



# New Eastern Europe

**No 3(VIII)/2013**

ISSN: 2083-7372

quarterly

July-September

Price 19 PLN (w tym 5% VAT) 10 EUR 12 USD 7 GBP

[www.neweasterneurope.eu](http://www.neweasterneurope.eu)

## Why Culture Matters

Leonidas Donskis, Janusz Makuch, Géza Kovács

**Katyń:  
A Painful  
Case**

**Ireneusz  
Kamiński**

**The Baltic States:  
25 Years after the  
Singing Revolution**

**Andres Kasekamp  
Jonathan Bousfield**

**A Portrait of  
Janusz  
Korczak**

**Paweł Śpiewak**

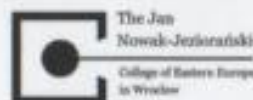
Books & Reviews: Ben Judah, Leslie Woodhead, Anton Ponizovsky, Jerzy Pilch, & József Faragó

**Is Armenia  
a Strategic Satellite  
of Russia?**

**Ilgar Gurbanov**

**Jerzy Pomianowski**

**On the European  
Endowment for  
Democracy**



**ECS** European  
Solidarity  
Centre

Also in the issue:

**Stalin's Shadows  
A Crisis of Femininity in Ukraine  
Russian Religious Diplomacy  
Obama's Missing Presence  
Kazakhstan's Demographic Mess**

ISSN 2083-7372



# Contents

## Opinion and Analysis

- 7 The Art of Difficult Dialogue**  
Leonidas Donskis  
*The art of dialogue is always difficult. The ability to listen and hear is accompanied by a sincere wish to check one's own premises and to examine one's own life. An unexamined life is not worth living, while an un-lived life is not worth examining.*
- 21 Katyn before the European Court of Human Rights**  
Ireneusz Kamiński
- 28 A Festival of Jewish (Polish) Culture**  
Janusz Makuch
- 37 Political Change and the Performing Arts in Central and Eastern Europe**  
Géza Kovács  
*The performing arts have been an essential part of the whirlwind of historic change in Central and Eastern Europe. While they have not been completely removed from the social and political change in Western Europe and America, the difference in how much they have been involved is remarkable.*
- 44 Shadows of Joseph Stalin**  
Ana Dabrundashvili
- 50 The Spectre of Berehynia**  
Harriet Salem
- 61 Obama's Wasted Potential?**  
Filip Mazurczak  
*Despite being widely revered across Europe, US President Barack Obama's Foreign Policy in Central and Eastern Europe is much less engaged than his predecessor. As a result, both the United States and the region are losing out on the potential for strong economic cooperation and democracy promotion.*
- 68 V4 Upgrade: Polish presidency in the Visegrad Group**  
Wojciech Przybylski
- 75 Religion in Russia's Foreign Policy**  
Alicja Curanović  
*Religious diplomacy allows a state to use certain aspects of religion and religious symbols in international affairs. The instrumentalisation of religion for political aims has a long and rich tradition in Russia, which is evidenced in Russia's foreign policy today.*
- 82 Armenia as a Strategic Satellite of Russia in the South Caucasus**  
Ilgar Gurbanov
- 90 A Bull in a China Shop**  
Kamil Całus
- 96 All Quiet on the Southern Front?**  
Ida Orzechowska  
*Fourteen years after the 1999 NATO bombings of the Balkans, the political leaders in Belgrade and Pristina are heading towards the normalisation of mutual relations and integration with the European Union. The April 19th 2013 agreement leaves the past behind and opens a new chapter in Balkan history.*
- 104 Fearing the East? European immigration in the UK**  
Kelly Hignett



# Armenia as a Strategic Satellite of Russia in the South Caucasus

ILGAR GURBANOV

---

As one of the most landlocked countries in the world, Armenia lacks both natural resources and access to the sea. This has led to the country reinforcing its **strategic alliance with Russia**. Unless Armenia breaks from its dependence on Russia and makes a constructive step in the solution of the Nagorno-Karabakh conflict, it will find itself becoming more isolated from its neighbours.

---

The South Caucasus is an attractive region for Russia as a place for it to maintain influence. Preserving the frozen conflict in the region of Nagorno-Karabakh between Azerbaijan and Armenia can, therefore, be seen to be at the core of Russia's foreign policy in the South Caucasus. Russia does not, however, openly support either Azerbaijan or Armenia in the Karabakh conflict, mostly because statements such as: "Russia supports Armenia on this issue," would disrupt its relations with Azerbaijan and vice versa.

