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Drivers and Determinants of a 'Small State' Strategy

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by Richard Giragosian

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Armenia emerged from the collapse of the Soviet Union at war and facing isolation, and its continuing dependence on Russia has held back faster and closer integration with the European Union. **Armenian National Security: Drivers and Determinants of a 'Small State' Strategy** *assesses the challenges Armenia faces to maximise its strategic options in overcoming its insecurity.*

State-Building in a Time of Conflict

For the Republic of Armenia, the early period of independence has been especially difficult. Upon the sudden collapse of the Soviet Union, Armenia – like each of its neighbours in the South Caucasus – was neither well-prepared nor well-positioned to effectively manage the initial period of state-building. Driven by the burden of the unresolved conflict over Nagorno-Karabakh, the country has weathered a devastating degree of geographic, economic and geopolitical isolation, only exacerbated by insufficient democratic institutions and incomplete economic reforms. With an area of under 30,000 square kilometres and a population of less than three million, the country's geographic vulnerability is compounded by a limited natural resource base, borders and terrain difficult to defend militarily, and a demographic crisis, all posing substantial challenges to economic development and security.

Throughout the 1990s, as a small, landlocked country with few natural resources, Armenia was weakened by war, blockade and economic collapse, culminating in severe shortages of

KEY RECOMMENDATIONS

The **Armenian government** should place greater focus on developing and expanding the capacity of parliament in the area of security sector reform, oversight of defence policy, defence-related procurement and senior officer promotion. Armenia's National Security Council (NSC) must be endowed with greater authority and resources, aimed at raising the level of security and military decision-making process, as well as empowered to handle crisis response and management.

There is a need for a communications strategy **to better define and defend core European ideas and values**, designed to articulate what European ideas are and what they are not. And in the face of an increase in Russian "soft power" throughout the Eastern Partnership area, there also should be a focus on more effectively and more consistently reiterating the concrete and practical benefits of European integration for the average Armenian citizen and the ordinary consumer.

In the reasonable anticipation of a likely renewed Russian attempt at "informational warfare", there should be a preparatory move to pre-empt and prevent such an effort by exposing the inaccuracies and outright deception used in Russian propaganda in Armenia.

The EU has prudently offered Armenia a rare second chance at rebuilding and restoring a higher degree of relations. This process should not only continue but, in the light of the April 2016 combat and clashes over Nagorno-Karabakh, should also be expanded to incorporate more of a security-related element to the new Armenia-EU legal framework. This security agenda could include measures related to "soft security," including energy security (especially nuclear safety), disaster prevention, risk mitigation and crisis management, but also cybersecurity and other more advanced and innovative measures.

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food, electricity and fuel. These conditions also predetermined the development of the economic system and seriously distorted reform. The combination of a great scarcity of goods, a powerful trade and transport blockade with the closure of two of the country's four borders, and severe disruption of the energy infrastructure all led to the profound isolation of the Armenian economy.

> " The challenges are daunting, including the need to forcefully confront oligarchs, build a more resilient democracy, improve tax collection, and bolster the rule of law. "

Within this rather closed economic system and facing little state oversight or regulation, several commodity-based cartels emerged, bolstered by a powerful combination of criminal links and political influence. Their power also stemmed from the opportunities for power and profit inherent in exploiting "conflict economics" through monopolistic positions controlling scarce commodities and basic staple goods. These cartels and semi-monopolies quickly eliminated competitors and secured dominant positions over the import and export of key consumer goods, raw materials, and foodstuffs.

In political terms, the war years of the 1990s also thwarted early attempts at building democratic institutions and bolstering political reform, and the ongoing state of war shaped an already rigid political discourse, as a new vibrant nationalism crowded out more moderate voices within the political arena.

In terms of political developments, two related trends in politics came to dominate and determine the country's political trajectory. First, a downward shift in the level of political discourse and debate was marked by a weakening of moderate politics and a rise of vibrant, and at times more militant and xenophobic, nationalism. Second, this lowering of political discourse was matched by a second trend involving the transformation of the country's political elite, as a new elite from Nagorno-Karabakh gained power and consolidated top leadership positions in Armenia proper, eventually including the Armenian presidency itself when the first president, Levon Ter-Petrosian, was forced from power.

