

## ARMENIAN FOREIGN POLICY: COORDINATING THE INTERESTS OF THE U.S., THE EU, AND RUSSIA

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The severe depression of the 1990s that served the background for Armenia's foreign policy determined many of its outstanding features. Isolation and blockade forced the country to turn to the Armenian diaspora. The landlocked country living in "neither peace nor war" could not attract the West; however it established effective cooperation with Russia and Iran. In recent years it has widened its contacts with the European Union and the United States. This helped the Armenians to survive in the hardest first post-Soviet years.

The Soviet successor states (with the exception of the Baltic countries) were ill-prepared to conduct an independent foreign policy: the statehood experience and skills of coexistence had largely been lost in the region. Over the 70 years the three Caucasian states (Azerbaijan, Georgia and Armenia) were detached from their immediate neighbors (Turkey and Iran) they cooperated solely with Russia—it was not until the 1990s that

they returned to their natural regional environment.

The region borders on Russia, Turkey, and Iran (in fact, on the Greater Middle East and Central Asia), while on the other side of the Black Sea it finds itself at the doors of the European Union. This explains why each of the countries has had to look for an acceptable balance of forces to protect its interests.

Their newly acquired independence suggested that the three Caucasian states build their foreign policies from scratch. The three republics preferred to indulge themselves in the myths of their advantageous geographic location<sup>1</sup> and the possibility of "making the best of both worlds" by living on their own resources—it was generally

<sup>1</sup> See: G. Demoian, *Simvolicheskaia geografia ili geografia kak simvol na postsovetskom Yuzhnom Kavkaze. Identichnost', vlast' i gorod v rabotakh molodykh uchenykh Yuzhnogo Kavkaza*, Heinrich Böll Foundation, Tbilisi, 2005, p. 88.

believed that the Center had hindered their development. Reality proved to be different: the region plunged into an abyss of economic crisis and post-Soviet chaos; Armenia suffered more than its neighbors: its standard of living took a nose dive.

The Armenian<sup>2</sup> and Georgian<sup>3</sup> leaders obviously placed their stakes on civilizational aspects: both countries presented themselves as outposts of Christianity in the Muslim East. Azerbaijan likewise stressed its secular nature and dedication to democratic values to draw closer to the West; it never tired of reminding the world that it was the first republic in the Islamic world while its parliament was the first European-style legislature here.<sup>4</sup>

<sup>2</sup> Ibid., p. 93.

<sup>3</sup> See: O. Vasilieva, *Severny Kavkaz v poiskakh regional'noy ideologii*, Progress Publishers, Moscow, 1994, p. 9.

<sup>4</sup> See: *Azerbajjanskaia Demokraticeskaja Respublika-90, Predisloviie*, Salam Press, Moscow, 2008, p. 5.

Georgia, which in Soviet times had been very open about its Western bias, expected to receive Western cooperation and economic and national prosperity in return. Instead it encountered sharp confrontation with Russia while the Georgians grumbled about inadequate Western support. Azerbaijan preferred a more balanced policy; it thought it wise to take the interests of the global and regional power centers into account and referred to the country's geopolitical location.<sup>5</sup>

Armenia found itself facing new dividing lines in the region, as well as political isolation and economic collapse. Such were the conditions in which it had to shape its foreign policy. Below I shall dwell on this in greater detail.

<sup>5</sup> See, for example: E. Ismailov, V. Papava, *The Central Caucasus: Essays on Geopolitical Economy*, CA & CC Press, Sweden, 2006.

## The Economic Situation in the Post-Soviet Years

In the latter half of the 1980s the socialist camp began to be gradually sucked into a widespread economic crisis<sup>6</sup> that became even deeper when the countries started moving toward a market economy and the Soviet Union fell apart. The ineffective economy geared toward political expediency failed: Armenian industry, expected to supply the rest of the vast country with its products, lost its raw material sources and markets. It was not alone: all the other republics also faced more or less similar problems, although Armenia was hit harder than most.

