

# MULTILEVEL DYNAMICS IN THE EU'S APPROACH TO PREVENTIVE ACTION IN ARMENIA

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IN ARMENIA

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## ACRONYMS

<b>CBMs</b>	Confidence-Building Measures
<b>CIS</b>	Commonwealth of Independent States
<b>CMPD</b>	Crisis Management Planning Directorate
<b>CPCC</b>	Civilian Planning and Conduct Capability
<b>CSDP</b>	Common Security and Defence Policy
<b>CSOs</b>	Civil Society Organisations
<b>EaP</b>	Eastern Partnership
<b>EEAS</b>	European External Action Service
<b>ENP</b>	European Neighbourhood Policy
<b>ESDP</b>	European Security and Defence Policy
<b>EUMM</b>	EU Monitoring Mission
<b>EUSR</b>	EU Special Representative
<b>OSCE</b>	Organization for Security and Cooperation in Europe
<b>PCA</b>	Partnership and Cooperation Agreement
<b>SITCEN</b>	Joint Situation Centre
<b>TACIS</b>	Technical Aid to the Commonwealth of Independent States
<b>TEPSA</b>	Trans European Policy Studies Association
<b>TRACECA</b>	Transport Corridor Europe – Caucasus – Asia

## EXECUTIVE SUMMARY

This report focuses on the EU's role in conflict prevention and early warning in Armenia, looking at EU engagement, both in its bilateral and multilateral frameworks. A mutually complementary perspective is adopted in the analysis of EU-Armenia relations, including domestic reforms, regional relations and conflict resolution/transformation policies. The development of a partnership between the EU and the wider region of the South Caucasus has raised expectations for peace and stability in the pan-European space, building on the EU's presence and active policies. By looking at EU early warning and preventive diplomacy in Armenia, this report seeks to highlight the challenges and opportunities of EU policies, instruments and action, assessing the impact of EU engagement in preventive terms and with regard to the goal of promoting security and stability. The report advances policy recommendations for areas where there is room for improvement.

## INTRODUCTION

EU relations with the South Caucasus region have been strengthening in the framework of the European Neighbourhood Policy (ENP) and the Eastern Partnership (EaP). In this framework, the EU has increasingly taken on a security role in its neighbourhood, dealing with both structural approaches to peace and conflict prevention and short-term crisis-management initiatives. The EU has been actively supporting political and economic reforms in Armenia, promoting the Europeanisation of the Armenian political space and supporting processes of normalisation of regional relations, namely with Turkey and with the other South Caucasus neighbours, especially Azerbaijan. Relations with Russia are also a fundamental aspect in the consolidation of a broader area of stability in the common neighbourhood and particularly relevant in the case of Armenia. The analysis of the EU's role in conflict prevention and early warning in Armenia therefore has to be assessed from this mutually complementary perspective: domestic reforms, regional relations and conflict resolution/transformation policies. The development of a partnership between the EU and the region has raised expectations for peace and stability in the pan-European space that builds on the EU's presence and active policies.

This report looks at EU early warning and preventive diplomacy in Armenia, seeking to highlight the possibilities and limits of EU policies, instruments and action. Addressing the EU's relations with Armenia in this context, the report seeks to explore the main issues in the agenda, within both the bilateral and multilateral frameworks of EU engagement. This is done according to the ENP and EaP to assess the EU's early warning and conflict-prevention role in the case of Armenia. Political and security issues, related to the ongoing conflicts in the region and internal democratisation reform processes, as well as economic and social matters, mainly reflecting domestic indicators, are the focus of analysis. Additionally, the report addresses institutional relations and the multiple levels in which these take place, both in Brussels and in the field, as well as in the interrelation between them both. Thus, the report aims to clarify the setting, frame EU-Armenia relations and advance policy recommendations regarding areas where there is room for improvement.

This report was developed within the Initiative for Peacebuilding – Early Warning project from September 2010 to June 2011. The authors, from the Centre for Social Studies (Portugal), conducted research interviews between January and May 2011, with EU officials from the European External Action Service (EEAS), the European Commission, the Council of the EU and EU Delegations, as well as representatives of EU Member States, both in Brussels and the South Caucasus. The authors also conducted interviews with governmental representatives of the Republic of Armenia in Brussels and government officials in Yerevan. Interviews were also conducted with officials from other international organisations and civil society representatives in Armenia. The authors also built on previous field research gained in the South Caucasus since 2006.



# 1. EU POLICIES IN THE SOUTH CAUCASUS

The inclusion of the South Caucasus in the ENP in 2004<sup>1</sup> was a turning point in the development of EU relations with the countries in the region. Previous attempts to engage the EU with issues of regional security, through the development of a Stability Pact for the South Caucasus,<sup>2</sup> or the European Parliament recommendations that the EU take on a more active role in the protracted conflicts, namely through the appointment of an EU Special Representative (EUSR),<sup>3</sup> remained underdeveloped and scattered, lacking a broader framework within which a coherent regional strategy could develop. Nevertheless, the inclusion of the South Caucasus countries in the ENP underlined the importance that stabilisation and conflict resolution in the region have for European security in general, as pointed out in the European Security Strategy.<sup>4</sup> Starting from a framework that marked the first years of relations between the EU and independent countries from the Commonwealth of Independent States (CIS), stabilisation evolved from development assistance under the Technical Aid to the Commonwealth of Independent States (TACIS) programme, to Partnership and Cooperation Agreements (PCAs), centred on closer political and economic dialogue. These were enhanced by ENP Action Plans and the Association Agreements under the EaP, currently under negotiation and which reflect a willingness to better coordinate efforts and policies towards the region.<sup>5</sup> In fact, the new agreements are understood as overcoming the technical character of the PCA and adding a substantial political dimension with new issues included, such as justice, visa-facilitating procedures and migration, as well as being a legal document which attests to what is described as an EU declaration of interest in Armenia.<sup>6</sup> Overall, the EU took on a more proactive approach in the region, engaging in policy reforms and stabilisation policies.