Against this backdrop, the cumulative effect of the first two decades of independence has tended to only deepen greater dependence, especially in terms of the Armenia-Russia relationship, and has been further marked by missed opportunities. To this day, the challenges from overcoming the early legacy are daunting, including the need to forcefully confront oligarchs, build a more resilient democracy, improve tax collection, and bolster the rule of law.

Nevertheless, in recent years Armenia has become more adept – largely through innovation and improvisation – at pursuing policies aimed at maximising its strategic options and maintaining greater flexibility in overcoming its insecurity. The imperative was to bridge the inherently conflicting interests of Armenia's security reliance on Russia and a positive relationship with Iran, while exploring its Western orientation and deepening ties to the West. In what became known as a policy of "complementarity", Armenia sought to enhance its security by pursuing a "small state" strategy designed to maximise its options and expand its room for manoeuvre amid much larger competing regional powers.

Threats of Isolation and Insignificance

From a broader strategic perspective, the most serious threats to Armenia centre on the challenges of isolation and insignificance. For a landlocked country limited by its small size in both terms of demography and territory, the threat of isolation stems from the constraints of closed borders, the collapse of regional trade and transport, and exclusion from all regional development projects. With its borders with Azerbaijan and Turkey both closed since the

early 1990s, the imperative for Armenia is to overcome the limits of geography.

This threat of isolation involves the danger of becoming disconnected from the globalised marketplace and from the technological and economic changes inherent in the process of globalisation. But from a regional perspective, Armenia benefits from increasing rates of foreign investment that is neither resource-based like in Azerbaijan nor aid-driven as with Georgia, but is attracted by the openness and opportunity offered by the Armenian economy. The Armenian IT sector, for example, demonstrates the necessity for interoperability with global markets and knowledge-based development.

In addition to the relative isolation of the country, Armenia faces a second, related threat of insignificance, defined by the limits of a small, landlocked country with two of its four borders closed. Most importantly, the threats of isolation and insignificance pose security concerns. For example, national security depends less on control of territory and natural resources and more on the capacity to integrate with the global economy – and for a country like Armenia, faced with traditional limits of demography and geography, economic issues are increasingly linked to security. Yet this recognition has yet to be fully embraced and reflected by Armenian national security, as the current confines of Armenian nationalism have as yet failed to expand to include the demands of "economic security".

Armenia-Azerbaijan: No War, No Peace, No Relations

As the main driver of security for Armenia, the unresolved Nagorno-Karabakh conflict presents a unique case of "no war, no peace and no relations". As the eruption of the Nagorno-Karabakh conflict and the subsequent outbreak of war with Azerbaijan in February 1988 came just prior to the sudden and unexpected collapse of the Soviet Union, Armenia was largely unprepared for the immediacy of independence and faced an urgent threat to its survival, as the conflict intensified, leading to an expanded war that disrupted trade and transport routes, cut key energy links, and triggered a near blockade of the country by neighbouring Azerbaijan and Turkey.

The current situation remains tense, and Armenia continues to struggle to manage the burden of unresolved conflict. Since a 1994 ceasefire suspended hostilities between Armenian and Azerbaijani forces, the conflict has been subject to an international mediation effort aimed at forging a negotiated resolution capable of solving the inherent contradiction between the principles of self-determination and territorial integrity. The mediation effort has been managed since 1992 by the Conference on Security and Co-operation in Europe (CSCE) – and its successor, the Organization for Security and Co-operation in Europe (OSCE) – through the so-called Minsk Group, a tripartite body co-chaired by France, Russia and the United States working in close and effective co-operation with the parties to the conflict.

More recently, there has been little progress in the negotiations over Nagorno-Karabakh, as the two sides are simply too far apart. Aside from the broader contradiction between two relevant provisions of international law (the opposing principles of self-determination versus territorial integrity), the Nagorno-Karabakh conflict is viewed quite differently by each of the contesting parties.

For Armenia, anything short of outright independence or unification with Armenia for Nagorno-Karabakh is unacceptable, although there has been some flexibility on the Armenian side over the terms and duration of a possible transition stage toward a final status. On the other hand, Azerbaijan offers nothing more than a degree of autonomy for Nagorno-Karabakh, but premised on the return to Azerbaijan of Nagorno-Karabakh and the surrounding occupied territories. Given this divide, the real challenge is to build confidence on all sides in demilitarising the conflict and in a transition plan that can assuage the maximalist position of Azerbaijan, and create space for agreement on a reasonable compromise.