During Russia's geopolitical decline during the post-Soviet years, Russia sought to use a policy of separatism in Transnistria (Moldova), Crimea (Ukraine), Abkhazia and South Ossetia (Georgia) and Nagorno-Karabakh (Azerbaijan) to prevent further foreign intervention into the former Soviet space. In particular, Russia wanted to maintain the military balance in the region and aimed at using Armenia as a "Russian outpost in the region". Yerevan assumed this vassal's role by hosting Russian military bases in Armenia. After Vladimir Putin came to power in 2000, the Russian-Armenian partnership was transformed into a strategic alliance within the Collective Security Treaty Organization (CSTO), and through



this cooperation, Russia has managed to maintain its military bases in Armenia (at Gyumri, Erebuni, and Megri).

### Investments and modernisation

In the late 1980s when it was part of the Soviet Union, Armenia's energy system experienced comprehensive change. Armenia used to be one of the main suppliers of electricity to the Soviet Union; today, it suffers from a lack of serious investment. In 1988 the Soviet Republic of Armenia made a decision to shut down the Metsamor Nuclear Power Plant, due mainly to public pressure and the potential environmental risks, as it was geographically located in an earthquake-prone area. The closure of the Metsamor Nuclear Power Plant was a traumatic blow to the Armenian energy sector, and the Armenian Government has struggled to maintain stability in the energy sector with the Yerevan and Hrazdan Thermal Power Plants – the only other major plants in the country.

The large diaspora community provides significant financial assistance to Armenia.

The Metsamor plant was brought back into operation in 1995. After the discontinuation of railway communication with Azerbaijan (due to the Karabakh war) and Georgia (after the closure of the Georgia-Abkhazia borders), oil transportation to Armenia was stopped. Today, oil is delivered via the Black Sea to Georgia, then to Armenia via railway. To further complicate matters, the Armenian energy sector was seriously affected by the suspension of natural gas deliveries coming through Azerbaijan.

In 1997 the Armenian government adopted a decision to establish ArmRusGazprom, a joint Russian-Armenian company. Since the gas transportation system of Armenia had been almost entirely demolished, huge investment was required and Armenian investors were unable to rebuild it themselves. This led to 80 per cent of the Armenian natural gas transportation system being owned by Russian gas giant Gazprom.

Another important success for Armenia in the energy sector was the construction of the Iranian-Armenian natural gas pipeline. In the case of emergencies, the Iranian-Armenian pipeline is able to be used as an alternative. According to Sevak Sarukhanyan, an Armenian expert and deputy director of the "Noravank" Foundation, "The Iranian-Armenian gas pipeline is not an alternative to Russian gas as long as the Russian gas is steadily supplied to Armenia. The gas supplied by the Iran-Armenia pipeline will be used for generating electricity and exporting [the electricity] back to Iran."



The natural gas projects were quite expensive with some of the resources being drawn from irregular natural gas supplies through Georgia. But these projects have been able to provide a more stable energy sector in Armenia. However, the Armenian energy sector still requires vast investment. The modernisation of the Yerevan Thermal Power Plant and the installation of the fifth power generating unit at the Hrazdan Thermal Power Plant by ArmRusGazprom are the first and most significant contributions made in the Armenian energy sector thus far.

Cooperation in the energy sector with the Iran, however, might have serious consequences. According to Sarukhanyan: "Iran may face the threat of a military strike by the Americans for quite some time. In the case that those threats become real, the Iranian-Armenian gas pipeline is out the question. On the other hand, the normal operation of the Russian-Armenian natural gas pipeline depends much more on Russian-Georgian relations rather than Georgian-Armenian relations."

Armenia now finds itself located in-between two political and economic situations. Relations with Iran are more vital in terms of importing the necessary goods and attracting Iranian investment in the Armenian economy. Furthermore, Armenia considers Iran to be its gateway for the export of electricity to the Middle East. Armenia also plays the role of "gate-keeper" for Russia into the Middle East. Because of this, Armenia has opposed all United Nations Security Council sanctions against Iran.

In 2006 Russia and Armenia signed a 25-year energy cooperation agreement. This agreement obliged Russia to construct an oil refinery in the southern Armenian city of Meghri. Moreover, Russia owns a 75 per cent stake in the Iranian-Armenian gas pipeline. By exerting control over the Iranian-Armenian gas pipeline, Russia can protect its pipelines running to Europe and Turkey in the case of normalisation of EU-Iranian relations.