We can refer to the EU's structural approach to the stabilisation of its eastern neighbourhood, including the South Caucasus, as building on a long-term, normative and institutional approach, concerned with capacity building and the establishment of a shared community of practices. This is a view that sees conflict prevention and conflict transformation as a fundamental part of the EU's work with its neighbours, following the model developed for enlargement. Unlike relations with other international actors in the region, EU involvement through the ENP has the potential to work as an added factor pushing for reforms at the political, economic and security sector level. As Emerson and Noutcheva have pointed out, 'European integration is a distant but conceivable prospect; integration with the US is not'.<sup>7</sup>

This issue is part of a fundamental reflection on the ability of the EU to enter the complex context of South Caucasus regional politics from a cooperative and constructive perspective, avoiding competition. As the EU's interests in the South Caucasus become clearer, including issues of energy security, control of transnational flows and the development of new markets and economic partners, it also becomes apparent that the expansion of the EU's "normative empire"<sup>8</sup> raises barriers to other actors' presence in the region and creates dilemmas

1 European Commission (2004). 'European Neighbourhood Policy, Strategy Paper', Communication from the Commission, COM(2004) 373 final, Brussels, 12th May.

2 S. Celac, M. Emerson and N. Tocci (2000). 'Stability Pact of the South Caucasus'. Brussels: Centre for European Policy Studies, 15th January.

3 D. Lynch (2003). 'The EU: Towards a strategy'. In D. Lynch (Ed.). *The South Caucasus: A challenge for the EU*. Chaillot Papers No. 65. Paris: Institute for Security Studies. p.183.

4 European Security Strategy (2003). 'A secure Europe in a better world', Brussels, 12th December.

5 M. R. Freire and L. Simão (2006). 'Политика ЕС в отношении республик Закавказья: в поисках общего в неоднозначной ситуации' [The EU's neighbourhood policy towards the Southern Caucasus: Searching for commonality in a patchy scenario], *Comparative Constitutional Review Journal*, Vol. 57, No. 4, pp.136–44 (in Russian); Y. Demirag (2004–05). 'EU policy towards South Caucasus and Turkey', *Perceptions*, Vol. IX, No. 4, p.96.

6 Interview, Paruyr Hovhannisyan, European Friends of Armenia, Brussels, 17th January 2011.

7 M. Emerson and G. Noutcheva (2004). 'Europeanisation as a gravity model of democratisation', Centre for European Policy Studies, *Working Document No. 214*, November, p.17.

8 Z. Laidi (2008). 'The normative empire: The unintended consequences of European power', *Garnet Policy Brief* No. 6, February.

for local partners' foreign policy choices.<sup>9</sup> The EU's views on conflict prevention represent one such area where competing perspectives persist and where the need for substantiation of effective multilateralism is more urgent. The sharing of intelligence and analysis among EU Member States, and between them and other international partners, such as the US, Russia or the Organization for Security and Cooperation in Europe (OSCE) and the UN Development Programme, would facilitate an integrated approach, but is far from being a reality.

Conflict prevention and early warning are also closely linked to the ability to promote and develop regional cooperation with and among the South Caucasus states. The authors of this report have argued elsewhere that 'the artificial labeling of the South Caucasus does not reflect a cohesive regional group with easily identifiable linking ties among the regional players, but that despite this fact, the reasoning for regional cooperation exists'.<sup>10</sup> In fact, the extension of the ENP to the countries of the South Caucasus renders the EU a privileged partner for the promotion of regional cooperation.<sup>11</sup> This has been one of the EU's most advantageous forms of external relations with its neighbours, seen both as a fundamental step in the development of stable economic and peaceful neighbourly relations. Therefore, any regional approach to the South Caucasus must bear in mind the fault lines that run through the region (ethnic, linguistic, historical) as well as the deep interdependence in security issues among the region and its neighbours, forming a security complex.<sup>12</sup>

The EU has also sought to improve economic development by fostering a regional cooperative approach. This has included support for the opening of closed borders (currently the borders between Georgia and Russia, Armenia and Azerbaijan, and Armenia and Turkey are closed) which clearly hamper economic cooperation, as well as the development of regional projects, such as the restoration of the rail links between Baku (Azerbaijan), Gyumri (Armenia) and Tbilisi (Georgia), according to the plan established in the Transport Corridor Europe – Caucasus – Asia (TRACECA) programme. Such projects have great potential for conflict prevention and conflict transformation, and are ideally suited to the EU's capabilities.<sup>13</sup> The "normative empire" the EU seeks to expand through the ENP has the potential to be substantiated by fundamental changes in the daily living conditions of the populations in the region.

Considering these difficulties, it is necessary for the EU to unpack regional labelling and strike a balance between differentiation and a regional approach, which the Armenian authorities consider to be irreconcilable in practical terms, resulting in a loss of resources and in a double-standards approach.<sup>14</sup> The "South Caucasus" label has on occasion created distorted perceptions of the area, favouring regional approaches that do not always take into account the much-differentiated realities of the three countries. The balance between bilateral and regional approaches has been a key challenge of the ENP in the South Caucasus. In our view, at the bilateral level, the negotiations of the ENP Action Plans should not have been dependent on one another. In fact, the competitive reforms approach was limited by the different expectations each of the South Caucasus neighbours had towards European integration. We believe this was also the EU's understanding, considering the changes implemented under the EaP, mainly foreseeing the possibility for different rhythms of integration.<sup>15</sup> On the other hand, at the regional level, the existence of security interdependence, which we have called a security complex and which requires security cooperation, should be acknowledged. However, the ENP alone cannot address the main obstacles to regional cooperation in the South Caucasus, which are, primarily, protracted conflicts.