The military conflicts raging in the region hampered transportation and added an edge to the transportation issue. In the 1980s, Armenia traded via Georgia and especially Azerbaijan. "...Most of these supplies enter the republic by rail through Azerbaijan (85%) and Georgia (15%)."<sup>7</sup> Because of the Nagorno-Karabakh conflict Azerbaijan cut off its transport communications with Armenia in 1989, while the Soviet Union was still alive.<sup>8</sup> Armenia still had Georgia as a link with Russia, which disappeared in August 1992 because of the fighting in Abkhazia.<sup>9</sup> Political instability in Georgia made the

<sup>6</sup> According to the IMF, in 1980 the Polish GDP dropped by 10 percent; in 1981 by 6 percent. In 1985, the trend reached Hungary and Rumania. The Bulgarian economy has been declining at a fast pace starting in 1989.

<sup>7</sup> *CIA World Factbook*, 1992. Armenia/Economy, available at [<http://www.umsl.edu/services/govdocs/wofact92/wf930017.txt>].

<sup>8</sup> See: A. Khalatian, "Politicheskii monitoring: Armenia v ianvare 1993 goda," *Mezhdunarodny Institut Gumanitarnopoliticheskikh issledovaniy*, available at [<http://www.igpi.ru/monitoring/1047645476/jan1993/armen.html>].

<sup>9</sup> The railway bridge in Abkhazia was blasted on 14 August, 1992; transit railway transportation was halted and never restored (see: "Istoria abkhazskoy zheleznoy dorogi," *NEWSru.com*, available at [[http://www.newsru.com/background/01dec2004/zheldor\\_print.html](http://www.newsru.com/background/01dec2004/zheldor_print.html)].

severe crisis even worse: Tbilisi was no longer in control of its entire territory and could not guarantee safe freight and energy transit.

The situation at the Armenian-Turkish border was critical. The relations between the two countries burdened with the past deteriorated when Turkey chose to side with Azerbaijan on the Nagorno-Karabakh issue. In 1993, on Baku's insistent request, Turkey closed its border to freight traffic to Armenia.<sup>10</sup>

This left Erevan with Iran as one more or less reliable trade partner. The Armenian-Iranian road called "the road of life" helped the Armenians to survive. This was all: inadequate infrastructure, Iranian protectionist policies, etc. made wider cooperation impossible.

Table 1 offers some of the social, economic, and demographic indices for 1990-2008, which provide an idea of the crisis that hit the republic.

Table 1

Armenia in 1990-2008<sup>11</sup>

	GDP, \$ per capita, without inflation	Purchasing power parity, \$ in 2007 prices	Share of population living below the poverty level (paupers in parentheses)	Migration balance, thousand
1990	637	3,300		+1.7
1991	589	2,900		-70
1992	369	2,040		-228.6
1993	356	1,860		-141.1
1994	399	1,820		-127.8
1995	455	1,950		-37.5
1996	503	2,070	(27.7%)	-20.5
1997	521	2,140		-31.3
1998	607	2,300	56.1%	-24.4
1999	595	2,380	55% (22.9%)	-7
2000	620	2,520		-57.5
2001	691	2,760	50.9% (16.0%)	-60.4
2002	779	3,130	49.7% (13.1%)	-2.7
2003	924	3,570	43%	-10.2

<sup>10</sup> See: S. Goldenberg, *The Pride of Small Nations. The Caucasus and Post-Soviet Disorder*, Zed Books Ltd, London and New Jersey, 1994, pp. 54-55; G. Demoian, *Turtsia i Karabakhskiy konflikt*, Erevan, 2006, p. 77.

<sup>11</sup> The table is based on figures taken from different sources, including [<http://armstat.am>], Agency for Migration, Ministry of Territorial Administration of the Republic of Armenia [<http://backtoarmenia.com/?heat=85&scat=87>]; CIA World Factbook (1992-current), CIS Statistical Committee (Armenia) [<http://cisstat.org/rus/arm.htm>] and WB Consolidated Table "GDP of the Countries of the World, 1960-1990" [<http://earthtrends.wri.org/text/economics-business/variable-638.html>].

