that once extended all the way down to Northern Syria and the Mediterranean, has to suffer the consequences.

This article will attempt to examine Armenia's relationship with each of the powers and influences that bear upon its situation and prospects, as well as the relationship between some of these with each other. It will try to address some of the proposed solutions and possible breakthroughs.

### Constraints On Development

The present Republic of Armenia has a surface of less than 30,000 kms<sup>2</sup> (7,700 square miles) with an estimated population of just over 3 million. The population is very homogeneous, with no ethnic or geographical minorities of any substance.

The country has borders with Georgia (164 kms.), Azerbaijan 566 kms.), Nakhichevan (an Azeri enclave, 221 kms.), Iran (35 kms.) and Turkey (268 kms.), and no sea outlet. To make matters more complicated, the shortest route to the sea, as the crow flies, is through Turkey, but that border is officially closed, despite some degree of de facto permeability.

The border with Azerbaijan, which in practice has shifted as a result of the conflict and is discussed in more detail elsewhere in this paper, is obviously closed due to the continuing conflict situation. This leaves the borders with Iran and Georgia as the only ones through which there is free passage. In the case of the former, the problem is the distance and difficult terrain, and the fact that an outlet ending in the Gulf is not the most practical one for trading with the West. As for Georgia, the several separatist conflicts there, as well as the one in Chechnya, a short border removed, make it an unreliable and expensive route, though through sheer necessity it has had to be the one principally used.

This situation means that any trade of material goods to and from Armenia, turns out to be more expensive because of the complicated routings involved. It has also meant that Armenia has been left out of the routes of pipelines criss-crossing the area to bring to the consumers in the West the oil and gas produced by Azerbaijan and other former Soviet republics further to the East. Unfortunately, Armenia itself appears to be lacking such resources of its own, and to the increased cost of energy has to be added the problematic aspects of supplies. After a long interruption, gas supplies, originating in Turkmenistan have to transit through Kazakhstan, Russia and Georgia on their way to Armenia.

Despite this inauspicious situation, the economy has managed to grow by an average of 8 % since 1994, when the cease-fire with Azerbaijan came into effect. In 2005, preliminary figures indicate GDP growth of 13.9 %, higher than even China's, with official inflation at a negative -0.2 %. GDP was around US\$ 4.5 bn. The Armenian currency, the Dram, has strengthened substantially against the US dollar and other currencies in recent years, and interest rates have fallen. The situation of wages and employment has been improving, though the 2006 minimum wage level (equivalent to US\$ 33 per month) is still pitifully low, and decent and stable jobs hard to come by. In the first half of 2006, the average wage was US\$ 149. For many Armenians, life continues to be a daily struggle for economic survival. Long-term or permanent emigration to Europe or North America is still the dream of many younger people, although others prefer to work for shorter periods or part of the year in Russia, and keep a foot in their country where they usually have their family still living.

Comparisons have been made with the situation of Bolivia in South America. There, the lack of a sea outlet has been constantly blamed for the country's poor economic performance by successive governments, ever since its sea coast was lost to Chile in the Pacific War towards the end of the 19th century. In the case of Armenia, the fact that not only is there no sea outlet, but furthermore two of the land borders are also closed, is obviously a hindrance. If it had easy access to European markets, it could presumably supply its excellent food and vegetable produce to them, to which it is much closer than Chile or South Africa, and about the same distance as Israel. Tourism, both regional and from more further afield, would be more active, helped by foreign investment in the proper relevant infrastructure. The dream of being a regional trading and financial hub would become closer. Currently, one of the main export-oriented activities is the cutting of rough diamonds imported from Africa, in which several thousand skilled crafts

men are employed.

There are, however, other constraints on Armenia's potential "Great Leap Forward", which have little to do with its geographical situation. The traditional idiosyncrasies of Soviet management still linger in the lack of initiative, and redundant expertise (the land-locked country had a centre for producing electronics for submarines!).

To this have to be added a stifling bureaucracy also affected by high levels of corruption, poor governance and a weak civil society. Poor internal road communications, energy and water shortages are still present despite privatisation, and defective telecommunications are other obstacles. Some IT experts think that Armenia has the potential of becoming a mini-India for software development and other related services. Though most people are bilingual in Armenian and Russian, there is still a shortage of proficiency in Western European languages, and particularly English. Any glance at most English versions of Armenia-based websites, reflects some strange uses of syntax.

Public (and private) finances are still heavily dependent on bilateral grants and soft loans from abroad, as well as help by NGOs, and remittances from recently emigrated labourers or Diaspora members.

The solution of the outstanding problems with the neighbours, as well as facilitating the transit of goods and services, would diminish the overall country risk for investors. Investing in a country that has major pending problems with neighbours, is not inherently attractive.

## **Turkey And The Genocide Overhang**

The historical fact of the 1915 Armenian Genocide is sufficiently established, documented and analysed in order not to need dwelling upon its details at great length. Starting from the 1880's the substantial population of Armenia living in various provinces of the Ottoman Empire were subjected to what would be called in our days Ethnic Cleansing, culminating in fully-fledged Genocide in 1915, where between one and one and a half million were estimated to have died. Armenians had lived within the Empire for centuries, both in rural areas and in towns were they were active in commerce, the liberal professions and even public service. There had been Armenian ministers and provincial governors. The action received "technical help" from German advisers, several of whom went on later to make a career in the Nazi regime (during 2005, there was a formal German apology for this participation). After the First World War ended and Turkey was occupied for a while by the victorious, some amends started to be made, and a number of refugees even returned to their ancient homes. However, with the consolidation of the nationalist Kemalist regime, the anti-Armenian massacres resumed.

The Armenian Genocide is almost unique among such events in modern history for the failure of the perpetrators and their successors to recognise the fact, let alone do something, material or symbolic, about it. After more than 90 years, it is even illegal to publicly talk or publish about the Armenian Genocide in Turkey. The furthest the authorities have gone has been to admit that "there were some deaths due to a war situation", additionally accusing Armenians to have connived with the Russians during the earlier part of WWI. Reversing this denial has been the main aim of three generations of Diaspora Armenians, joined since 1991 by the

Republic of Armenia itself. For Turkey, the perceived risk is that of being caught out living a lie for over 90 years, and with all sorts of border readjustments going on in the post-Soviet era, the possibility that Armenia may claim back at least some of the provinces on the Turkish side. Diaspora and diplomatic pressure have managed to get the reality of the Genocide recognised by several countries, though a substantial chunk of the international press still insists on referring to the matter as Armenian “claims” and “allegations”, an attitude which is a source of great irritation to Armenians.

The first apprehension appears to be more justified, as Armenian governments have formally ruled out the second. It is also unrealistic to talk of compensation as in the case of Germany and Israel. The main Armenian claim is the symbolic one of recognition, now accompanied by the lifting of the border blockade. It is possible that were it not for the Karabagh conflict, some sort of bilateral understanding could have been reached. However, with Armenia and Azerbaijan in conflict, Turkey had to help its Turkic neighbour. The solution of the Karabagh conflict and the Genocide recognition have now become strongly entangled.