9 For example, with regard to judicial reforms, Armenia faced fundamental choices between reforming according to European standards (ENP Action Plan) or the American model (Millennium Challenge Account). Interviews, Viktor Yengibaryan, European Movement Armenia, Yerevan, 13th May 2011; Silvia Maria Zehe, Desk Officer for Armenia, European Commission, Brussels, 10th July 2007.

10 L. Simão and M. R. Freire (2008). 'The EU's neighborhood policy in the South Caucasus: Unfolding new patterns of cooperation', *Caucasian Review of International Affairs*, Vol. 2, No. 4, p.48.

11 Interviews, Armen Liloyan, Head of the European Union Division, Ministry of Foreign Affairs of Armenia, Yerevan, 10th May 2006; Valery Mbrtannian, Director, International Organisations Department, Ministry of Foreign Affairs of Armenia, Yerevan, 10th May 2006; Garik Adamyan, Director of the TACIS National Coordination Unit at the Ministry of Finance and Economy, Yerevan, Armenia, 9th May 2006.

12 'Security complex is defined as a set of states whose major security perceptions and concerns are so interlinked that their national security problems cannot reasonably be analyzed or resolved apart from one another. The formative dynamics and structure of a security complex are generated by the states within that complex – by their security perceptions of, and interactions with, each other'. B. Buzan, O. Wæver and J. de Wilde (1998). *Security: A new framework for analysis*. Boulder: Lynne-Rienner Publishers, p.12. (Emphasis in the original).

13 N. Tocci, B. Gültekin, L. Simão and N. Tavitian (2007). 'The case for opening the Turkish-Armenian Border', Study for the Foreign Affairs Committee of the European Parliament, made under the framework contract with the Trans European Policy Studies Association (TEPSA), July.

14 Interview, senior Armenian official, Yerevan, Armenia, 12th May 2011.

15 For more information, please see [http://www.eeas.europa.eu/eastern/platforms/index\\_en.htm](http://www.eeas.europa.eu/eastern/platforms/index_en.htm) and [http://www.eeas.europa.eu/eastern/initiatives/index\\_en.htm](http://www.eeas.europa.eu/eastern/initiatives/index_en.htm)

## 2. THE CASE OF ARMENIA: INTERNAL AND EXTERNAL DYNAMICS IN THE COUNTRY'S TRANSITION

The Armenian transformation from a Soviet republic into an independent national state is not yet complete. The complexity of transition in its endogenous and exogenous dimensions faces several limits which hamper the consolidation of a democratic path. The local elites, similar to the majority of post-Soviet countries, have accumulated political and economic power which has direct implications for the decision-making process, including issues of participation and representation, central to democratic transition. A 'so called "economy of favours" – [...] used by people to gain access to institutional resources, obtain goods and services, secure their civil rights and influence decision-making'<sup>16</sup> has developed, hampering public participation and trust in state institutions. To illustrate these dynamics, the "so-called" Karabakh clans have been in power since 1998 when President Kocharian, who served as a military field commander in the war with Azerbaijan, was elected president. He was followed by his close ally Serzh Sargsyan, the president since 2008. The lack of a definitive solution to the Karabakh conflict has also weighed on the Armenian economy and many would favour a compromise that would change the regional situation of isolation. Moreover, this would also reduce the power of these clans and families from Karabakh, closely linked to the entourages of the last two presidents, an issue that has caused resentment in Armenia.<sup>17</sup>

Domestic politics have thus been tightly connected to weak civic participation, the non-existence of multiparty political and civic groupings, and in certain cases the violation of fundamental rule of law principles. This results in what has been called 'low intensity democracy',<sup>18</sup> where popular mobilisation is discouraged and the governing authorities remain widely discredited. Moreover, a growing militarisation of the Armenian state has been accepted as a 'natural and not particularly dangerous'<sup>19</sup> trend, although at some point the question has been raised of how far the military has become an agent of regime security rather than national security.<sup>20</sup> In this setting, a fundamental challenge is to "governmentalise" the executive by fostering processes of 'professional policy making and effective policy management',<sup>21</sup> in order that Armenian politics might respond to both internal demands and international challenges.

The rationale for national security in Armenia is deeply rooted in the Nagorno-Karabakh conflict and its implications, with the implicit feeling of isolation which prevents Armenia from integrating and benefiting from the political and economic opportunities presented by international and regional contexts. The Karabakh conflict, the consequent trade embargo imposed by Turkey in 1993 and difficulties associated with the post-independence process have left Armenian society and the state structure in a frail condition to undertake reforms. Core Armenian foreign policy principles have been maintained since independence and the integration of Armenia into the

16 A. Lebedeva (1998). *Russia's economy of favours*. Cambridge: Cambridge University Press, cited in B. V. Babajanian (2005). 'Civic participation in post-Soviet Armenia', *Central Asian Survey*, Vol. 24, No. 3, September, p.267.

17 B. Whitmore (2008). 'Armenia: Crisis spotlights "Karabakh Clan"', RFE/RL, 5th March, accessed 24th July 2011. Available at <http://www.rferl.org/content/article/1079586.html>

18 See B. Gills, J. Rocamora and R. Wilson (1993) (Eds.). *Low intensity democracy: Political power in the new world order*. London: Pluto Press.