### **Strongest ally**

Although Iran is a strategic partner of Armenia and Iran supports (albeit not openly) Armenia in the Nagorno-Karabakh conflict, Armenia is not eager to spoil its relations with western countries (notably the United States). A large American-Armenian diaspora community provides significant financial assistance to Armenia. A recent report by the European Strategic Intelligence Security Center states that the "Armenian lobby plays an important role in keeping Armenian issues on the political agenda of several western countries and it's very effective in isolating Baku from international assistance (The Section 907 of the Freedom Support Act). More than 10 million Armenians live worldwide, out of which 7 million in diaspora, which means twice as large as the people living in Armenia (3.3 million). Following



the collapse of the USSR, the Armenian economy has been supported through funds provided mainly by Russian-Armenians and American-Armenians. The Armenian Lobby works to provide funding for Armenia and Nagorno-Karabakh from international donors and prevent Azerbaijan from receiving similar aid. In 2012, Armenia received 40 million USD, in addition 2 million USD for Nagorno-Karabakh, against the 20.9 million USD of Azerbaijan.<sup>17</sup>

Russia continues to be Armenia's strongest ally in the energy sector. The re-opening of Armenia's Metsamor Nuclear Power Plant in 1995 softened the energy shortages in Armenia, although the European Union frequently expresses its concerns and has called for its full closure. In 2007 the

Armenia is the only state of the Southern Caucasus to be **landlocked** and without natural resources.

European atomic energy agency, Euratom, launched official negotiations with the Armenian Ministry of Energy to consider shutting down the nuclear power plant. The Armenian government, however, sought something in exchange for closure, more than simply addressing the seemingly imminent environmental risks. The clearest signal came from Russia, and after establishing the joint Armenian-Russian company, MetsamorEnergAtom, Russia seems willing to help Armenia construct a new nuclear power plant to replace Metsamor.

The privatisation of the Georgian part of the Armenian-Russian natural gas pipeline (North-South pipeline) by the Georgian government has been one of the most debated issues in relation to Armenia's energy security. The debate focused heavily on the presence of Azerbaijan in Georgia, mainly by the State Oil Company of the Azerbaijan Republic (SOCAR) and its possible interests in buying the Georgian portion of the pipeline. Georgia is dependent on Azerbaijan in terms of energy provision and SOCAR controls a large amount of energy infrastructure in Georgia. What's more, SOCAR has the financial capacity to buy this pipeline. If Azerbaijan does buy this section, it would have the ability to suspend natural gas transportation at any time for "economic or technical" reasons; indeed the pipeline is quite old and needs urgent modernisation.

As one of the most landlocked countries in the world, Armenia has found itself even more isolated since the early 1990s, due to the severance of ties with Azerbaijan and Turkey (because of the occupation of Nagorno-Karabakh and adjacent regions which still under control of Armenian Armed Forces). Armenia has been excluded from the transportation of energy resources and regional energy projects due to hostile relations with Baku and Ankara. Armenia's geopolitical position looks

<sup>17</sup> Moniquet, Claude and Racimora, William (2013). "The Armenian Job: The role of Armenian lobby in the pattern of enmity in South Caucasus". *Report of European Strategic Intelligence Security Center*, 2013, pp. 15-26.



vulnerable, particularly in light of Azerbaijan's growing economic development. This isolation provides a heavy blow to the Armenian economy and bypasses the country from any projects intended for transportation of Caspian energy resources (e.g., BTC and BTE pipelines, as well as Southern Gas Corridor).

Of the three Southern Caucasus states, Armenia is the one that lacks both natural resources and access to the sea. Therefore, the country is mostly dependent on external factors, which has led to Armenia reinforcing its strategic alliance with Russia.

### **Military cooperation**

Russian-Armenian agreements are mostly signed in relation to military cooperation. Armenia hosts Russian military bases on its territory and Russian officers train Armenian military officers. Furthermore, Russia is known to be the main supplier of arms to Armenia. Moscow has also transferred a huge amount of

The Armenian government sold significant stakes in its infrastructure to Russia.

arms and military equipment from its bases in Batumi and Akhalkali in Georgia to Gyumri, during the evacuation of these military facilities. In particular, since the establishment of the Collective Security Treaty Organization (CSTO) in 2002, Russian-Armenian military cooperation

has been strengthened in the multilateral framework.

Another sign of Armenia strategic alliance with Russia is the fact that the Russian army still guards Armenia's borders. In addition, Russia doesn't pay a fee to Armenia for the Gyumri military base, as Armenia still has a significant financial debt owed to Russia. In 2010 Yerevan stated that Armenia and Russia intended to extend the treaty for the Russian base for up to 49 years. According to *AzerNews*: "In June 2011, Russia's Federation Council, the upper house of parliament, ratified a protocol extending the agreement signed on March 16, 1995 on the deployment of the Russian military base in Armenia from 25 to 49 years." All these factors make Armenia a satellite of Russia in the region, despite its independence.