In practice, the border is not hermetically shut. Not only are Armenian shops full of Turkish-made consumer goods, both durable and non-durable, but also there are regular bus and plane services between the two countries. Bilateral trade is estimated at US\$ 120 million a year. This is a typical ad hoc arrangement, which does not help, in the formal aim of being able to access a sea outlet through a Turkish port. Civil society has also tried to play its part. There is a Turkish Armenian Business Forum, and a 50,000- strong petition was signed by the citizens of Kars, the main Turkish town on the Armenian border, asking for the blockade to be lifted. Some Turkish intellectuals have recently become bolder and made references to the Genocide and called for its recognition, despite the prosecution risks involved.

Diplomatically, Armenia claims the blockade is illegal under United Nations principles, where only a formal state of war can justify a border closure. Though it has failed so far to move the status quo, time may be on its side. Turkey's application to join the EU has been opposed by many Armenians, particularly within the Diaspora, who have at least insisted that Genocide recognition should be a pre-condition. As the negotiations drag on over many years., Turkey will not only be subjected to close scrutiny on its present and former acts, but will itself have an incentive to “clean up” its image. Its efforts to present the face of a modern secular society, have to meet the obstacle of its overwhelmingly Muslim population, the existence of extremist movements, as well as its historical treatment of the Armenian minority and present attitude to its Kurdish population. Recent renewed unrest in Kurdish districts is a case-in-point.

Turkey already spends a fortune on its image, but mainly in a negationist stand. Sympathetic foreign journalists and academics are subsidised, wined and dined on freebie trips to Turkey, in order to present its view of history. Turkish embassies everywhere immediately pounce on any media, which publishes an article or shows a documentary on the Armenian Genocide. Those countries that dare pass parliamentary resolutions recognising the Genocide, get the full cold shoulder, from diplomatic protests to the cancellation of contracts. Not even the Vatican is immune. When Pope John Paul II visited Armenia and its Genocide memorial, and though he did not utter the word “Genocide” the Turkish press headlined the following day: “The Pope has become senile”.

In coming years, the Turkish government will have to decide whether it wants EU membership badly enough in order to swallow its pride and make public amends about the Armenian Genocide. Though it is not an essential element of membership conditionality, it is bound to come up again and again during the negotiations, because several countries opposed to its membership for other reasons will probably use it as a counter-argument. It will also have to cope with the pressures to formally open the border, at the risk of upsetting Azerbaijan.

## **The Role Of The Diaspora**

The relationship between the worldwide Armenian Diaspora and the Republic of Armenia is often misunderstood, giving rise to expectations and theories that lack substance, particularly among non-Armenians.

It is not the Jewish sentiment towards Israel. There is no equivalent to “next year in Jerusalem” or symbolic Wailing Wall as a rallying point. The current Republic of Armenia is but a small remnant of the various shapes and sizes that the ancient kingdoms of Armenia took. Though it is the seat of the official Armenian Apostolic Church, many Diaspora Armenians, particularly in Western Europe, have become Catholic or Protestant and do not look at the see of Echmiadzine as the centre-point of their religious beliefs. For many centuries, Armenia did not exist under any shape but provinces scattered and disputed over various empires. More prosaically, it is not a prosperous vibrant place, which is an attractive proposition as a place to “return to” from the Diaspora. The conflict with Azerbaijan excepted, Armenian communities worldwide have not been discriminated or harassed as to make them look for a safe haven. Well apart from speaking a different dialect, the inhabitants of the Republic have habits and customs that are either alien to the Diaspora, or never existed among it.

Neither is the Republic of Armenia the mainland of China, where overseas Chinese can trace back their region or even their village of origin, where they may still have relatives and enjoy returning for holidays or investing in. Few Diaspora Armenians can trace their origins to a point in the present Republic of Armenia. Armenian communities abroad, particularly in North America and Western Europe, have seen the effects of mixed marriages, which dilute Armenian blood and kinship gradually at each generation, with the accompanying loss of interest in the roots. The phenomenon is not terminal, as there are sufficient large communities, whether in the California, France or the Lebanon, to carry out cultural and ethnic traditions, further helped by a general world tendency to return to ethnic roots.

The earthquake of December 1988, coinciding with the first throes of the independence movement and the conflict with Azerbaijan over Nagorno Karabagh, played a major role in attracting the attention of the Diaspora and its resources. Armenians round the world gave generously and encouraged their non-Armenian friends and governments to do so.

Once independence was achieved, and the ensuing war and shortages made life in Armenia sheer hell for several years, the effort continued and developed. Today, well apart from official government-to-government aid and the resources of non-Armenian NGOs, Diaspora-funded institutions, charitable and cultural, abound, accompanied by direct donations from friends and acquaintances, and complemented by remittances from post-independence temporary and permanent emigrant workers. Without such flows, Armenia would be lost. The

major contributor has been Las Vegas casino magnate Kirk Kerkorian, now the largest shareholder of General Motors. Acting through his Lincey foundation, Kerkorian has poured hundreds of millions of dollars into Armenia, ranging from emergency energy supplies, to the reconstruction of all public buildings and central streets in Yerevan. In some years, his contributions alone added points to GDP figures.

A handful of Diaspora Armenians, in a move more akin to the “kibbutzim” of the early years of Israel, felt sufficiently nationalistic to settle there, sometimes with their families, and endure the deprivations and idiosyncrasies. Others decided to invest in ventures, big and small. The experiences were very mixed, not to say discouraging. The disappointments ranged from what was seen as the “greed” of the recipients, thinking that all their problems will be solved with Diaspora help, to the large and petty corruption at all levels, the lack of proper legal governance and investment protection, not to mention varying points of view as far as the approach to work and responsibility was concerned.

Another point of conflict was that of nationality. At one stage, it was considered giving (or rather selling) Armenian passports to anyone with Armenian parentage (whatever that meant). When it was realised that it would carry with it the wish to take part in election processes, and the danger to be drafted for the two-year military service from which few escape, there were doubts on both sides. The matter remained at the level of granting Armenian passports to selected Diaspora members as honorific gestures. Matters were not helped by the tribulations of the Armenian nationalist Dashnak party, founded in Georgia in the early 1890's and the traditional flag-bearer of the Armenian cause among the Diaspora since then. With strong Diaspora links, the party insisted among other things on a more militant stance in relations with Turkey, to the point that it was formally banned by president Ter-Petrosian in 1994, and stayed so until after his premature resignation in 1998.

This reflected possibly the most important area of conflict between the Republic and the Diaspora: relations with Turkey. Most Diaspora members descend from the victims and refugees of the Genocide. Its commemoration and recognition has been their rallying point for over 90 years. They fail to appreciate that over that period, Armenia has not shifted its geographical location (though it may have shrunk in size). It is next to Turkey and has to learn to live with it, somehow. This Realpolitik approach was not even understood by Armenia's first foreign minister, Raffi Hovanissian. An Armenian-American attorney, his tenure was short after he launched a virulent attack against Turkey at a Council of Europe meeting. He was gone by October 1992.

The Diaspora in turn complains that the government and population of Armenia wants its money, but is prepared to give nothing in exchange, and definitely does not wish to be given advice or lectured-to. It also plays a crucial role in lobbying, both at institutional and popular level. Diaspora campaigns, greatly helped by the speed and convenience of Internet, are used to pressure politicians and other authorities in various countries for or against decisions affecting Armenia.