19 R. Giragosian (2006). 'Repositioning Armenian security and foreign policy within a region at risk', Armenian International Policy Research Group, *Working Paper No. 06/07*, March.

20 *Ibid.*

21 A. Khurshusyan (2003). 'Decision making process in Armenia: Legislature'. Available at [www.policy.hu/khurshud/Final\\_paper.doc](http://www.policy.hu/khurshud/Final_paper.doc)

international community has been underlined as a strategic goal,<sup>22</sup> allowing a new opportunity for Armenia to break away from isolation. Adding to this objective, after 11th September 2001 Armenia formulated the concept of “complementarity” as a formula to accommodate links with Russia, regional interests and the new proximity policy to Euro-Atlantic structures,<sup>23</sup> a foreign policy alignment that current president Serzh Sargsyan has been pursuing.

Six principles for conflict settlement regarding the Nagorno-Karabakh conflict have been agreed, including a provision on a referendum on the level of autonomy (plebiscite or other forms of popular consultation, as the Azerbaijani constitution does not allow for a referendum to take place), with discussions on the final political status to follow this referendum; the return of refugees; the maintenance of a linking corridor between Armenian territory and Nagorno-Karabakh; the demarcation of territorial boundaries, envisaging exchange of land. Nevertheless, despite having been agreed in principle, the document has not been ratified. The cases of Kosovo, Abkhazia and South Ossetia set a precedent that the authorities in Azerbaijan fear might make it difficult to find a solution to suit its own interests. The failure of the Kazan’ peace talks on 25th June 2011 and the escalation in tension that ensued do not augur well for imminent progress at the political level.

The process of rapprochement that was initiated between the Armenian and Turkish authorities, understood initially as a facilitator to the Karabakh process, revealed a further obstacle as it implied an eventual shift in regional leverage. As underlined by Turkish scholar Nigar Goksel, ‘the normalisation in this region [including the South Caucasus and Turkey] is a dialectic process. Try as we may, none of us can evolve alone; we need to evolve together’.<sup>24</sup> This acknowledgement is far from being a reality among political circles in this region and among external powers, including the EU. The normalisation process of relations between Turkey and Armenia has been a radical exception to the trend of protecting entrenched interests in the prevailing status quo, but it was the exception that proved the rule. In fact, the process has stalled and there is little expectation that the ratification of the diplomatic protocols by the Armenian and the Turkish parliaments will take place as long as there is no signed agreement on a Document on Basic Principles for the settlement of the Karabakh conflict. The interlinkages between the two issues have been clear from the outset, despite commitment to the normalisation process “without preconditions” by both parties, with support from mediators.<sup>25</sup> The outcome of the failed and, in the opinion of many, rushed and inattentive mediation process has been a sharp deterioration of Armenian-Turkish relations and a generalised negative rhetoric.<sup>26</sup> Although the chances for this conflict to ignite into a violent confrontation have been reduced, it is clear that it plays a fundamental part in the normalisation process of relations in this region.

Therefore, the Karabakh conflict remains unsettled, relations with both Azerbaijan and Turkey are tense, there have been difficult relations with Georgia, and cooperative relations with Iran and Russia, despite elements of divergence, have on occasion contributed to further exacerbate differences. In addition, the EU and the US have also become engaged in the South Caucasus, with their involvement amounting to economic, political and even military issues. This difficult regional context is a fundamental aspect to take into consideration when assessing EU possibilities and limitations in Armenia, since the weight of regional relations, or the lack thereof, can directly impair EU policies and actions in the country.

Key aspects in the decision to enhance relations with the EU were Armenia’s identification with Europe through historical ties and a sense of unprecedented opportunity for economic integration and political support from a strong and reliable partner directly involved with the country’s most problematic neighbours. The benefits

22 T. G. Petros (2003). ‘Evolution of Armenia’s foreign policy’, Armenian International Policy Research Group, *Working Paper No. 03/13*, pp.3–4.

23 M. R. Freire and L. Simão (2008). ‘The Armenian road to democracy: Dimensions of a tortuous process’, Centre for European Policy Studies, *Working Document No. 267*, May.

24 N. Goksel (2011). ‘Turkey’s Nagorno Karabakh conundrum’, *Journal of Conflict Transformation*, Caucasus Edition, 1st June.

25 The Nagorno-Karabakh conflict official mediation is assured by the OSCE Minsk Group, co-chaired by France, the Russian Federation and the US. The permanent members of the Minsk Group include Belarus, Germany, Italy, Sweden, Finland and Turkey, as well as Armenia and Azerbaijan and, on a rotating basis, the OSCE Troika. See OSCE webpage at <http://www.osce.org/mg/66926>

26 A member of Armenian civil society underlined that ‘The Protocols [between Armenia and Turkey] fell apart because both sides thought they could simplify it. Now we are at a negative position. Mediators will be more scared to try again and they should be’. Interview, Armenian CSO representative, Yerevan, 13th May 2011.

of maintaining a “declaratory democracy”<sup>27</sup> have sufficed for Armenia to keep some level of support from and engagement with the West, though it is not clear how valid this strategy might prove to be in the EaP context. In fact, the policy of conditionality underlying the EaP might work positively in pressuring the Armenian authorities to accept a more accountable system and fill democratic discourse with substance. The enhancement of economic cooperation by the EU based on a set of agreed principles shared by all EaP countries might set a common platform of minimal shared procedures for action which would benefit EaP countries. However, by empowering a set of norms and practices according to its Europeanisation model, the EU establishes common patterns, which in the end may consist of a simple download of “ways of doing” that may turn out to be too distanced from current Armenian political dynamics. In this way, it is essential for the EU to be sensitive to the reality of Armenian politics when attempting to implement proposed actions.