National Security

In terms of national security, Armenia's situation represents an interesting paradox. Despite a comparatively longer and more peaceful record of democracy, an outwardly stronger state, and a dominant but stable military, there is a surprising degree of

insecurity in Armenia today. Most surprising, there is an inverse relationship between the strengthening of the Armenian state and the country's mounting insecurity. In this sense, Armenia is not alone, as recent events in other post-Soviet states have demonstrated the destabilising effects of measures focused on state security at the expense of societal stability.

Military and Security Policy: Seeking To Regain Strategic Balance

Despite the sudden shift in policy by Armenian President Serzh Sargsyan in September 2013, deciding to commit Armenia to Russia's Eurasian Economic Union (formerly "Customs Union") instead of concluding an Association Agreement with the European Union (EU), Armenia has surprised many observers by significantly deepening military and security ties with the West.

While Armenia has long served as an important Russian ally in the South Caucasus region, the country has steadily followed a sophisticated alignment with Western security structures and organisations. This orientation has been based on a much closer, and more active, relationship between Armenia and NATO, as well as a broad expansion of bilateral military co-operation with key Western countries, including the United States, France, Germany and Italy. In this context, Armenia has gradually and steadily restored much more of a strategic balance in the military security sector, as an energetic contributor to Western security and peacekeeping operations in Kosovo, Iraq and Afghanistan. At the same time, however, Armenia has continued to demonstrate its role as a loyal and reliable security partner for Russia, and as a key member of the Collective Security Treaty Organization (CSTO).

Over the past several years, Armenia has significantly strengthened defence reform, has bolstered combat readiness, and improved its defence capabilities, while deepening civilian oversight of the armed forces. At the same time, Armenian defence reform has benefited from both internal military education and expansion of its peacekeeping deployments abroad. As a direct result of such reforms, and under the personal leadership of Armenian Defence Minister Seyran Ohanian, Armenia is no longer a "consumer of security", but is now a "contributor to regional security".

Seeking More Strategic Options

In terms of defence reform, Armenia continues to deepen ties with the West, expressed through two main directions. First, on a bilateral level, Armenia has greatly expanded its options, forging bilateral agreements with a wide range of Western countries, but even going beyond the West by engaging China as well. On a second, more multilateral level, Armenia has also bolstered its institutional co-operation with NATO and its Partnership for Peace (PfP) programme. But, equally vital for Armenia, as the only member of the Collective Security Treaty Organization (CSTO) in the South Caucasus and as the only country in the region to host a foreign (Russian) military base, Armenia has simultaneously maintained its strategic military and security relationship with Russia.

This trend in military and security reform has fostered a degree of *"complementarity"*, modelled on a policy of balancing the inherent contradictory impulses of a "strategic alliance" with Russia with a pro-Western orientation, which has helped to enhance Armenia's strategic significance to the West while also elevating its value as Russia's reliable regional ally. Although Armenia remains reliant on Russian arms and discounted weapons stocks obtained through the CSTO, in terms of operational training, doctrine and modernisation, Armenian defence reforms have adopted a firmly pro-Western perspective.

Defence Policy Prudence

For his part, Armenian Defence Minister Seyran Ohanian has been careful not to trigger Russian concern over Armenia's apparent Westward shift. He has repeatedly ruled out any aspirations for full NATO membership and has consistently reiterated the country's firm commitment to maintaining the Armenia-Russia strategic relationship and sustaining active participation within the CSTO. Although Moscow seems confident of Yerevan's overall

commitment and reliability, there is a danger of a Russian reaction when and if it perceives a lessening of Russian influence. But, at least for now, Armenia remains determined to cement its balance between Russia and the West, and is clearly committed to furthering its defence reform effort.

In the broader area of defence reform, the Ministry of Defence is now approaching an important threshold, as a "third generation" of military reform now needs to be launched. More specifically, the initial "first generation" period of reform focused on building modern and capable armed forces, and succeeded in winning the Nagorno-Karabakh war. The post-war period of improving combat readiness and building an even bolder military superiority then constituted a "second generation" or military reform. During the "second generation" of reform, as an institution, the Armenian armed forces were additionally strengthened by the introduction of democratic reform as well, with civilian oversight of the military representing a crucial fundamental achievement.