### **The Nagorno Karabagh Conflict**

Since it came out into the open in 1988, the dispute between Armenia and Azerbaijan over the fate of the mainly Armenian-populated enclave of Nagorno

Karabagh is arguably behind most of the tensions which affect Armenia's geopolitics and development prospects.

The problem actually goes back many decades. Following the incorporation of Armenia into the USSR in 1920, there followed two years of protracted discussions as to the fate of the enclave. Armenians obviously wanted to attach it to their own territory, a position which had the support not only of Stalin (as he was quoted in Pravda on December 4, 1920), but even some authorities in Azerbaijan itself. However, at the end, the Moscow authorities changed their mind and in July 1923, the area was made an autonomous region (Oblast) within the Azerbaijan Soviet Socialist Republic (NKAO). Most historians attribute the change of plans to a desire by Stalin to placate the Turkish leader Kemal Ataturk, and Moslem groups within the USSR itself. The Soviet leadership had great hopes (wrongly as it turned out) that Ataturk would adopt "revolutionary" policies not unlike Bolshevism. The move did not fully satisfy the Azeri nationalists, who objected to the autonomous status granted to the NKAO. Though obviously disappointed, the Armenians had to go along with the decision, at a time when dissent was not exactly welcome, and for the next 65 years, lived more or less in peace with their neighbours.

However, the nationalist feeling never disappeared. In 1979, nearly 76 % of the enclave's 162,000 inhabitants were Armenian, and the region contained many ancient vestiges of Armenian presence. The Azeri line is that Muslims had ruled the whole area for centuries.

Tension started flaring up in 1987, and gathered momentum, with an unofficial referendum carried out in February 1988 when 80,000 people signed a petition asking for the NKAO to be attached to Armenia. With the Soviet government disintegrating both in the centre and on the fringes, internal struggles within Azerbaijan itself, strife, massacres and repression involving all three parties became common. Most analysts regard the Karabagh conflict as the first stage of the falling apart of the USSR.

On December 1, 1989, the NKAO declared that it was seeking union with Armenia, but subsequently self-contradicted by declaring itself as the independent Nagorno Karabagh Republic (NKR) on December 10, 1991. With the Soviet army disintegrating after August 1991, fighting erupted into a full-scale war between Armenians and Azeris. In the meantime, between 200,000 and 300,000 refugees from each side (Armenians in Azerbaijan and Azeris in Armenia) had moved to the country of ethnic origin. Armenians had been living in Azerbaijan's capital Baku for generations.

Officially, the conflict was between the self-proclaimed NKR and the Republic of Azerbaijan. In practice, though classified as "volunteers", forces from Armenia proper were involved, but even independent observers agree that the brunt of the fighting was done by the NKR forces. Though Azerbaijan had received a bigger share of abandoned or distributed former Soviet equipment and was stronger on paper, its armed forces had been hastily assembled from a rag-tag of groups and lacked motivation. Furthermore, they lacked a proper officer corps as the Red Army was not very keen on promoting Moslems to the higher echelons. Despite being helped by Turkish advisers and even a contingent of Mujahedeen from Afghanistan, and having air power, which the Armenian lacked, the conflict eventually turned to Armenia's advantage. Financial and material help from the Diaspora, a sympathetic Russian attitude and superior cohesion and morale, all

contributed to the victory. At a total cost of some 25,000 to 30,000 lives on both sides, the outcome was the freeing of the NKR territory and the Lachin corridor linking it to Armenia. Furthermore, Armenian forces advanced further into Azeri territory, occupying some 14 % of it, and causing an additional refugee problem in Azerbaijan, with an influx of up to half a million.

A cease-fire was agreed on May 12, 1994, and despite the occasional incident and sabre-rattling, has held since then. It was hoped that the cease-fire would be followed by negotiations towards a settlement. However, despite several attempts, meetings, conferences and negotiations, there has been little or no progress, as indicated by the failure of the latest negotiations in the French town of Rambouillet in February 2006. The negotiations are conducted by an ad-hoc committee known as the "Minsk Group", set up under the aegis of the Organisation for Security and Cooperation in Europe (OSCE). It is co-chaired by the United States, Russia and France.

Armenians had thought that the capture of part of the territory of Azerbaijan proper would give it a useful bargaining chip in any negotiation, particularly as the resulting refugee problem is a political and financial headache for the Azeri authorities. This however has turned out to be a mixed blessing, as the Azeris can claim with technical justification that Armenia is an occupying power, which puts it on the diplomatic defensive. Despite the imperfect democracy of Armenia and the hereditary dictatorship in Azerbaijan, where Ilhan Aliyev succeeded his late father Haydar in October 2003, neither government can afford to be seen as adopting a soft attitude on the Karabagh conflict.

Armenia's first president, Levon Ter-Petrosian, became famous prior to his election as the head of the Karabagh committee in Armenia in the early months of 1988. He became president in 1991, and was re-elected in 1996 for a second 5-year term. However, he had to resign in February 1998. Among the reasons which explained his downfall, apart from the economic situation and disagreements about the relationship with the Diaspora, was his apparent willingness to come to an accommodation on Karabagh. He was succeeded by the then Prime Minister Robert Kocharian, who is now serving a second term ending in 2008. Kocharian himself originates from Karabagh.

Some Armenian intellectuals consider that maintaining the Karabagh conflict alive is a way of reliving the 1915 Genocide, whilst being more in control. It is also an issue of unity among a people notorious for in-fighting and divisiveness, whether among Diaspora organisations or within the Republic of Armenia itself, where up to 70 political parties have been identified at one time or other. Interestingly, Armenia has so far abstained from either formally incorporating Karabagh into its territory or recognising its independence. However, in an interview given to several international media on March 2nd 2006, president Kocharian declared that if negotiations appeared to be going nowhere, Armenia may formally recognise the NKR's independence. An Azeri poll in early 2006 indicated 60 % of the population advocating a military solution to the Karabagh problem, and the authorities made similar noises. Soon afterwards Britain, and significantly, Turkey, formally criticised such pronouncements. There is also tension between the NKR and Armenian authorities, with the Karabagh government wanting Armenia to drop out of any further negotiations. A first constitutional referendum will take place in the territory on December 10.

Whatever the emotional aspects of the conflict, its persistence is a hindrance as

far as reaching an overall agreement with Turkey, creating a co-operation zone within the South Caucasus, solving the refugee problem and lessening the financial burden that the upkeep of military forces involves. Foreign investors and tourists are likely to be more enthusiastic once they are satisfied that they are not investing or holidaying in a war risk zone. Curiously, Armenia is one of the safest tourist destinations in the world as far as violent crime is concerned, whereas both Azerbaijan and Georgia are considered rather dangerous for the visitor.

Among the resources the self-styled NKR government uses to maintain itself is the diamond trade. The Republic of Armenia itself is one of the main diamond-cutting centres of the world, with over 5,000 cutters employed by 50 different companies engaged in cutting the rough stones for subsequent re-export, mainly to Belgium and Israel, two other important diamond trading centres. The activity is Armenia's principal export earner, and accounts for 3 to 4 hundred million dollars in annual revenue. However, industry sources also indicate that rough diamonds are smuggled (directly from African mines, or through Armenia and Russia) into Karabagh where companies linked to Armenian traders in Europe and Russia employ a large number of craftsmen to cut the stones and smuggle them again into distribution channels.