Russia is a central player in the area with leverage over the Armenian authorities and the Nagorno-Karabakh conflict in particular. It is also part of the Minsk Group (a mechanism for conflict settlement under OSCE auspices), where it is responsible for mediation of the conflict, together with the US and France. Russian interests towards the conflict have been described as ‘maintaining stability and peace in the region’,<sup>28</sup> although this does not necessarily mean the resolution of the conflict. In addition, Russia is central to Armenian security, since Yerevan is part of the CIS and part of the Collective Security Treaty. This has allowed for substantial transfers of military equipment to Armenia, namely from the closure of Russian military bases in Georgia and maintenance of the Russian military on the Armenia-Turkey and Armenia-Iran borders. The strong Russian presence in Armenia has implications both internally and in regional dealings; therefore, it is a factor that must be taken into account when identifying policy areas and instruments to address Armenia's democratisation process, as well as political efforts towards finding a settlement for the Nagorno-Karabakh conflict or the re-establishment of diplomatic relations with both Azerbaijan and Turkey.

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27 Meaning that Armenia retains a formal democracy and formally agrees to democratic reforms, to which it in fact fails to implement and give substance.

28 Interview, Maria Babayan, Russian Affairs Department, Ministry of Foreign Affairs of Armenia, Yerevan, 10th May 2006.

### 3. EU ROLE IN EARLY WARNING, EARLY ACTION AND CONFLICT PREVENTION IN ARMENIA

Before looking more closely at the EU's instruments for early warning and conflict prevention in Armenia, it is important to assess the main sources of potential instability and violent conflict in Armenia. This report underlines three main dimensions which need to be the structuring elements of any such EU policy. The first is the domestic level, including close monitoring and engagement with domestic political and economic actors, to assess the pace and development of Armenia's democratisation process. The second is relations with Turkey, including the stalled normalisation process of relations between the two neighbours. The final dimension is by far the most important issue in Armenian and regional security and relates to the Nagorno-Karabakh conflict and relations with Azerbaijan. In all these issues, there has been demand for clearer EU policy and growing engagement, putting pressure on the EU's instruments for the neighbourhood and its ability to define coherent policies in close cooperation with other international actors, as defined in the EU's foreign policy goal of effective multilateralism.

Speaking in London in May 2011, Raffi Hovannisian, one of the main opposition figures in Armenia, underlined some factors impairing Armenia's democratisation process, namely the lack of a strong rule of law, the contested nature of the transfer of power since independence, the fusion of power and money, and the focus on security over democracy.<sup>29</sup> These challenges regarding the rule of law and independence of the judiciary have been underlined by the EU's ENP reports as being of key importance to bringing Armenia closer to EU standards.<sup>30</sup> The 2009 report notes serious violations of electoral practices after years of close consultation and monitoring by the Council of Europe, the EU and the OSCE, as well as instances of police abuse, attempts to control the media and poor dialogue with civil society organisations (CSOs). Although none of these issues *per se* might constitute a potential source of violent conflict, events in March 2008<sup>31</sup> illustrate the fragility of social and political peace in Armenia, a situation that could deteriorate under the weight of the effects of the global financial crisis. The Armenian authorities underline the lack of tangible results for society from the ENP process, with the issue of visas cited as a fundamental example.<sup>32</sup>

At the regional level, the EU's political contribution to pushing its two ENP partners, Armenia and Azerbaijan, and its EU-accession partner, Turkey, into a concerted position towards peace and normalisation could play a role in regional stability. In the case of Turkey's accession process, issues such as the promotion of good neighbourly relations, trade liberalisation and freedom of expression could have a positive impact on Turkey-Armenia relations.<sup>33</sup> Within the ENP, Armenia is also committed to conflict resolution and this implies acknowledgement of legitimate Turkey-Azerbaijan relations and concerns. The increasing relevance of Turkey for the EU's energy

29 R. Hovannisian (2011). 'Armenia's domestic and regional challenges', REP Roundtable Summary, Chatham House, May, accessed on 27th June 2011. Available at <http://heritage.am/pr/100511-4/Hovannisian.pdf>

30 'Implementation of the European Neighbourhood Policy in 2009, Progress Report Armenia', Commission Staff Working Document, SEC(2010) 516, Brussels, 12th May 2010, p.3.

31 In February 2008 Armenia held presidential elections. After the preliminary results were announced, the opposition, led by Armenia's first president after the break-up of the Soviet Union Ter-Petrosyan, took to the streets demanding a series of measures to put an end to what was described as electoral fraud. On 1 March there was widespread use of force to disperse the demonstrations: ten people died and several opposition leaders were arrested. At the same time, violence erupted on the contact line on the border between Nagorno-Karabakh and Azerbaijan, raising concerns of generalised instability and violent escalation in the region.

32 Interview, senior Armenian official, Yerevan, 12th May 2011.

33 'Turkey's accession negotiations: Where Armenians fit in', *Inside Europe*, accessed on 27th June 2011. Available at <http://www.insideeurope.org/eu-policies/enlargement/turkeys-accession-negotiations-where-armenians-fit-in/>

security could either be a stabilising or destabilising factor in its involvement in the conflict-resolution process. This could lead to the EU developing a clear stake in long-term regional stability and committing resources and time to normalising regional relations, but it could also result in a focusing on short-term access to energy, for example, marginalising the hard issues associated with the processes of conflict resolution. The costs in terms of reputation and stability for the EU could be very high if the lack of a lasting stabilisation force in the EU's neighbourhood becomes evident.

