

Armenia: ‘Vassal state stuff?’

July 2022

Armenia is still reeling from an attempted military coup (albeit driven by politics, not weapons) whereby senior army officers attempted to compel the Prime Minister to resign. The PM, Nikol Pashinyan, had admitted that the war with Azerbaijan over the Nagorno-Karabakh breakaway province had, for practical purposes, been lost, and this was too much for the military top brass to stand. Although Pashinyan remained in power, the



strength of feeling about this single issue acts as a lightning rod not only for how regional issues of Armenian identity are seen, but for the uncertainty and instability that still pervades the country as a whole.

The Nagorno-Karabakh region has been fought over for decades by Azerbaijan and Armenia and is central to both countries' national identity. Such was the resentment in Armenia over the loss of the war and the concessions made to Azerbaijan (including the loss of territory and the displacement of thousands), that months of intense civic protest followed, generally petering out after June 2022 but with the 'mood' of the country still very much black. There is still enormous resentment towards Azerbaijan and any perceived adherents to/followers of the Azerbaijani position, whether at corporate or country level. It is notable that this large-scale disobedience did not, as other single-issue protests have done elsewhere, spill over into wider concerns as to political corruption, economic stagnation, and so on: Azerbaijan was the sole issue until the very end. This speaks to the strength of feeling on the issue in Armenia and reinforces the idea that the country may yet 'go to war again' at any point – hardly creating stable conditions for business.

Armenia's close association with Russia is similarly contentious. The two have been broad allies since the dissolution of the Soviet Union and hosts two Russian military bases (with a third believed to be under construction) and over 3,000 troops. Armenia is in neither the EU nor NATO, has joined both the Eurasian Economic Union and the Collective Security Treaty Organisation (essentially Russian-led analogies to both) and relies on Russia for its air defence. Moscow is Yerevan's biggest trading partner and her influence extends across the political, economic and military spheres – as does, some might say, her corruption.

There is zero chance, as things currently stand, that Armenia can be ‘turned’ away from Russian dominance to the West. Those of a particularly realist persuasion might even argue that Armenia is already a vassal state of Moscow. Business in-country would be heavily characterised by operating in a climate of fear, whether this comes from concern that the Nagorno-Karabakh-fuelled violence will erupt again, or that Russia is looking to dominate the business climate even further. Given that it is already one where the pace of infrastructural anti-corruption reforms after the 2018 ‘Velvet Revolution’ has stagnated, Russia’s new-found boldness poses an active extra threat.

If the world is truly entering a new Cold War, with dividing lines being drawn, then arguably Armenia is already committed to the eastern polarity and no amount of corporate overtures will change that.

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