## **Armenia And Georgia**

The neighbouring republics of Armenia and Georgia have a lot in common. Two ancient people, who were among the first to adopt Christianity in the early centuries of the Church, also have original alphabets possibly invented by the same Armenian monk St. Mesrob (according to the Encyclopaedia Britannica). At some stage between the 8th and 12th centuries, they were ruled by the same Bagratid dynasty. In today's geographical structure, there are still large numbers of Armenians living in many parts of Georgia, and they are the majority in the region of Javakhetia, adjacent to Northwest Armenia. The proximity also causes friction, including disputing which really was the first Christian State or produces the best brandy. Georgia obviously felt it received preferential treatment when its most famous son, Josef Stalin, ran the USSR.

Contrary to Armenia, Georgia after independence started a wilful policy of "derussification". Russian signs have been eliminated from streets and shops, the Russian language is not taught as a matter of course (with English the main substitute), and after years of pressure, the major Russian base in Akherkhalaki and smaller facility in Batumi are being vacated (see section on Russian-Armenian relations). Relations have continued to deteriorate with Russian threats and accusations about Georgia allowing safe haven in its gorges to Chechen rebels, and more recently Georgian claims that Russia had sabotaged the gas pipeline supplying it (and Armenia) as an intimidation move, to which Russia's President Putin at a January 30, 2006 press conference accused the country of "spitting on them".

The new Western-oriented administration of president Mikhail Saakashvili has kept up and if anything increased co-operation and contacts with the likes of the USA, Azerbaijan, Turkey and Israel. It is hoping to join NATO in 2008.

For Armenia, Georgia is still an essential partner despite the inconveniences. Most Armenian trade by sea still transits through Georgia (even though it costs as much for a container to move from Rotterdam to the Black Sea port of Batumi, as it costs

to continue by land from there to Yerevan). Gas supplies also come through Georgia. Events have shown that such a situation is very vulnerable to forces outside its control, such as the unrest in Georgia caused by the various separatist movements, the erratic domestic politics and the technical risks to the gas supplies themselves. Ironically, Georgia had to go cap in hand to Iran for emergency supplies of gas, when the flow from Russia were interrupted, and may eventually benefit from the forthcoming Iran-Armenia gas connection (a situation which Russia is said to be unhappy about, as it would reduce its main, not to say only, leverage on the Georgians). In the meantime, three pipeline projects (two oil and one gas), carrying hydrocarbons from Azerbaijan to the West for export, all have routes through Georgia. Armenia is unhappy for having been left out of the network, but at least one of the lines (Baku-Ceyhan) is close enough to its borders to be vulnerable to Armenian intervention in case of conflict.

Another aspect of vulnerability was reflected in August 2006 when a problem with an optical fibre cable in Georgia greatly affected internet connections in Armenia for several weeks.

About 300,000 Armenians are estimated to be living in Georgia, on the basis of the 2002 census (the exact figure is unclear, as the census operation could not be carried out in some breakaway areas such as Abkhazia). The number fell by over 100,000 since the late 1980's, with the main reduction coming from Javakhetia, where most are concentrated and which has a 90 % Armenian population. Already a poor region whose main income arose from the activity of the Russian base, its impending final closure will probably leave it destitute. Meanwhile, Armenians are accusing Georgia of trying to encourage immigration into the region by ethnic Georgians in order to shift the balance away from Armenians, and prevent any attempt for yet another separatist movement there advocating union with Armenia. Though some noises in that direction were made years ago, there is currently no serious separatist movement.

### **Armenia And Russia**

Relations between Armenia and Russia are among the closest in the region. This is more a marriage of reason and convenience, than one of passionate love. The Caucasus, both North and South, is not a bed of roses for the Russian Federation. The Chechnya conflict, though out of the headlines, continues to fester. The "Orange Revolutions" in Georgia (and the Ukraine) were definitely a loss of influence for the Kremlin. Relations with Georgia are particularly frosty, and that country's flirtation with the West is as worrying as similar attitudes by Azerbaijan (with the additional complication of Islamic risks there). Apart from Chechnya, and still within the confines of the Russian Federation itself, nationalist and religious groups are causing instability in places such as Dagestan, Ingushetia, Kabardino-Balkaria and Ossetia.

Armenia in turn has no real friend nearby, despite the good relations with Iran. After the failure of the short-lived Caucasian Federation with Georgia and Azerbaijan in 1918, and the promulgation of the first republic in May 1918, Armenia once again found itself vulnerable to Turkish attacks, and in November 1920 was incorporated into the Transcaucasian Republic, before becoming a separate Soviet Republic in 1936. This situation continued until full independence was proclaimed in 1991. The earlier years of the USSR were not easy ones, and many Armenians, particularly in the Diaspora, refused to accept the fact that it was a

situation of “Better Red than Dead “. There were deep economic problems and less than sympathetic treatment in the times of Stalin, including the set-up of the boundaries which led to the Karabagh enclave.

Things improved substantially in the post-Stalin era, and Armenia became the USSR’s “model” republic and a showpiece for the rest of the world. No other Soviet republic had such a widespread Diaspora eager to visit what was left of their historical homeland. The capital Yerevan was designed as a well-planned city with pleasant green spaces, and tasteful public buildings (not usually a feature of Soviet architecture).

Though religious and nationalist feelings were actively discouraged elsewhere, Armenians not only continued to develop their ancient language and culture, but the Holy See of Echmiadzine, seat of the Armenian Apostolic Church, was granted wide autonomy. This was essential if it was to retain its role as the spiritual leadership of the official religion of most Armenians spread around the world. In the mid-60’s following some nationalist unrest and the commemoration of the 50th anniversary of the Genocide, an impressive monument to the massacres was built on a hill overlooking the capital. Next to it in the 1980’s rose a covered sports and entertainment centre, which was the second largest in the USSR.

Diaspora visitors to Soviet Armenia, including many anti-Communists among them, usually returned enchanted from their trips to Armenia where the restrictions on freedom and shortages of food and other goods did not seem to be as bad, or sometimes did not figure at all. The cultural life was vibrant. The tiny republic had an influence on the rest of the USSR beyond what could have been expected from its size.

The wily politician Anastas Mikoyan survived the purges and intrigues, ending as Chairman of the Praesidium of the USSR, whereas his brother Artem led the design bureau which produced the legendary MIG range of fighters. Composer Aram Khatchaturian became the best internationally known contemporary Soviet musician. The Soviet authorities appeared satisfied with the situation. Armenia presented an early version of “Communism with a Human Face”. They were even prepared to tolerate the occasional political faux-pas which would have been repressed elsewhere. The story, by no means, unique was told of one Asadur Antoyan, who had been made prisoner by the Germans during WWII, and subsequently escaped and joined Tito’s forces in Yugoslavia, with whom he fought until the end of the war. On returning to Armenia, he was given the same treatment as other ex-prisoners of war, and exiled to Siberia. There were so many protests in Armenia that the authorities freed him. Armenian economist Abel Aganbeghian, was one of the main architects of Mikhail Gorbachev’s Perestroika towards the end of the USSR.