Table 1 (continued)

	GDP, \$ per capita, without inflation	Purchasing power parity, \$ in 2007 prices	Share of population living below the poverty level (paupers in parentheses)	Migration balance, thousand
2004	1,182	3,950	34.6% (6.4%)	2.1
2005	1,624	4,500	29.8% (4.6%)	12.5
2006	2,122	5,100	26.5%	21.8
2007	2,476	5,800	25.0%	-3.2
2008	3,740	6,400		-23.1

The above shows that the Third Republic was born in a very complex situation: between 1992 and 1994 the economic shock drove about half a million (about 15 percent of the total population) out of the country; emigration has been going on and still prevails (with the exception of the 2004-2006 period).

## General Vectors of Armenia's Foreign Policy

The republic's political establishment was frantically looking for ways out. It was then that the republic formulated complementarism as its foreign policy doctrine. It was decided to take into account, in equal shares, the interests of all the global powers involved in the region rather than siding with one of them.<sup>12</sup>

This model was especially effective at the early stages of Armenian independence (1991-1992) when the country, at the height of the Nagorno-Karabakh conflict, successfully tapped its unique foreign policy situation. Erevan acquired weapons and military equipment from Russia, which allowed it to go on fighting; the Americans gave money to buy weapons from Russia and to build Armenia's statehood; foodstuffs and humanitarian assistance arrived from Europe mainly via Turkey; the country received fuel from Iran to continue fighting.<sup>13</sup>

Russia was the main guarantor of Armenia's security. The republic joined the CIS and in 1992 was one of the founders of the Collective Security Treaty.<sup>14</sup> Russia deployed its military base in Armenia, while their military cooperation proceeded in many other spheres.

True as ever to its complementarian policy, Armenia went on to develop its relations with the West, represented by NATO and the European Union, as well as with Iran, while working hard to unblock its Turkish border.<sup>15</sup> Despite the very loudly declared Islamist nature of the Iranian regime,

<sup>12</sup> See: S. Minasian, "Nekotorye kontseptual'nye osnovy vneshney politiki Armenii," available at [<http://www.noravank.am/ru/?page=analitics&nid=1684>].

<sup>13</sup> Ibidem.

<sup>14</sup> See the organization's official site [<http://www.dkb.gov.ru/start/index.htm>].

<sup>15</sup> "Armiaskaia storona neodnokratno zaiavliala, chto ona za otkrytie granitsy bez predvaritel'nykh usloviy," available at [<http://www.rosbalt.ru/2009/04/15/633793.html>].

Armenia's relations with it were much more stable than with any of its regional partners. Today, Armenia has moved far ahead in its cooperation with NATO within the system of individual partnership and with the European Union within the Eastern Partnership program. Erevan and Tehran remain convinced that their relations are strategic and allied in nature.

The Nagorno-Karabakh settlement and international recognition of the 1915 events in the Ottoman Empire as genocide of the Armenians are two more major foreign policy issues. In this respect, the republic can rely on the lobbyist potential of the Armenian diaspora, which is especially strong in the United States. On many occasions it neutralized the American, traditionally pro-Azeri, oil lobby and actively promoted all the other issues (genocide has already been recognized by several leading countries of Europe and most of the American states).<sup>16</sup> The economic potential of the Armenian diaspora is considerable enough to help Armenia revive after isolation.<sup>17</sup>

## Armenia and Russia

In the post-Soviet reality Russia is still perceived as the Soviet Union's "alter ego." This was especially evident in the early 1990s: the Armenian elite of the time consisted of dissidents and nationalists who spent years fighting for independence. Their attitude toward Russia could be nothing but negative. At first the relations between the two countries were fairly cool but gradually they warmed up.