The Need for a 'Third Generation' of Military Reform

At this point, in order for Armenia to sustain its military advantages and superiority of force, it is time for a new, "third generation" of reform. This imperative for a next stage of reform must centre on tackling and overcoming internal problems within the armed forces, namely the issue of non-combat deaths and hazing (abuse of command and harassment). For this unacceptable situation, the challenge is to restore discipline and to impose a new "zero tolerance" policy within the ranks. Although Defence Minister Ohanian and his team have initiated efforts to remedy the situation and root out the specific officers responsible for the unacceptable abuse, injury and deaths of conscripts, more needs to be done. For example, the Ministry of Defence's priorities of military education and the expansion of the non-commissioned officer (NCO) corps need to be expanded and accelerated.

More specifically, three relevant policy reforms should be adopted. First, there should be a reform of military education, in order to forge a new awareness of the unacceptable nature of hazing and abuse from the very start

of officer training and preparation. Second, a comprehensive reform of the promotion system is necessary, so that senior officers will be promoted based on merit, performance, achievement and accomplishment, rather than as a reward for past performance. Third, the adoption of a modern series of physical and psychological tests for serving command officers is necessary.

Clearly, the challenge of non-combat deaths and hazing-style abuse will test and determine the effectiveness of this "third generation" of military reform. It may also become more of a direct challenge to the personal leadership of Defence Minister Ohanian and his team of reformers within the Ministry of Defence. But Defence Minister Ohanian and his reform team can pass such a test, especially as the transparency and openness that exposed the problems within the military were introduced by Ohanian himself, as an important part of the country defence reform programme. Moreover, the overall number of non-combat deaths and instances of hazing-related abuse within the armed forces is less than in previous years., but the problems are no longer hidden from public view or covered up.

Thus, as Armenia has steadily regained a strategic balance in its military and security sector, it has also graduated from its past role as a simple consumer to a dynamic contributor to both regional and international security and stability. But in order to maintain this balance and sustain its enhanced significance, external power and strength, the imperative for Armenia now is to focus on internal challenges, and to embark on a new "third generation" of military reform.

The Imperatives of Armenian National Security

Armenia faces several new internal developments that compound the need to re-examine its concept of national security. These internal challenges, in many ways the hardest to overcome, range from a worrisome trend in authoritarianism and a widening deficit of democracy, to an erosion of self-sufficiency and independence stemming from a dangerous over-reliance on Russia.

In many ways, the most serious threat to Armenian national security comes not from

Azerbaijan, nor Turkey, but comes from within. It is posed by the internal threat of corruption and all of its derivatives, from the rise of the powerful oligarchs to a "rule of law" that has degenerated into a "law of the rulers". Furthermore, the real threat to Armenian democracy is most clearly demonstrated by the tendency for governance by strong individual leaders over strong institutional leadership. This dominance of "strongmen over statesmen" has emerged as one of the most formidable obstacles to conflict resolution and regional reintegration. The challenges of a mounting social divide, marked by widening disparities in wealth and income, constitute "economic security". These economic and social components of national security, exacerbated by a cancer of corruption, constitute a threat to Armenia's internal stability and security that has been ignored for far too long.

Defining Armenian national security is one of the more basic obligations of a state. The concept of national security is essentially defined by a state's mission to meet possible threats, both internal and external. This state mission comprises three main pillars: to protect territorial integrity and state borders; to provide security for the population; and to preserve stability, in both political and economic terms. The challenge of national security, especially in today's complex environment of multiplying threats, is to ensure that both the *definition* and *defence* of national security is a dynamic, not static, process of constant vigilance and preparation.

For an infant state like Armenia, small in both size and population, national security holds an even greater role in influencing the formulation of domestic and foreign policy alike. Faced with the demands of a long-standing trade and transport blockade by its neighbours to the East and West, as well as the constraints of an unresolved conflict over Nagorno-Karabakh, Armenian national security is endowed with significance well beyond the traditional nature of "small state" geopolitics.

Energy Security

An immediate challenge that drives Armenian national security is energy security. Armenia's vulnerability to disruptions in energy supplies was most clearly demonstrated during the initial stages of the blockade imposed by Azerbaijan and Turkey, when energy consumption fell by 90%. Although the Soviet network of pipelines and energy links was designed to foster interdependence on the centre on the side of the republics along the periphery of the Soviet Union, Armenia's core vulnerability and energy insecurity is due to its serious lack of natural resources and corresponding dependence on foreign energy sources. It is this structural dependence that has elevated the strategic necessity of operating the country's ageing Medzamor nuclear power plant and has spurred the development of hydroelectricity.