Following independence 15 years ago, there has been no lasting and serious attempt at taking a step back from the Russian Federation. Though there was a nationalist feeling in the very early days of independence even leading to the closure of Russian schools, it did not last long. Street and shop signs in Russian are still common in Armenia (though an English version has sometimes been added in the case of the latter). Most young people are still educated bilingually, and managing to study at a Russian university is still a cherished aim. Russian singers and other artists are hugely popular, and Russian television channels are

accessible on open broadcast television, which most of the population watches eagerly. Up to a million people of Armenian origin, including long-term migrants and short-term contract workers, are estimated to be living in the Russian Federation, providing a constant two-way flow of people, and revenue from remittances. In 2005, 72 % of the U\$ 940 million of private remittances through formal channels came from Russia.

More importantly, 3,500 Russian troops (some reports speak of up to 5,000) are stationed in Armenia, with hitherto no serious objection from the locals, rather the contrary. Whereas the large Russian base in the Armenian-populated Akhalkalaqi (Javakheti) region of Georgia, just across the Northwestern border, is being closed down at the insistence of the Georgian government, most of its heavy equipment is being transferred to Armenia. It could provide equipment for additional troops that may need to be flown-in during any emergency. The process will extend until 2008, and will also involve the smaller Russian facility at Batumi, on Georgia's Black Sea coast. Though nobody spells it out loudly, it is generally understood that the Russians provide both a material and symbolic line of defence against any attack on Armenia proper by Azeri or even Turkish forces. The deal is also useful for Russia, as the end of the USSR left its Caucasus outer flank otherwise undefended, particularly in terms of air defence.

The main Russian base (which is being expanded to receive the additional equipment being transferred from Georgia), is at Gyumri (the former Leninakan), but combat aircraft are stationed at Erebuni air base, less than 10 miles from the Turkish border. The Gyumri base is assured for Russia until 2020, following a 25-year agreement signed in 1995. There are also anti-aircraft missile installations in several locations. During a rare press visit in 2004, the Russian officers in charge declared to the journalists that "they would not hesitate" to fire on NATO planes if they violated Armenia's air space. NATO (through the Turkish military) reportedly has surveillance equipment on the slopes of Mount Ararat, which is on the Turkish side, to monitor the movements at the Russian base. Russia pays no rent on its installations in Armenia, and the host country also pays for the utilities. This is still a good deal for Armenia, compared what it would cost to have a similar increase in armed forces and equipment for its defence.

This cosy situation is not totally invulnerable. Though most observers and actors are convinced that the status quo is mutually convenient and in nobody's interest to modify, least of all Armenia's, protest voices have started appearing on the local political scene. Rather than an anti-Russian stance as such, they have to be regarded as part of the same movements that caused the Orange Revolutions in Georgia and the Ukraine. The philosophy behind it is to move Armenia away from the Russian sphere of influence, which the critics say is leading nowhere and is unreliable, if not towards NATO and the West, but at least to a more balanced status.

So far, the governments of independent Armenia had managed to maintain good relations with both sides, but the new movement thinks that Armenia's future is firmly on the other side. At the time of the events in Georgia and the Ukraine, many expected Armenia to be the next domino to fall. Major anti-regime protest demonstrations took place in Yerevan in April 2004. At the end, the whole thing fizzled out, at least on the streets where there was tough repression of protests by the security forces.

Nevertheless, a number of opposition parties are getting together to challenge the status quo of Armenia's allegiances and alliances, and the cause could become a leading feature of the 2007 parliamentary elections and the 2008 presidential contest. Even the speaker of the Armenian parliament declared in a late April 2006 interview with Germany's FAZ daily, that "Armenia's future lies with Europe and NATO", a statement which surprised president Kocharian himself. Among the movers and shakers behind the attitude is Armenian-American Raffi Hovanissian, who was Armenia's first post-independence foreign minister. In common with the usual Armenian tradition of having as many opinions as there are people involved, the demands of the various component members vary. They range from a request that the Russians should pay rent and/or utility costs for its bases in Armenia, to the rather extreme demand that they should leave and be replaced by NATO troops. The Russian troops in Armenia contain a large proportion (up to half) of ethnic Armenians, mainly Armenians living in Russia itself. Their pay levels are higher than the average income in Armenia.

The more mixed approach to the close ties with Russia was given a boost by the problem of gas pricing. Whereas the conflict between Russia and the Ukraine, with its consequences on supplies to Western Europe, received much publicity, a more discreet discussion was taking place between Russia and Armenia on the same subject. The Russian company acting as intermediary for the Turkmen gas supplied to Armenia (Gazprom), proposed to double its price from January 1st, because it itself was being subjected to an increase from the producing country. This was sufficient ammunition for the anti-Russian lobby to claim it as proof that there was no special relationship or consideration on behalf of Russia towards Armenia. To make matters worse, there was an explosion on the Russian side which damaged the pipeline and interrupted supplies to both Georgia and Armenia for a while. The price increase was then postponed by three months from January 1st to April 1st 2006, possibly keeping in mind that it would not apply to winter supplies, at least for this year, and may therefore be more palatable for the consumers. The latest proposals are to keep the price low provided a planned gas link with Iran stays under Russian control, together with additional power generating facilities.

Another development casting doubts on Russian loyalty was the news of a planned railway linking Russia and Iran through Azerbaijan but skirting Armenia, thus depriving it of the possibility of a more efficient link with its ally. This time, it was not just the pro-Western opposition but the government itself who expressed concern about the significance of the project during a recent visit by Russia's foreign minister Sergei Lavrov (who also happens to be half-Armenian) to Yerevan.

In essence, the Armenia-Russia axis could be more resilient than some may think. The continuing strong popular-based positive attitudes to Russia and things Russian in Armenia, is in contrast with the deeply-based nationalism of most of the other former Soviet Republics. Russia itself is unlikely to let go of the relationship that easily. Following the unsuccessful round of talks on Karabagh in France during early February 2006, President Vladimir Putin reiterated his wish for a settlement, adding that it would be "guaranteed" by Russia. Meanwhile, in case of armed conflict involving an attack on Armenia, one cannot really see NATO troops of whatever nationality fighting against their fellow Turkish military or Azeri forces (considering the heavy energy investments that Britain and the USA have in Azerbaijan). On the other hand, it is credible to expect Russian forces to be

involved (they had no hesitation in threatening Georgia some time ago after Russia claimed that Chechen rebels were getting sanctuary on the Georgian side of the border).

Russia is in any case bound to defend Armenia under no less than three treaties. One is the 1992 Tashkent Collective Security Treaty, followed in 1997 bilateral Treaty on Friendship, Cooperation and Mutual Assistance. Lastly, in April 2003, Russia joined five other former USSR republics in setting up the Organisation for the Treaty of Collective Security. Apart from Russia itself, the members are Armenia, Belarus, Kazakhstan, Kyrgyzstan and Tadjikistan. Its declared aims, according to Russian president Vladimir Putin, are to "guarantee the security, territorial integrity and sovereignty of its members. That is as clear as it can get.