Very soon Russia became Armenia's main partner in many respects, economic and military included. This cooperation is based on many, not merely political and civilizational, aspects. The image of Russia as Armenia's patron country has survived in the Armenian national mythologeme for at least two centuries.<sup>18</sup> On the other hand, the Armenians integrated into Soviet reality, so most of the migrants preferred to settle in Russia.<sup>19</sup> Today, the Armenian diaspora in Russia is one of the key instruments in the cooperation between the two countries. Bilateral economic cooperation is lagging behind other aspects of mutual relations: Russia accounts for about 16 percent of Armenia's trade turnover:<sup>20</sup> it seems that the far from friendly relations between Russia and Georgia are keeping the region divided. Russia's presence is much more noticeable in the energy sphere: 82 percent of Armenia's Armros-gazprom gas company belongs to Gazprom, Russia's monopolist. Russia owns other energy facilities, including the Razdan Electrical Company (RazTES) that supplies Armenia and sells energy to Iran and Georgia. Armenia was one of the founders of the Eurasian Development Bank set up within the EurAsEC.

Military-political cooperation between the two countries is all-important. Armenia has joined all the integration structures that the Kremlin patronizes: the CIS, CSTO, and EurAsEC (with an observer status). There is a Russian military base in Armenia (stationed in Gumri) to which Russia moved

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<sup>16</sup> See: F. Rzaev, "907 popravka:istoria i perspektivy. Kavkaz i Tsentral'naya Azia," available at [[http://www.ca-c.org/journal/cac-04-1999/st\\_21\\_rzayev.shtml](http://www.ca-c.org/journal/cac-04-1999/st_21_rzayev.shtml)]; "SShA ne budut finansirovat' stroitel'stvo zheleznoy dorogi v obkhod Armenii," available at [<http://www.regnum.ru/news/709719.html>].

<sup>17</sup> See: M. Agajanian, "Diasporal'ny resurs Armenii kak "assimetriczny" otvet na ee izoliatsiu," available at [<http://noravank.am/ru/?page=analitics&nid=662>].

<sup>18</sup> See: S. Lurie, "Russkie i armiane v Zakavkazie: dinamika kontaktnoy situatsii (etnopsikhologicheskii podkhod)," available at [<http://svlourie.narod.ru/armenian-myth/russ-arm.htm>].

<sup>19</sup> According to the official figures of the 2002 population census, there were about 1,130 thousand Armenians living in Russia; since 1989 their number has increased by about 600 thousand (see: "National'ny sostav naseleniya Rossii po dannym perepisi naseleniya (tysiach chelovek)," available at [[http://www.demoscope.ru/weekly/ssp/rus\\_nation.php](http://www.demoscope.ru/weekly/ssp/rus_nation.php)]).

<sup>20</sup> According to CIA World Factbook /Armenia/Economy, in 2007 Russia accounted for 15.1 percent of Armenia's import and 17.5 percent of its export (see [<https://www.cia.gov/library/publications/the-world-factbook/geos/am.html#Econ>]).

the military hardware it pulled out of Georgia. Russian border guards cooperate with Armenians on the Armenian-Turkish border.

Cooperation within the Collective Security Treaty Organization (CSTO) allows Armenia to modernize its military equipment at a lower cost while Russia preserves its military-political presence at the junction of the Caucasus and the Middle East. In September 2008, Armenia became CSTO chairman even though this function is mostly symbolic—in contrast to the rotational EU chairmanship, for example.

Some Western analysts believe that Armenia is Russia's "hand" in the region,<sup>21</sup> which cannot be accepted as true: Armenia has traveled part of the road toward full-fledged statehood; it has become an entity of international politics with actively developing contacts with Russia, the European Union, and the U.S., as well as Iran and the Middle East.

From the very first days of its post-Soviet history Russia has been sparing no effort to keep its neighbors away from NATO and to preserve its own influence in the post-Soviet expanse. Armenia's cooperation with NATO, accepted as a fact, remains a source of Russia's concern.