The final and the most serious threat to peace in Armenia is the decades-long conflict with Azerbaijan over the territory of Nagorno-Karabakh. After more than two decades of conflict and mediation efforts to bring about a peace agreement, the sides to the conflict have failed to achieve peace. The EU is not a member of the OSCE Minsk Group and most Armenians interviewed feel there is no need to change this.<sup>34</sup> The lack of effective mechanisms to define EU foreign policy choices presents an obstacle to the EU taking over the mediation position held by France. This does not mean, however, that the EU is not actively following mediation efforts.

The individual ENP Action Plans negotiated with the South Caucasus countries established goals dealing with conflict resolution, which referred to a 'shared responsibility towards conflict prevention and conflict resolution'.<sup>35</sup> EU-Armenia and EU-Azerbaijan Action Plans state the EU's 'strong commitment to support the settlement of the Nagorno-Karabakh conflict. [...] The EU is ready to consider ways to strengthen further its engagement in conflict resolution and post conflict rehabilitation'.<sup>36</sup> The proposals include support for OSCE Minsk Group conflict settlement efforts; the possibility of providing EU support for humanitarian and de-mining initiatives; measures to assist refugees and internally displaced persons; active involvement of civil society; cooperation in support of conflict resolution with the EUSR for the Southern Caucasus.<sup>37</sup>

In fact, the EU's most relevant tool to accompany and contribute to conflict resolution in the South Caucasus is the EUSR,<sup>38</sup> a position held by the Swedish diplomat Ambassador Peter Semneby from 2006 to 2011. He was particularly active in Georgia's conflicts, but according to most perspectives failed to substantially contribute to conflict resolution in the Nagorno-Karabakh dispute.<sup>39</sup> The fact that he never travelled to Karabakh is often cited as having been a serious limitation to the implementation of his mandate. Moreover, this also limited the possibilities for the EU to be seen on the ground as a relevant security actor, namely by the *de facto* Karabakh authorities.<sup>40</sup> The termination of the position in February 2011 was regarded as a natural consequence of the lack of results, even if the absence of a EUSR for the region was seen there as a sign of the decreasing importance of the Caucasus in the post-Lisbon Treaty EU. The EU itself seems to have acknowledged those feelings and has indicated that a new EUSR will be appointed as of 1st September 2011<sup>41,42</sup>

The EU has also been expected to play an important role in post-conflict rehabilitation and the provision of international security guarantees, once an agreement has been reached, as well as in the preparation of both societies for peace. For this last goal, work with CSOs is an essential complement to work conducted with political leaderships and a fundamental source of information.<sup>43</sup> A report on this issue underlined that, while there had been some work with local CSOs in Armenia, it was not until 2008 that the EU began directly financing and engaging with CSOs in Azerbaijan, and there were no projects being run with CSOs from Nagorno-Karabakh until

34 Interviews, senior Armenian diplomat, Brussels, 17th January 2011; Paruyr Hovhannisyanyan, European Friends of Armenia, Brussels, 17th January 2011.

35 EU-Armenia ENP Action Plan (2006) and EU-Azerbaijan ENP Action Plan (2006).

36 *Ibid.*

37 EU-Armenia ENP Action Plan (2006) and EU-Azerbaijan ENP Action Plan (2006).

38 Interviews, senior Armenian diplomat, Brussels, 17th January 2011, mentioning that the EUSR was the best source of information despite not being clearly mandated with conflict resolution; EU official, Council Secretariat, Brussels, 5th May 2009; Paruyr Hovhannisyanyan, European Friends of Armenia, Brussels, 17th January 2011.

39 Interviews, EU senior official, Yerevan, Armenia, 12th May 2011; Armenian senior official, Yerevan, Armenia, 12th May 2011.

40 Interviews, Karlen Avetisyan, Permanent Representative of the Nagorno-Karabakh Republic in Armenia, Yerevan, 1st April 2009; David Babayan, Head of Information Department, Nagorno-Karabakh Republic Presidential Office, Stepanakert, 7th April 2009.

41 'EP hearing clarifies hopes and fears for Kazan summit on Karabakh', Press Release, European Friends of Armenia, Brussels, 16th June 2011.

42 Research for this report was carried out between September 2010 and June 2011. A new EUSR to the South Caucasus, Philippe Lefort, was appointed on 1 September 2011.

43 L. Montanaro and J. Schünemann (2011). 'Walk the talk: The EU needs an effective early warning system to match its ambitions to prevent conflict and promote peace'. *IFP-EW Cluster: Improving Institutional Capacity for Early Warning*. FRIDE/International Alert, February, p.19.

2009.<sup>44</sup> For the projects underway with CSOs, there is a risk that the lack of results in the peace process might discredit their activities, along with issues of co-option and politicisation, of which the EU must be aware. The reforms promoted under the ENP process can be seen as part of the structural approach of the EU to security and in the long run could work as an incentive for democratic participation, regional economic integration and a commitment to peaceful regional relations. However, this will be a long-term process, with limited capacity for conflict prevention in the short term, and clearly focused on a crisis-management approach.