The goodwill towards Armenia may have been best summed up by Mikhail Gorbachev in a statement to the Politburo on February 29, 1988 : "For my part I see two causes: on the one hand, many mistakes committed in Karabagh itself, plus the emotional foundation, which sits in the Armenian people. Everything that has happened to this people in history remains and so everything that worries them, provokes a reaction like this."

## **Armenia And Iran**

In theory, the Republic of Armenia and the Islamic Republic of Iran do not appear to be destined for a close relationship. The world's oldest Christian nation (which adopted Christianity as its official religion in 301, many decades before Constantine's Rome) and the strict Islamic government next door have little in common apart from Armenia's shortest border (35 kms), furthermore situated in terrain which until not so long ago was virtually impassable.

Historically, Armenians and Persians fought many wars, culminating in the forcible deportation of an estimated 300,000 Armenians from Julfa (in modern Azerbaijan) into the Isfahan region during the reign of Shah Abbas (1587-1629). The motive for this latter action was not so much political as development economics. Abbas had heard that the Armenians were capable traders and craftsmen, and decided that they would make a useful contribution to his empire's development. The Armenians were subsequently scattered among various parts of the country, and for the best part of two centuries Persian kings were moving members of the community around whenever they thought their skills were needed.

This community, living in a theoretically alien and hostile environment, turned out to be the most stable and carefree of the region's large Armenian settlements. They were able to continue practising their religion, founded schools and cultural centres with a flourishing activity. After the capital was moved to Tehran in 1780, an Armenian community started building up in the city and contributed to the construction of monuments and other engineering projects, became academics and doctors, without neglecting the trading activities for which they had a reputation. In modern times, during the Pahlavi dynasty, Armenians were also involved in public administration and the armed forces.

It would have been natural to expect the Islamic Revolution of 1979 to do away with such favourable treatment. However, if anything, the ties both with the local Armenian community and the Republic of Armenia after it acquired independence in 1991, have become closer. Some Armenians did leave in the

post-revolutionary period, either because they had been closely involved with the Shah's administration, or simply did not wish to live in an Islamic society.

There are still over 200,000 left in the country, with 100 church buildings (not all of them active), over 50 sporting and cultural organisations, and an Armenian-language paper. Two Armenian deputies serve by right in Iran's parliament. There even was an Armenian player in Iran's 2006 World cup soccer team. Church ceremonies and civil law operate side-by-side with the local Islamic legal system. In the 1990's, the government spent millions of dollars in the restoration of churches and other historic monuments in the original areas of Armenian settlement. They are now among the best preserved Armenian buildings anywhere, including in the Republic of Armenia itself. In the latter, Iran helped restore Armenia's only mosque in Yerevan. During the 8-year Gulf war with Iraq, thousands of Armenians fought in the Islamic Republic's armed forces.

The Armenian Orthodox Church does not proselytise (in Iran or anywhere else), and there are few Muslims in Armenia itself, so the two countries do not regard each other as a threat. Furthermore, though the overwhelming majority of Azerbaijan's population is Shiite, the successive post-USSR governments of Haydar and Ilhan Aliyev have preferred to flirt politically with mainly Sunni (and nominally secular) Turkey. Iran also fears that a strong Azerbaijan may attract its own important Azeri minority, with similar separatist tendencies as the Kurds.

Turkish businesses have joined Turkish political and diplomatic influence in playing an important role in Azerbaijan. Turkish trappings of secularity have followed, including an easy-going attitude to the presence of night clubs, sex-shops and other activities obviously considered anathema under Islamic principles. Such aspects being mainly concentrated in the capital Baku, the Tehran government decided that it had lost the battle for the hearts and minds of the capital. It therefore decided to concentrate on the countryside, which is now reportedly littered with Islamic "madrasas" and increasing angry militancy, fuelled by the corruption at the head of government. Despite Azerbaijan's vast hydrocarbon reserves, the life of the average Azeri does not appear to be any better than that of neighbouring resource-poor Armenia.

Since the end of the USSR, Iran and Turkey have been engaged in a dispute of influence on the Turkic people of the former Soviet republics of Central Asia. Azerbaijan is a good sample case of this struggle, and the beneficiary is Armenia, on the basis that "the enemy of my enemy is my friend". It would nevertheless be unfair to conclude that Iran's friendly attitude towards the Republic of Armenia and Armenians in general, is solely dictated by this aspect. The centuries' old respect for Armenians and the lack of any points of potential tension have a much more substantial influence.

From the early days of independence, with all the transport difficulties caused by the hard terrain and the absence of a proper road through to Iran, the latter offered all facilities for the transportation of goods to and from Armenia, as well as energy supplies. In September 1993, with unrest in the Azeri enclave of Nakhichevan which borders on Iran, Iranian troops entered the area, officially to protect a reservoir which supplied both sides of the border. Iranian businessmen have been active in Armenia and Iranian students are to be seen in its universities. With the fear of a possible US-Israeli attack on Iran, and a resulting destabilisation of the Islamic Republic as has occurred in Iraq, many Iranian-

Armenians have been buying property in Armenia, to use as a possible haven in case of need. The relationship is also helped by close ties between Iran and Russia, Armenia's other ally (or protector) in the region, as is seen by the frantic efforts by Moscow to find a peaceful solution to the conflict over Iran's nuclear installations.

The most recent move to enhance ties between Armenia and Iran are on the energy front. In late November 2005, work started on a 41 km. gas pipeline linking the Armenian border town of Megri with Kajaran, further inland. This will allow Iranian gas to be pumped into the Armenian system, thus providing an alternative from the reliance on Russian supplies which have to transit through three countries before reaching Armenia, with all the inherent technical, political and financial risks that result from it. The cost of the project is over US\$ 200 million, and its first stage is expected to be completed by early 2007. It is hoped that Iranian gas would come-in some 25 % cheaper than the price charged by Russia after the recent increase. Initial through-put is expected to be 3 million m<sup>3</sup>/day with plans to double it by 2019.

In this context, one proposal relative to the Karabagh conflict, involving the loss of the common border with Iran as part of a territory exchange with Azerbaijan, appears to be a non-starter. The idea was to allow a continuous link between Azerbaijan and its Nakhichevan enclave, which is in the SW corner of Armenia, both bordering with Iran. The cession of the Armenia border area with Iran would be used as compensation for claims on the Karabagh region, and allow Azerbaijan to consolidate its territory. However, this would all but eliminate Armenia's border with Iran, and thus jeopardise the practical relationship. The substantial investment in communications and energy links in the border areas confirm that neither Armenia nor Iran think that the idea has any serious chances of success.

Though not as carnal as the links with Russia, the Armenia-Iran relationship appears to be solidly based. For Iran, a country whose company is not always considered positive, it provides an opportunity to show that it can conduct constructive policies with a non-Muslim country and people, and allows it to act as a counterpoint to Turkish influence. Similarly, Armenia is provided with an alternative outlet to Georgia in terms of sea-access, pending the eventual opening of the border with Turkey, and a chance to diversify its energy supplies. In February 2006, with the controversy over Iran's nuclear plans in full progress, an Armenian poll indicated that 60 % of the population considered Iran as a "friendly" country, against 27 % who regarded it as "unfriendly".