Cooperation between Armenia and Russia has always been rather sluggish: the main thing for Moscow was to somehow retain its presence in the region. Today Russia is developing new foreign policy approaches. The Russia-Armenia-Iran axis, which many believed to be possible, turned out to be an illusion because of the absence of a direct communication line between Armenia and Russia. Russia's new policy will probably be determined by the hydrocarbon issue. This has already been confirmed by much better relations between Moscow and Baku.<sup>22</sup> Moscow has already manifested this approach elsewhere in the world.<sup>23</sup> Today Armenia is experiencing certain difficulties in the transport communication sphere, which means that the Kremlin might lose its geopolitical interest in it. On top of this Russia is troubled by possible readjustments in Erevan's foreign policy course, which might prove to be damaging to Russia's interests. On the other hand, the Kremlin never moved across with its political weight onto the Armenian side, which caused a lot of displeasure in Erevan. This means that we can expect somewhat cooler relations between Erevan and Moscow.

## Armenia- the European Union

In January 2001, Armenia joined the Council of Europe,<sup>24</sup> thus making it clear that it would seek integration into the European structures. Today Europe is associated with a high standard of living, but Armenia's intention is rooted in the past when Armenia belonged to the Byzantine civilization. This means that culturally and as a Christian country Armenia is very close to Europe in many respects. In fact, in the Middle Ages Christianity became the hallmark of the Armenian identity.

Occupying about 40 percent of Armenia's trade turnover, the European Union can be described as Armenia's main economic partner. Economically, Armenia is very close to Europe—a fact willing-

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<sup>21</sup> See: "Armenia: Russia's Strengthening Hand," *Stratfor*, 19 February, 2008.

<sup>22</sup> Some analysts believe that Russia might support Azerbaijan on the Nagorno-Karabakh issue in exchange for wide cooperation in the gas sphere (see: E. Gospodinov, "Nagorny Karabakh podnimut na vysshiiy uroven'. (Po rezul'tatam vstrechi prezidentov Rossii i Azerbajdzhana)," *Kommersant*, available at [<http://kommersant.ru/doc.aspx?DocsID=1157669>]; Sh. Abbasov, "Azerbaidzhan: Is Baku Offering a Natural Gas Carrot to Moscow for Help with Karabakh? Eurasia Insight," available at [<http://www.eurasianet.org/departments/insightb/articles/eav042009a.shtml>].

<sup>23</sup> See, for example, Mathias Brüggemann's article in *Handelsblatt*: "Gazprom kreist Europa noch weiter ein," available at [[http://www.robertamsterdam.com/deutsch/2008/04/gazprom\\_kreist\\_europa\\_noch\\_wei.html](http://www.robertamsterdam.com/deutsch/2008/04/gazprom_kreist_europa_noch_wei.html)], 9 June, 2006.

<sup>24</sup> Council of Europe—Armenia, available at [[http://www.coe.int/T/E/Com/About\\_Coe/Member\\_states/e\\_ar.asp](http://www.coe.int/T/E/Com/About_Coe/Member_states/e_ar.asp)].

ly accepted by the Europeans. This has been further confirmed by applying the GSP+ regime to Armenia, which makes Armenian Europe-oriented exports much easier.<sup>25</sup>

Today Armenia's representation in PACE cannot be described as adequate.<sup>26</sup> In 2008 the possibility of Armenia's suspended PACE membership because of the events of 1 March and their follow-up was very real.<sup>27</sup>

Europe is interested in Armenia because of its proximity to expanding Europe. The demographic factor is equally important: with the mounting Arab and African demographic pressure on Europe, the European Union is out to regulate the flow of migrants from the former Soviet Union. The EU obviously wants stable and relatively prospering states along its borders.

The large Armenian diasporas in the European countries and the historical experience of contacts make it easier for the EU to accomplish this. The Armenians, in turn, would like to integrate into Europe: according to one of the polls, 64 percent of Armenia's population and 92 percent of the expert community favored integration with the EU.<sup>28</sup>

The Eastern Partnership Program<sup>29</sup> will help to build bridges between the Caucasus and Europe; today it is one of the EU's priorities and a great irritant for Russia. It is expected that over the course of time the EU's "soft power" will gradually replace Russia's influence.<sup>30</sup> The program means that Europe will help these countries to reach greater financial stability; the visa regime might be simplified or even abolished.