The EU should therefore engage in preventive actions that allow peacebuilding to take place regarding this 'unstable stable situation',<sup>45</sup> so that, once a political solution has been negotiated, the conditions will be in place to provide the actual terms agreed with a sustainable basis for development. In fact, the EU has been closely coordinating with the OSCE High Level Planning Group in Vienna, and the Civilian Planning and Conduct Capability (CPCC) and Crisis Management Planning Directorate (CMPD) have been planning scenarios (until recently in collaboration with the EUSR) for a possible deployment of EU peacekeeping forces, if an agreement were to be signed by the Armenian and Azerbaijani presidents.<sup>46</sup> However, the EU has also stipulated that it would not take on any major role beyond confidence-building measures (CBMs) until an agreement were signed by the parties, and that the potential deployment of a peacekeeping mission on the ground was in the current setting a 'non-issue'.<sup>47</sup>

This ambiguous position does not add confidence to a peace process and regional relations clearly marked by lack of trust. Even at the level of CBMs, the EU has been very careful in the projects it supports. This is partly because its presence in the region is relatively recent, considering that the first EU Delegations in both countries were inaugurated in 2008. There is a clear need to build trust with the political leaders of the region.<sup>48</sup> Another major factor preventing the EU from pushing its CBMs agenda more forcefully is linked to the interests of EU Member States in the region. These include both energy contracts with Azerbaijan and the powerful Armenian diaspora acting in some EU countries, particularly in France. As one European Commission official has put it, 'sometimes it seems the EU is too balanced, always trying to please everyone, and in the end it gets blocked in its ability to act'.<sup>49</sup>

Another fundamental aspect in the EU's approach to Armenia and the South Caucasus is the balancing act between regional and bilateral approaches. This is fundamental for conflict prevention and early warning, as the EU needs to strike a balance between the internal dynamics in each of these countries and the broader regional dynamics. One central issue in this regard is the articulation between Brussels, EU Member States and EU Delegations on the ground. The gathering of information needs to be streamlined and prioritised between these different levels so that they can work in a mutually reinforcing way. The Lisbon Treaty advances concrete proposals in this direction, strengthening the EU's political presence on the ground, namely through the upgrading of EU Delegations. This is a very welcome sign, but it carries short-term risks, most significantly that, in the process of changing the institutional setting in the region, the EU could lose know-how, institutional memory and privileged links with local actors. In the meantime, the Delegations in Armenia and Azerbaijan are still understaffed, particularly with regard to political advisors, which increases the danger that the signs of instability on the ground could be being neglected as the EU adapts to its new institutional structure. Another risk is that EU Member States and the Council of the EU might fail to design a coherent strategy for the region and as a consequence not take concrete political decisions needed on the ground. Without political leadership, the Delegations and other EU instruments would be seriously constrained in their ability to act effectively. Without such a clear strategy, the EU's ability to articulate its actions with other international actors would also be curtailed, both in Brussels and on the ground.

44 L. Simão (2010). 'Engaging civil society in the Nagorno-Karabakh conflict: What role for the EU and its neighbourhood policy?' *MICROCON Policy Working Paper No. 11*, Brighton: MICROCON, p.28. Interviews, EU senior official, Brussels, 18th January 2011; Karin Gatt-Rutter, EEAS, South Caucasus Team Coordinator and Azerbaijan Desk, Brussels, 19th January 2011. In 2009 as a consequence of criticisms about lack of EU direct engagement in Nagorno-Karabakh, the EU approved a small project under the Instrument for Stability named 'European Partnership for Nagorno-Karabakh', promoting the gathering of local civil society actors, including media representatives and parliamentarians, among others, with EU counterparts and underlining a confidence-building rationale. Despite signalling an acknowledgement of the need for EU engagement in Nagorno-Karabakh, this project is clearly a symbolic gesture, and was perceived by the authorities in Stepanakert as too little, too late.

45 Interview, Lieutenant-Colonel Helge Westphal, EEAS, Council of the European Union, Crisis Management and Planning Directorate, 17th January 2011.

46 Interview, EU Council senior political advisor, Brussels, 18th January 2011.

47 Interview, EU Member State Ambassador to the Political and Security Council, Brussels, 17th January 2011.

48 Interview, European Commission official, Baku, 27th March 2009.

49 Interview, European Commission official, Brussels, 5th May 2009.



Another fundamental challenge to the EU's ability to act as a conflict-prevention actor in Armenia is the trend towards prioritising crisis management over conflict prevention. The EU, within the framework of long-term stabilisation for its neighbourhood, should make a clear commitment to structural stability in these regions, including advocacy of preventive action. The former EU Commissioner for the ENP, Benita Ferrero-Waldner, underlined the achievements of the EU in its crisis-response capabilities: 'The European Union has a comprehensive range of tools at its disposal for crisis management. To maximise their impact we must ensure that at every stage, from planning to the final stages of implementation, Member States, Council Secretariat and Commission work closely together. We have to focus on ensuring all instruments, not only our rapid reaction programmes but also our long-term development assistance, humanitarian assistance and ESDP rule of law, police and military missions, are carefully coordinated and complementary.'<sup>50</sup> A similar commitment to prevention that is as wide-ranging as the one on crisis management would be less costly and would have higher chances for success.<sup>51</sup>

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50 B. Ferrero-Waldner (2007). 'From early warning to early action: Developing the EU's response to crisis and longer-term threats', Speech by Benita Ferrero-Waldner, European Commissioner for External Relations and European Neighbourhood Policy, at the Conference 'From early warning to early action: Developing the EU's response to crisis and longer-term threats', Brussels, 12th November.