Furthermore, on December 10th 2012, the Russian Federation suspended its use of Azerbaijan's Gabala Radar Station (GRS) due to the ineffectiveness of the agreement. No agreement was reached between Russia and Azerbaijan on the lease payment of GRS, which was reported to have reached almost 300 million US dollars. This means that the last Russian military presence and leverage in Azerbaijan has ceased to exist. Following the evacuation of Russian military officers from GRS, Moscow then reinforced its military presence in Armenia. According to Zaur Shiriyev, editor-in-chief of *Caucasus International*, "In 2002, both sides



signed an agreement whereby the GRS was approved as an 'analytical information centre', but Russia wanted to change the status to that of a military base – in fact, to make it part of its anti-ballistic missile system (ABM). Also, the CSTO agreed last December on the creation of collective ABMs on CSTO territories, enabling member countries to use its ABM-type military bases on a mutual basis. In theory, this would have meant that Moscow could have allowed Armenia to use the GRS in Azerbaijan."

### **Russian-owned**

In 2001 the Armenian newspaper *Haykakan Zhamanak* said that, "Although the Armenian government states that Armenia is just strategic partner of Russia, it is hard to only see strategic patterns in Russian-Armenian relations." Today, Russia is the main energy supplier of Armenia. It is not hard to prove the energy dependence of Armenia upon Russia, as the Hrazdan Power Plant and other industry infrastructure are controlled by Russia. This monopoly is examined not only in the energy sector, but also in the transport sector.

Because of its huge debts, the Armenian government has sold significant stakes of its industrial infrastructure to Russia including: the Armenian cement factory has been sold to the Russian Itera; control of the Metsamor Nuclear Power Plant was transferred to the Russian United Energy System company; the Armenian section of the Iranian-Armenian gas pipeline now owned by ArmRosGazpom; 90 per cent of the Armenian telecommunications company ArmenTel is owned by the Russian phone operator VimpelCom; 75 per cent of Armenian CallNet and Cornet companies is owned by the Russian Comstar Telesystem company; Armenian Armavia Airlines has been sold to the Russian Siberia Airlines and the Armenian railway system has been sold to the Russian South Caucasus Railway system. What's more, the Russian Ingosstrakh Company owns 75 per cent of Armenian Efes Insurance Company; the Russian state bank Vneshtorgbank owns 70 per cent of Armenian Armsberbank; the largest chemical factory in Armenia, Nairit, has been bought by the Russian Company Volgaburmarsh, while Armenia's biggest mining company Ararat Gold Recovery has been bought by the Russian Madneli Resources Company. Moreover, Russian energy giant Gazprom, RAO UES, RusAI and Alrosa have a remarkable control over industry, telecommunications, service, airways and rail infrastructure in Armenia. The Razdan Hydro-Power Plant and defence-related industries such as AOZT Mars and AOZT Yerevan Scientific-Research Institutes have also shifted under the control of Russia.

Another Russian leverage over Armenia might be potential membership of the Eurasian Union. Officially, Yerevan has not responded to this suggestion positively, with the main reason perhaps being the fact that Armenia does not have a common



border with Russia. Therefore, the indifferent position of both Azerbaijan and Georgia towards a new integration model (i.e. the Eurasian Union) in the post-Soviet space shackles Russia in its relations with Armenia.

Unless Armenia breaks from its dependence on Russia and makes a constructive step in the solution of the Nagorno-Karabakh conflict, the country won't be able to find its place in regional integration and will find itself becoming more isolated from its neighbours. Moreover, Serzh Sargsyan, who was re-elected for a second presidential term equates to a *"déjà vu"* effect in the current Armenian foreign policy, and along with the continuing freeze in the Nagorno-Karabakh conflict, this could potentially lead to the isolation of Armenia over the next five years. 🌹

Ilgar Gurbanov is an analyst on Russia and Energy Affairs  
for the Turkey-based think-tank *Strategic Outlook*.



Nominated  
for the 2012  
European Press Prize

**EUROPEAN  
PRESS  
PRIZE 2012**

**LOW RATE for students!**

# **New Eastern Europe**

New Eastern Europe's new subscription offer for all-level  
university students.

**20 euros (25 dollars) for 4 issues**  
including worldwide shipping

Be more **knowledgeable**  
in the classroom and beyond.

[www.readNEE.com](http://www.readNEE.com)