## Armenia- the United States

The United States is a relative newcomer in the region, however it feels very much at home there. The globalizing world allows the super power to be present in any region. This means that distances can no longer interfere with America's influence in the Caucasus.

The relations between the two countries are greatly affected by the Armenian diaspora in the United States. Inside the country there is a lot of idealism about America: President Wilson, who doubled Armenian territory by including a large chunk of historical Armenia in it, is one of the heroes of this mythologeme.

In recent years America's position on Nagorno-Karabakh has changed frequently: the country moved away from its support of Armenia in 1991 to become much closer to co-chairman of the Minsk Group Matthew Bryza, who tends to side with Azerbaijan. This obviously causes criticism in the Armenian press.<sup>31</sup>

Today, relations with America are less developed than with Russia, although they have entered an active phase. In 2008, several top American and Armenian officials met for a series of talks; Wash-

<sup>25</sup> GSP+ (General System of Preferences Plus) gives duty-free access to the EU market for around 6,400 tariff lines (see: Arka.am, 30 January, 2009, available at [<http://www.arka.am/rus/economy/2009/01/30/12921.html>]).

<sup>26</sup> Armenia is represented by 4 deputies in PACE, Azerbaijan by 6, and Georgia by 7 (see [[http://www.coe.int/t/t/Parliamentary\\_Assembly/#P95\\_16425](http://www.coe.int/t/t/Parliamentary_Assembly/#P95_16425)]).

<sup>27</sup> On 1 March, 2008, the authorities disbanded a rally in Erevan which developed into mass disorders; 8 demonstrators and 2 policemen died; hundreds were wounded, some of the suspected organizers were detained. This was followed by introducing a state of emergency and limitations on the freedom of meetings and demonstrations.

<sup>28</sup> See: *Delovoy ekspres* newspaper, 30 December, 2004, available at [[http://www.express.am/50\\_04/korotko.html](http://www.express.am/50_04/korotko.html)].

<sup>29</sup> The Eastern Partnership Program includes 6 post-Soviet states: Georgia, Armenia, Azerbaijan, Moldova, Ukraine, and Belarus.

<sup>30</sup> See translation of an article by Marc Deger from *La Tribune* [<http://inosmi.ru/translation/248627.html>].

<sup>31</sup> See, for example, an article by Ruben Margarian "Agoniziruiushchiy Bryza," *Golos Armenii*, 3 April, 2008.

ington allocated Armenia and Nagorno-Karabakh \$64.5 million in financial aid;<sup>32</sup> every year the United States allocate several million dollars to be spent on modernizing the Armenian army.<sup>33</sup>

Cooperation with NATO continued in 2008. Since the 1990s Armenia has been participating in the Partnership for Peace Program. In June 1998, the Armenian military contingent took part in the Prometheus-98<sup>34</sup> military exercises in northern Greece. The Armenian army took part in the NATO operation in Kosovo and Iraq (albeit on a limited and essentially symbolic scale). Greece is Armenia's closest NATO ally: in 2003 they signed an agreement on mutual military assistance under which some of the Armenian military are trained in Athens.

In 2005, Armenia signed IPAP designed to create a security system; according to the Armenian Defense Minister, it would meet the requirements of the 21st century. In 2008, Armenia hosted NATO's Cooperative Longbow-2008 and Cooperative Lancer-2008 military exercises.<sup>35</sup>

Armenian-American relations are developing; in fact, the process actively unfolded throughout 2008, which means that bilateral relations might become even closer.

## Results of Armenia's Foreign Policy

Armenia has built a stable statehood—a result recognized by international organizations. The country survived the 1990s crisis and topped the economic indices of the late 1980s. Stabilization has reduced the human outflow somewhat: in the early 1990s, tens and hundreds of thousands left the republic every year; today the annual migration balance is about 25 thousand on either side.