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Ironically, the Armenian government has tended to forge a deepening of energy dependence in recent years. Specifically, Armenia's "asset-for-debts" agreements with Russia in 2002 and 2003 ceded control over key strategic enterprises and core components of the energy sector to Russian control. Overall, the agreements resulted in the consolidation of Russian dominance over the country and allowed Russia to secure, with the assent of an overly compliant Armenian government, control or outright ownership of much of the country's energy network, including its hydroelectric plants and its sole nuclear power plant.

Although Armenia may be able to garner a higher degree of energy diversification, it can neither afford nor obtain consistent energy supplies while being excluded from regional energy development. The real lesson is that Armenian national security must incorporate elements of energy security into its pursuit of national security. The need for energy diversification is most evident in Armenia's dependence on natural gas. Accounting for roughly half of Armenian total energy consumption, natural gas has traditionally come from Russian and Turkmen producers. An agreement reached in 2003, however, established the Russian state-owned natural gas monopoly Gazprom as the country's predominant supplier.

To the credit of Armenian leaders, there has been a renewed effort to diversify the sources of natural gas, as seen by the construction of a 145-kilometre natural gas pipeline with neighbouring Iran. More importantly, however, the imperative to replace the country's ageing nuclear power plant with a safer, more modern reactor is an ever important challenge, especially in light of the risks inherent in operating such a facility in a seismically active region.

Re-evaluating National Security

The Need for a Process of National Security

Although there are obvious limitations of resources, both human and financial, to the development of a more sophisticated and comprehensive Armenian strategy of national security, there are some key points for consideration. The core mission, however, is to establish a coherent process of national security. This entails both organisational and ideological reforms, including a re-examination of commonly held but little questioned tenets of Armenian national security. Moreover, Armenian national security planning and formulation remain rudimentary and are flawed by the lack of an equal footing between the national security process and national security policy, especially as it is the *process* more than the policy of national security that is essential.

Another glaring deficiency in the current institutions of Armenian national security is their absence. For example, the Armenian National Security Council (NSC), despite its significant role, has accomplished little of substance and has been largely marginalised from the formulation and considerations of the national security decision-making process.

Although there has been a marked increase in the role of parliamentary committees with jurisdiction over defence and security policy, the sheer dominance of the executive branch in general, and the Defence Minister in particular, means that the dysfunctional nature of the national security process remains uncorrected. One basic recommendation to improve the process of Armenian national security would be to reform the organisation of the National Security Council. Currently, the Armenian National Security Council is rarely convened as a full consultative body and, even when it meets, it usually focuses on the implementation of a decision already adopted.

There is an additional constraint on the Armenian national security process. This second obstacle is neither organisational nor institutional, but is rooted in the state of Armenian politics. The hardening of Armenian political thinking in recent years, or more accurately the increasing rigidity of Armenian nationalist posturing, has fostered a closed system of politics that has expanded to influence both the national security and defence policy processes. This trend of vocal and strident nationalism is rooted in a pattern of domestic politics, serving political interests. In a negative sense, there is a degree of "identity politics" at work, with a crude, yet effective manipulation of public opinion by a well-entrenched elite. As one scholar has described such a process, "it is more accurate to say that statesmen and societies actively shape the lessons of the past in ways they find convenient than it is to say that they are shaped by them."[1]

This is most evident in the national position on the Nagorno-Karabakh conflict, and it can be seen in the discourse regarding the Armenian-held areas of Azerbaijani territory beyond the borders of Nagorno-Karabakh. Despite their initial seizure as tactical bargaining chips in later negotiations, the position on these areas has surpassed even their strategic purpose as

1 *Myths of Empire: Domestic Politics and International Ambition*, Jack Snyder, Ithaca: Cornell University Press, 1991, Pp. 17, 30.

"buffer zones" against any future Azerbaijani military aggression. The point here is not to casually discard the tenets of Armenian nationalism, however. The issue is to draw attention to the danger of misunderstanding the nature of the threat. This danger of "threat misperception" results from a rigid nationalism, and it has been compounded by the closed and subjective nature of national security and defence policy-making. The overwhelming need, therefore, is to institute a process of national security and defence that elevates Armenia's true national interests over more parochial partisan interests.