## **The New Actors**

In more recent times, the traditional three empires that have historically been at the confluence of Armenia's destinies, have been joined by new actors reflecting the evolution of balances of power in world affairs. Though not having any long-standing involvement with Armenian affairs, it might be worth starting with the United States. The presence of a large, well-established and vocal Armenian community in the USA (estimated at over a million), should in principle have provided the upper edge for the Armenian cause, particularly as the Turkish counterpart was nowhere comparable in size or influence. Normally notorious for in-fighting and other incestuous conflicts, the numerous Armenian organisations in the USA managed to bond together in the shape of ANCA (Armenian National Committee

of America) and speak with a single voice on matters relating to the Republic of Armenia and the Armenian cause in general.

Their efforts managed to score some useful victories, such as convincing most presidential candidates to put formal recognition of the Armenian genocide among their electoral promises, and curtail financial assistance to Azerbaijan. In December 2002, the unexplained inclusion of Armenia among a number of countries whose citizens resident in the USA had to enter themselves on a special "security" register, provoked such an adverse reaction, that the order was rescinded by the White House within 48 hours. Armenia was the only non-Moslem country on the list. Armenian lobbying has also been successful, at least until recently, in restricting US assistance to Azerbaijan as retaliation for the closure of the borders.

Nevertheless, Armenia has been very much on the defensive. Contrary to Azerbaijan's hydrocarbon reserves and Turkey's strategic role on NATO's Southern flank and on the Kurdish borders of Iraq, Armenia has no strategic or economic importance for the USA, and is easily disposable among the regional priorities. Once in power, presidential candidates became much less enthusiastic about the Genocide resolutions, and though in one instance the law was just about to be passed in Congress, it was withdrawn at the very last minute, by the personal intervention of Bill Clinton alleging "national security" aspects. Armenian organisations have also protested about the absence of any reference to the Genocide on the State Department's website summary about Armenia. The US ambassador to Armenia, John Evans, got into trouble with his superiors for having insisted on using the word "Genocide", during a 2005 US lecture tour, and was made to leave his post in September 2006, ahead of schedule.. Senate hearings for his successor, Richard Hoagland, got into trouble when he was quoted as saying that the Turks had had no "genocidal intent" in the Armenian massacres.

In 1997, in an effort aimed at countering Russian influence in the region, the United States sponsored the creation of a mutual support group called GUAM or GUUAM. Taking its name from the first letter of its members' names (Georgia, Ukraine, Azerbaijan & Moldova), the four original founders were subsequently joined by Uzbekistan in 1999 (hence the name change to GUUAM). However, in 2005 Uzbekistan announced that it was withdrawing from the pact, then specifying that it was only "suspending" its participation. Though appearing to obtain a fresh lease of life following the "Orange" revolutions in Georgia and the Ukraine, the grouping has had little influence or activity.

In its endeavour to counter Armenian efforts, the Turkish government has had an important ally since the second half of the 1990's, in the shape of Israel. In February 1996, Turkey and Israel signed a major military co-operation agreement, which was followed in 1997 by a free trade agreement. Turkey's raw materials and heavy industry were seen to combine ideally with Israel's expertise in high-tech activities ranging from imaginative agricultural development to advanced defence systems. The two countries prospected business and diplomatic opportunities in Central Asia as well as Azerbaijan, whose armed forces are also said to receive help with equipment and intelligence.

Though it was never spelt out as such, it is fairly obvious that the accord also included a secret alliance to co-operate in the Turkish exercise of Genocide negation. Jewish communities worldwide had traditionally adopted a sympathetic

attitude towards the Armenian Diaspora, with whom they had shared similar experiences. The Forty Days of Musa Dagh, a classical book by Jewish writer Franz Werfel (1890-1945), a contemporary of Kafka, and like him a product of the Austro-Hungarian Empire, was almost compulsory reading material for educated Jews worldwide. Published in 1933, it tells, in novelesque style, the real story of a courageous defence put up by Armenians on a Western Syrian hillside next to the Mediterranean at the time of the Genocide.

The State of Israel itself has always been more ambiguous in its attitude to the Armenian cause. Probably worried that its own people's sufferings, one of the fundamental triggers behind the creation of Israel, being overshadowed by a "competing" massacre, it never showed enthusiasm in promoting the dissemination of information about the fate of Armenians.

This attitude had manifested itself, among other things, through the abrupt cancellation of Armenian participation in Israeli seminars dealing with such issues. Making Holocaust negation a criminal offence in several countries, seeking compensation by insurance companies which withheld payments to the victims heirs, and other similar actions were always first achieved by Jewish groups, and later the Armenians attempted to follow suit, much more modestly. However, once relations with Turkey became closer, Israel's antagonism became much more open and public

In an early April 2001 interview with a Turkish newspaper, Israel's then foreign minister Shimon Peres, made the following statements about the Armenian Genocide. Just in case his views were misquoted, official confirmation was sought by Armenian organisations in the USA (who coordinate such action), and got full confirmation that this was indeed official policy of the State of Israel.

"We reject attempts to create a similarity between the Holocaust and the Armenian allegations (Sic.) . Nothing similar to the Holocaust occurred.. This issue should be dealt with by historians and not politicians. We do not support the comparison of the Armenian tragedies to the Jewish Holocaust. Israel will not take a historical and political stance on the issue."

Together with such declarations, Turkey also obtained the support of the Israeli lobby in the USA, arguably the most powerful lobby of any kind anywhere, and thus compensated its own low profile presence. Adding to this the close relationship between the Bush administration and Israel, the Armenian position was definitely weakened. The Israeli stance of co-operating with Turkey's negationist stance did not go down well among all sections of Israeli society and media, many of whom thought that it was shameful, as did many Jewish organisations round the world. In his book "Rethinking the Holocaust", the former director of the International Institute for Holocaust Research, Yehuda Bauer, states: "In the Armenian case, .the number of victims compared to the total of the targeted population (probably at least one-half) is most likely higher than in the Jewish case."

The government of the Republic of Armenia itself decided to be generally non-confrontational on the matter, pursuing a policy of trying to keep good relations with as many people as possible. Following repeated pressure by the United States, and heated debates both in Armenia itself and among the Diaspora members, it was finally decided to send a token force of 46 Armenian military

personnel to Iraq in 2005. The main worry was the risk of possible reprisals against the large Armenian communities in the Middle East, well apart from a lack of sympathy towards the whole Iraqi venture.

With the cooling-off of the relationship between Turkey and the USA, as well as Turkey and Israel, because of the arrival to power of an Islamic-oriented Turkish government, the worst of the risk may be over for Armenia, although Western oil companies in Azerbaijan continue to play against it. After all, the international petroleum lobby is probably the world's second strongest, after the Israeli one.

Relations with Western European countries are not exactly a novelty in Armenia's international dealings. France in particular was the cultural and linguistic beacon at the turn of the XXth century, and even now is home to by far Europe's largest Armenian community (of up to half a million). What is new is the more formal and multilateral relationship with the European Union. No less than 72 % of the population of the Republic of Armenia have indicated a wish to join the EU in a 2005 poll. This is not necessarily contradictory with the strong diplomatic and cultural ties with Russia, but ordinary Armenians probably look up to it as an opportunity to improve their standards of living. For the authorities, it is the logical move to tie the country to the fashionable wagon if everyone else is doing it, with the additional hope that it can provide security from aggression. Armenia is already a member of the Council of Europe.