51 L. Montanaro and J. Schünemann (2011). *Op. cit.* p.19.

## 4. RECOMMENDATIONS

This complex Armenian setting, where the EU's preventive role is under assessment in a multilevel format combining national and regional levels, requires a creative approach from the EU, capable of responding to both short- and long-term challenges, as well as designing opportunities to promote stability and an enhanced security environment. In this regard, this section focuses on recommendations to improve the EU's capabilities in early warning and action in the context of Armenia, pushing forward the linkages between prevention and peacebuilding.

- There is clearly a need to foster a strategic culture of conflict prevention that complements EU action.<sup>52</sup> As the EU's Gothenburg programme for the prevention of violent conflict celebrates its tenth anniversary,<sup>53</sup> the achievements of the EU in terms of conflict prevention are still to be consolidated. There have been important steps towards the creation of prevention mechanisms, such as the development of security sector reforms, the nexus between development and security and early warning capabilities through, for example, the establishment of the Joint Situation Centre (SITCEN). Overall, what is missing is a clearer focus at the strategic and operational level on conflict prevention that could address the contexts of instability where the EU could play a role, including specifically targeted strategic outlining of programmes of action and policies to be developed at different sectorial dimensions in an integrated manner.
- The EU should prioritise the areas where it can act as a preventive actor. In a time of limited resources and increased instability, the EU should focus on the conflicts where it has greater legitimacy to act as a mediator or peace supporter. These should include conflicts worldwide which display low-intensity conflict dynamics and the conflicts in the EU's neighbourhood, where the EU has a direct stake in peace and enjoys ample credibility. The countries in the borders of the EU are the ones where the EU has made the greatest investment in stability and should therefore be seen as a priority for its preventive action. Due to the high number of tools deployed by and available to the EU to act in the neighbourhood, the potential for enacting the strategic culture of prevention referred to above is extremely high.
- There is the need for the institutional development of conflict-prevention mechanisms to the same level of operational capacity as those of crisis management. Since 1999, and especially from 2003, with the deployment of the first European Security and Defence Policy (ESDP and Common Security and Defence Policy, (CSDP) under the Lisbon Treaty) mission and the adoption of the European Security Strategy, EU Member States invested in crisis management, including rapid reaction programmes, long-term development assistance, humanitarian and emergency assistance, and CSDP civilian and military missions. All these mechanisms and policies could be used to advance conflict-prevention goals, rather than just reactive policies, should the institutional capacity and the political will to act before a crisis emerges be present. The linking of the ENP to a coherent preventive policy could place the EU in a privileged position to project stability in its neighbourhood.
- The EU needs to enhance coordination among EU institutional actors and its Member States, improving and streamlining the gathering, systematising and communication of information, leading to timely and issue-oriented decision making. The EEAS is expected to contribute to these dynamics, but this has not been the case over the last two years, with the ongoing refinement and readjustment of the new EEAS, and a lot of attention diverted to internal EU policies.

<sup>52</sup> Ibid. p.34.

<sup>53</sup> See 'Council conclusions on conflict prevention', 3101st Foreign Affairs Council meeting, Luxembourg, 20th June 2011. Available at [http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/EN/foraff/122911.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/122911.pdf)

- There is the need to acknowledge the risk that the EU's internal reforms and the management of the financial crisis could take attention and resources from its external relations. This could occur if the budget dedicated to internal reforms in the neighbourhood were to be frozen or even reduced. It could also be the case if the staffing of EU Delegations were to take longer, especially in cases where EU Member States' financial contributions are most needed. Moreover, as the upheavals in the Arab world demand closer attention from the EU, the ongoing process of institutional reform by the Lisbon Treaty could become biased towards the south. The EU should make a conscious effort to balance both dimensions of the ENP and to keep support for the peace processes ongoing in its eastern neighbourhood, including in Armenia.
- The EU should aim at a more balanced regional approach to the South Caucasus' regional security, acknowledging the security interdependences in this region. In this regard, the decision to appoint a new EUSR for the South Caucasus is to be welcomed, providing the EU with relevant information and a consolidated presence in the region, which is necessary to inform a coherent strategy towards regional security. The EU should also dispense with its over-compartmentalised view of its neighbourhood, informed by different policy mechanisms (accession talks for Turkey and the Balkans, strategic partnership with Russia, neighbourhood relations with southern and eastern neighbours, and limited foreign relations with Iran). The need for a coherent and overarching assessment of these broad regional relations is fundamental for the development of preventive action.
- There is the need to engage in political dialogue among different external actors in Armenia, namely on conflict-resolution issues, and recommend that the donor community agrees on shared standards of development, crucial for capacity-building in the partner countries.
- The EU needs to develop and deepen EU relations with Russia, particularly by completing the negotiations of the PCA, which could lead to a more fruitful and coordinated approach to the conflicts in the common neighbourhood. The European Union Monitoring Mission (EUMM), in Georgia, should be seen as a positive example of Russian support to an EU mission and of how the EU could enhance its security role in other protracted conflicts in the neighbourhood, namely the Nagorno-Karabakh conflict.
- There is the need to deepen the EU's preventive approach on the Nagorno-Karabakh conflict, where its policies are less developed than in Georgia, and which could act as a complement to the conflict-resolution work of the OSCE. Preventive action should be seen as a priority and should not be replaced by crisis-management approaches, namely through an eventual peacekeeping role.
- Work at the grass-roots level aimed at conflict transformation is a necessary approach, as exemplified in the case of the pilot projects in Nagorno-Karabakh, but it needs to be complemented with pressure at the higher political level and broadened to include more actors from the societies in the region, beyond the tendency to involve just a reduced elite, mostly familiar with international organisations, of a governmental and non-governmental nature, so that the EU might have a visible impact on the conflicting societies through the promotion of an environment prone to confidence-building and stabilisation.

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