The Imperative to Regain Strategic Balance

Thus, in a broader sense, for Armenia, there has been little opportunity for longer-term strategic vision or planning. After more than two decades of independence, however, there is now an obvious imperative for Armenian leaders to recognise, and respond to, the need for garnering greater strategic options. And despite the burden of unresolved conflict, insufficient democratic institutions and incomplete economic reform, Armenia is endowed with a significantly wider range of strategic options and greater flexibility in overcoming its isolation. These opportunities are neither immediate nor easy, and require political will, vision and statesmanship. But in light of the country's geographic, economic and geopolitical isolation, there is no longer any excuse for failing to recognise the changing regional environment and to adopt dynamic policy initiatives available to the Armenian government.

Challenges and Limits

This imperative to regain a degree of strategic balance through a unique foreign policy concept is limited by several challenges, however. First, and most recently, the war in Ukraine has also challenged the Armenian government, especially as it has threatened to only further isolate Armenia as a more subservient Russian supplicant state. Moreover, throughout the crisis, the Armenian government has been especially cautious, largely due to a policy decision to refrain from

doing or saying anything that would anger or alienate Armenia's "strategic partner", Russia. At the same time, however, the broader context of the Ukraine conflict has significant implications for Armenia, especially in terms of Russian power and influence in the so-called "near abroad".

A second challenge stems from a sudden and unexpected crisis in Armenia-Russia relations. This was sparked by the murder of an Armenian family by a Russian soldier stationed at a nearby Russian military base, triggering a surprisingly intense debate over Armenia's security relationship with Russia. For Armenia, its role as a reliable partner and ally of Russia has never faced any real challenge. Much of this reliance on Russia stems from security and economic ties. Armenia's security reliance on Russia is rooted in the Nagorno-Karabakh conflict, and only exacerbated by the absence of "normal" diplomatic relations and a closed border with Turkey.

For Armenia, a strategic alliance with Russia is generally accepted as essential for security. Beyond security, Armenia also depends on Russia as a crucial source of remittances, or money sent home by large numbers of Armenians living and working in Russia. Yet there is a surprisingly intense debate now underway within Armenia that seriously questions the Armenia-Russia relationship.

The timing of this tragedy could not be much worse, for several reasons. First, back in 2013, in what many perceived as Russian pressure on its so-called "strategic partner", Armenia was forced to scrap its planned free trade deal with the EU in favour of joining the Russia-led Eurasian Economic Union. Additionally, the fact that Russia supplies arms and advanced weapons systems to Azerbaijan that are used against Armenia have sparked a sense of outrage within Armenia and even triggered a rare rebuke by the Armenian President.

Most recently, the negative impact on the Armenian economy resulting from Western sanctions imposed on Russia, evident in the steep depreciation of the Armenian currency and by the steep decline in remittances, has only revealed the asymmetry and lack of parity in Armenia's "partnership" with Russia. More specifically, the steep decline in remittances, estimated to have fallen by one-third for the first quarter of 2015, have hurt a large number of Armenians who depend on such inflows for basic living expenses. This year's decline

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was on top of an earlier decrease, when private remittances to Armenia fell by 7.7% in 2014. A related negative impact has already been evident in terms of falling exports and imports, as compared with January 2014, with exports decreasing by 22% and imports down by one-third, representing the worst figures since 2010. Thus, it seems clear that this unexpected challenge to Armenia's reliance on Russia will not end any time soon.

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A third challenge stems from Armenia's move to join the Eurasian Economic Union, which is especially negative for Armenia as it marks a missed opportunity to move closer to the EU. More specifically, in the wake of Moscow's seemingly effortless success in forcing Yerevan to backtrack on its intention to finalise pending agreements with the EU, the country has missed an opportunity to overcome the challenges of geographic isolation, marked by the closure of two of its four borders, and of economic insignificance, where its small size, marginal market and entrenched corruption have impeded its longer-term development. In the short term, the Armenian government remains hard pressed to regain confidence and restore credibility after retreating and reneging on its planned "initialling" of an Association Agreement and related Deep and Comprehensive Free Trade Area (DCFTA) agreement.

Moreover, the retreat also sacrificed years of difficult negotiations and imperilled reforms, while the decision to join the Eurasian Economic Union actually offers meagre, if any, trade or economic benefits. Armenia's current membership of the Eurasian Economic Union actually constrains Armenia even more firmly within the Russian orbit and limits its future to little more than a captive of Russia. Furthermore, even the potential economic incentives are fairly weak, with membership offering rather meagre and marginal economic benefits to Armenia, while the gains accrue mostly to Russia. But in many ways most significant, the "loss" of Ukraine adds a perhaps insurmountable obstacle to the viability of the Eurasian Economic Union, as well as seriously questioning the utility of the Union.