In its relationship with Europe, the Genocide recognition overhang is strongly interlinked with the fate of the Republic of Armenia itself. Countries where the authorities and/or public opinion is sympathetic to the historical fate of the Armenians are more likely to support efforts for ending the geographical blockade, be generous with financial assistance and even welcome flows of immigrants. European diplomatic efforts have been rather successful for Armenia so far. An original 1987 resolution by the European Parliament was reiterated in a new one voted in late September 2005, whereby Genocide recognition was made a pre-requisite for Turkey's membership of the EU. Though non-binding, the vote is seen as giving a strong signal to Turkey. This was reconfirmed by another vote in early September 2006. On more prosaic matters, the European Council's Secretary General Javier Solana called in October 2005 for the border with Turkey to be re-opened, and for a general settlement of Armenia's border issues under the European Neighbourhood Policy scheme, into which the Southern Caucasus had been integrated in February 2004.. This was formalised on January 20, 2006 by a European Parliament resolution –which “exhorted Turkey to play a constructive role...and open its frontier with Armenia”. It also urged Azerbaijani authorities to “stop the ongoing destruction of mediaeval Armenian cemeteries and historic carved stones crosses in Southern Nakhichevan.

The presence of numerous and active Armenian communities in both Belgium and France has helped the Armenian Republic's diplomatic lobbying among the European institutions based across both countries. A well-organised lobbying group, the European Armenian Federation, was set-up in Brussels some years ago to co-ordinate the efforts.

Among the strong bilateral relationships one should mention the close ties with Italy. These go back many centuries, with an old Armenian institutional presence, particularly in Venice, and the fact that with the extinction of the direct line of the sovereigns of the Kingdom of Armenia, which came to an end in 1375, the

succession to that title was passed to Italy's royal House of Savoy. Closer to our days, the Italian parliament adopted in November 2000 a resolution recognising the Armenian Genocide, by the unanimous votes of the deputies, except for the Communist Party. The latter abstained because they did not consider the resolution as strong enough.

Greece should be a natural ally for Armenia, both for sharing historical experiences and the contemporary issues of a divided Cyprus and territorial disputes over certain islands. Attempts of an "Orthodox Axis" were made some years ago. Though obviously sympathetic to the Armenian cause, Greece has adopted a less militant attitude towards Turkey since joining the EU. Greece has now asked Armenia to recognise as Genocide the massacres of Pontian Greeks by Turks early in the XXth century.

Relations with Britain have been more mixed, reflecting in recent years the alignment of the Blair government's policies on those of the United States. In the original proposals for a Holocaust Memorial Day in Britain during the year 2000, the Armenian Genocide and anyone associated with it had been specifically excluded. Intense lobbying managed to reverse the decision, but not before a junior minister (Baroness Ramsay of Carvale) stated that "few other governments attributed the name 'genocide' to these tragic events. In our opinion, that is rightly so because we do not believe it is the business of governments today to review events of over 80 years ago with a view to pronouncing on them..." In January 2004, British Ambassador to Yerevan Ms. Thorda Abbot-Watt caused a major scandal by claiming that the term "Genocide" was not really applicable in the case of Armenians.

Another incentive for British authorities not to appear too friendly towards Armenia is the strong involvement of British companies in energy ventures in and around Azerbaijan, such as British Petroleum. A June 2005 article in *The Economist*, compared David Woodward, BP's man in Azerbaijan, to "the managers of the mighty East India Company (who) were also said to be de facto rulers of chunks of the Indian subcontinent"

Beyond Europe, relations with the Arab world, particularly those of the Middle East where there is a large Armenian presence (Lebanon, Syria, Egypt and Jordan) have traditionally been good, and became even warmer with the emergence of the Turkish-Israeli axis. In the 1980's, when Armenian militants launched a short but deadly war against Turkish diplomats in several countries, Palestinian groups provided training facilities in their camps for the ASALA (Secret Armenian Army for the Liberation of Armenia) organisations behind the movement. With Latin America, where the largest communities are in Argentina and Uruguay, distance and the lack of bilateral issues of any substance have limited the potential for cooperation. One exception is the investment made by Argentina's Eurnekian group in the concession to run Yerevan airport.

### **Possible Outcomes**

However much it may have been its fate to juggle with more powerful neighbours for over 2,000 years, the present Republic of Armenia is unlikely to be able to progress and prosper in an atmosphere of tension and conflict. It should aim for the historical Armenian role of middleman and facilitator between the cultures of East and West, taking advantage of its geographical position, tradition of expertise

in the field of commerce and finance, and the existence of a widespread Diaspora which provides an effortless globalised presence.

This cannot be achieved without solving the current neighbourhood problems. Some of these, such as the lack of political stability in Georgia or the Iran-Turkey rivalry over the control of hearts and minds in Azerbaijan, are outside its control.

An accommodation, both economic and emotional, with Turkey is essential, however unsavoury it might be to many Armenians, particularly in the Diaspora, where the Genocide and anti-Turkish feeling have been the principal (cynics may say, the only) element of cohesion and bonding. This does not mean that the recognition claim should be abandoned, but the difficulty for any Turkish authority to do a sudden 180-degree turn on the matter has to be recognised. It is probable that Turkey will offer a opening of the border as a first step, and that in itself will be a great help for the Armenian economy. The interesting thing is whether Turkey will do that without a settlement of the Karabagh question, which is the reason for the blockage. Can Turkey dump support for Azerbaijan for the sake of cleaning up its act, during the protracted negotiations with the EU? The waning of enthusiasm towards the EU following the early application difficulties and the clear message given in the negative votes on the European Constitution, may weigh against sacrificing the long-term influence on Turkic Eurasia and Central Asia.

Ideally, the problem should solve itself by making it simultaneous with a settlement of the Karabagh problem. The Armenian position is that the enclave itself and the Lachin corridor leading to it are not negotiable. Azerbaijan will not accept the ceding of any area that was previously part of its territory, and all it has offered is an enhanced autonomy status for Nagorno Karabagh. Its present leadership does not have the mettle of the previous one and cannot risk antagonising the population. In Armenia, there are parliamentary elections in 2007 and presidential ones in 2008, so the authorities have to tread softly. After 12 years of mainly sterile negotiations, a mutually acceptable compromise solution is not obvious.

Though maintaining a close relationship with both Russia and Iran, both of which are “insurance policies” that may come in useful in terms of defence, energy or trade, ties with the West cannot be neglected. Not only has Armenia historically maintained strong cultural and diplomatic relations with Europe, but the current “movers and shakers” of world power are there. Also there are most of the Diaspora Armenians (France and the USA alone account for some 1.5 million, equivalent of half of the population of Armenia proper). Hedging the bets, ties with the emerging superpowers of China and India are already established. There is a large Chinese embassy in Armenia, and direct flights to India, from where many students are studying in Armenian universities that offer low-cost English language programmes, such as in Medicine, directed towards foreign students.

The road is not an easy one, and involves a lot of acrobatics in-between the neighbours and other interested parties. Armenians as a people have always been survivors. What they need now is to transfer that quality towards a prosperous geographical homeland.