Clearly, the shift in Armenian policy to join the Eurasian Economic Union was a serious strategic setback. Moscow's apparent success in forcing Yerevan to retreat and back down from its stated goal of forging deeper ties with the EU was largely a result of pressure and coercion. While the pressure was rooted in Armenian security considerations, with Russian officials implying a "reconsideration" of its security partnership if Armenia went ahead with its EU Association Agreement, the situation reveals three deeper problems. First, for Armenia, such Russian pressure and coercion were not the actions of an ally or partner – and, despite the generally pro-Russia feeling in Armenia, Moscow's pressure sparked a new sense of resentment and insult within the Armenian public at large.

A second problem was that the policy shift imposed significant challenges on Armenia. In the short term, the Armenian government was clearly embarrassed, and lost a significant degree of confidence and credibility in the eyes of the West. Moreover, the move not only sacrificed nearly four years of difficult negotiations and reform, but also offered Armenia little in return. Its stated commitment to join the Eurasian Economic Union suggested a deepening of its already serious over-dependence on Russia and, in economic terms, offered little real benefits, especially as Armenian tariffs would have to be significantly raised to confirm to the Union's standards, thereby decreasing competitiveness and dissuading foreign investment.

Third, the handling of such a sudden and unilateral policy shift by the President reveals a deeper deficiency in the Armenian government's decision-making process. In

this way, the decision only exacerbated the country's already closed and opaque public policymaking process and revealed the pronounced absence of adequate strategic planning. But in a broader context, and especially in the wake of the Russian invasion of Ukraine and annexation of Crimea, there is now a clear trend of a new Russian policy towards "pushing back" and "pushing out" EU engagement in the "post-Soviet space", or what Moscow defines as its so-called "near abroad" or natural sphere of influence. More specifically, it is now clear that there was a belated shift or "U-turn" in policy in Moscow, with a new, much more assertive Russian reaction to the EU's Eastern Partnership initiative and the Association Agreements that were negotiated with several EaP member states.

The case of Armenia's unexpected last-minute decision to forego the planned initialling of its Association Agreement with the EU also confirms the belated shift in Russian policy, evident by the absence of any opposition from Moscow throughout Yerevan's nearly four-year process of negotiations with Brussels. It would also seem that Moscow seriously underestimated the EU, both in terms of its "seductive appeal" in attracting former Soviet states and regarding its resolve to forge significant ties with the Eastern Partnership countries.

In this way, Russia tended to mistakenly perceive the EU as an insignificant geopolitical actor incapable of becoming a serious rival within Moscow's "sphere of influence." This shift was further demonstrated by the imposition of coercive measures and trade sanctions against Ukraine and Moldova, with Armenia relegated to serving as little more than a "sacrificial pawn", whose surrender and submission were designed to send a more important message of Russian strength and deterrence against European aspirations elsewhere.

Thus, in the aftermath of Russia's military annexation of Crimea, it seems likely that Moscow will renew its focus on consolidating its "sphere of influence" through the use of the coercive economic and restricted trade measures of the Eurasian Economic Union, as a foundation for a revamped "Eurasian Union" project of "reintegration" within the former Soviet space. Although such a move can be seen as a natural expansion of existing Russian-led projects of reintegration, based on the Commonwealth of Independent States (CIS)

and the Russia-dominated Eurasian Economic Union, the concept of the Eurasian Economic Union is both incoherent and undefined, marked more by its lack of practical benefits and absence of substance.

Despite the rather bleak outlook for Armenia, the country has a second opportunity to regain a degree of balance by salvaging a relationship with the EU. Reflecting a degree of sincerity in both Brussels and Yerevan, the Armenian government has been able to rebuild much of its lost credibility and has embarked on new talks over a draft "legal framework" as a foundation for Armenia-EU relations. At the same time, Armenia has also been cautious in presenting its re-engagement with the EU, seeking to pre-empt any Russian pressure by highlighting (and exaggerating) its role as a "bridge" between the Eurasian Economic Union and the European Union. Thus, given the combination of rising costs and the meagre benefits of the Eurasian Economic Union, Armenia's only real hope at this point rests on containing the fallout from the economic contagion and seeking a prudent but quiet "exit strategy" from a dangerous over-dependence on Russia.

Priorities and Recommendations

Given the inherent diversity and innate divergence of security among the EaP countries, the most appropriate policy priorities and recommendations must also reflect the policy of differentiation and specificity of needs of each country. Within that context, for the Armenia, policy priorities and recommended measures must be tailored to the unique nature of security challenges and threats facing the country today, but also reflecting the most likely security threats and vulnerabilities that will emerge in the future. Therefore, the following set of national priorities for the Armenian government and civil society, and recommendations for the international community and relevant security stakeholders, are aimed at elevating the discourse and enhancing the debate over Armenian security considerations in advance of the NATO Warsaw Summit and the OSCE Parliamentary Assembly in Tbilisi, both taking place in July 2016.

Priorities for the Armenian Government and Civil Society

• **Parliamentary Oversight.** Since the passage of a December 2015 constitutional referendum on transforming the Armenian system of government from a presidential to parliamentary democracy, the role of parliament has been significantly enhanced. In terms of security oversight, however, the parliament has yet to fully meet expectations and exercise its supervisory role as a main actor in the formulation of security policy and defence reform. There should be greater focus on developing and expanding the capacity of parliament in the area of security sector reform, oversight of defence policy, defence-related procurement and senior officer promotion, for example, and as a key player in the debate around, and adoption of, all major security and defence policies and strategies.

• **Institutional Capacity.** For a small country like Armenia, there has been a dangerous tendency to rely on individual rather than institutional guidance and direction in the formulation and implementation of security and defence policy. But, with the emergence of greater and more complex security threats, there is now an imperative for strengthening the institutional capacity to meet the evolving threat environment. The most notable example is the Armenian National Security Council (NSC), which must be invested and endowed with greater authority and resources, aimed at raising the level of security and military decision-making process, as well as crisis response and management.

• **Democratic Control over the Armed Forces and Civilian Oversight.** One of the most significant defence reforms in recent years was the introduction of civilian control over the armed forces, with an emphasis on democratic control over the military in order to forge stable civil-military relations. Despite the success of these reforms, there is a need to further deepen the role of civil society, both in engaging in security- and defence-related public policy discussions and as a mechanism to bolster public confidence and trust in the armed forces as an institution. One of the more glaring examples in this area is the need for greater civil society efforts to combat "hazing" and other abusive practices within the armed forces, often involving a breakdown in discipline within the ranks where commanders often abuse their power and position over conscript soldiers.

Recommendations for International Organisations

• **Crafting a Communications Strategy.** One of the key "lessons learned" from Armenia's surprise move in 2013 to sacrifice its Association Agreement with the EU in favour of joining the Russia-led Eurasian Economic Union was the need for a more effective communications strategy. More specifically, there is a need for a communications strategy **to better define and defend core European ideas and values,** designed to articulate what European ideas are and what they are not. And in the face of an increase in Russian "soft power" throughout the Eastern Partnership area, there should also be a focus on more effectively and more consistently reiterating the concrete and practical benefits of European integration for the average Armenian citizen and the ordinary consumer.

• **Information Warfare: Pre-emption and Prevention.** In the reasonable anticipation of a likely renewed Russian attempt at "informational warfare", there should be a preparatory move to pre-empt and prevent such an effort by exposing the inaccuracies and outright deception in Russian propaganda.

• **Recognising Armenia's Greater Strategic Significance.** In the wake of Armenia's forced sacrifice of its Association Agreement and its ascension to the Eurasian Economic Union, the EU has prudently offered Armenia a rare second chance at rebuilding and restoring a higher degree of relations. Rooted in a more prudent recognition on the side of the EU of the enhanced strategic significance of Armenia, this move also reflects a degree of political will in both Brussels and Yerevan, whereby the Armenian government has been able to rebuild much of its lost credibility. Moreover, negotiations over a draft "legal framework" were initiated in December 2015, and now serve as a foundation for the deepening of relations between Armenia and the EU. This process should not only continue but, in the light of the more acute threats to Armenia from the April 2016 combat and clashes over Nagorno-Karabakh, should also be expanded to incorporate more of a security-related element to the new Armenia-EU legal framework. This security agenda could include measures related to "soft security," including energy security (especially nuclear safety), disaster prevention, risk mitigation and crisis management, but also cybersecurity and other more advanced and innovative measures.