Armenia's foreign policy differed from that of its closest neighbors. While Georgia played on the rivalry between the largest regional actors, Armenia tried to keep all their interests in mind. Georgia enjoyed considerable political support from the United States while building up its confrontation with Russia. The result was a sad one—a military defeat in August 2008. Armenia, on the other hand, with no considerable political support from any of the actors felt much more confident to pursue its own policies. Azerbaijan demonstrated a lot of caution and combined complementarism with a bias toward Turkey and the West.

Today, however, Armenia has found it much harder to pursue its own version of complementarism: the war between Russia and Georgia in South Ossetia worsened the relations between the West and Russia, which means that their interests would be very hard to combine. President Obama's determination to "reset" his country's relations with Russia will allow Erevan to go on with the old foreign policy course: good relations between the United States and Russia are very important for Armenia's future.

The results of statehood development in the Caucasus are best illustrated by international ratings and other sources.

Table 2 demonstrates that international organizations are convinced that Armenia has achieved considerable successes in building its statehood. According to UNDP, Armenia has outstripped its

<sup>32</sup> "Foreign Policy of Armenia in 2008: Final Report by the Foreign Ministry of Armenia (in Armenian). Unofficial translation made by the Regnum Information Agency can be found at [<http://www.regnum.ru/news/1114655.html>].

<sup>33</sup> In 2007 Armenia received military assistance totaling over \$3.1 million from the United States (see [<http://www.washprofile.org/en/node/7958>]).

<sup>34</sup> See: V.A. Zakharov, A.G. Areshev, *Rasshirenie NATO v gosudarstva Zakavkazia: etapy, namerenia, rezul'taty*, Moscow, 2008, pp. 284-285.

<sup>35</sup> See: H. Mikaelian, "Organizatsia dogovora o kollektivnoi bezopasnosti i Armenia," available at [<http://www.mitq.org/print/?l=rus&dir=2&news=1855>] [<http://analitika.at.ua/news/2009-04-05-7427>].



Table 2

**The Caucasian Countries Ranked  
by International Ratings (2008)**

	The U.N. Human Development Index <sup>36</sup>	Failed states, Fund for Peace <sup>37</sup>	Freedom of the Press, Reporters without borders <sup>38</sup>	GDP/PPP index (\$), CIA <sup>39</sup>	Economic freedom, Heritage Foundation <sup>40</sup>
<b>Georgia</b>	<b>94</b>	<b>56</b>	<b>120</b>	<b>146 (4,700)</b>	<b>32</b>
<b>Armenia</b>	<b>84</b>	<b>109</b>	<b>102</b>	<b>129 (6,400)</b>	<b>31</b>
<b>Azerbaijan</b>	<b>97</b>	<b>64</b>	<b>150</b>	<b>110 (9,000)</b>	<b>99</b>
<b>Rating</b>	<b>diminishing (1-&gt;...-&gt;179)</b>	<b>increasing (177&lt;-...&lt;-1)</b>	<b>diminishing (1-&gt;...-&gt;173)</b>	<b>diminishing (1-&gt;...-&gt;230)</b>	<b>diminishing (1-&gt;...-&gt;179)</b>

Caucasian neighbors in terms of the human development index. The Fund for Peace put Armenia in 109th place (the rating goes from 1st place up) in the conviction that Armenia is the region's most stable state. The Armenian economy is more developed than the Georgian but lags behind Azerbaijan's economic progress, achieved thanks to high oil prices. Armenia cannot be called a completely democratic country but the situation is better than in Georgia and Azerbaijan: in 2008 its press was freer than that of its neighbors. The economic freedom factor has already placed Armenia among the developed countries.

The policy of peaceful development without dividing lines is viable and is approved by the regional and global actors. Today, much is being done to normalize relations between Turkey and Armenia in order to reduce the tension in the region. Armenia's position is straightforward: the borders should be opened irrespective of the tragedies of the common past. Closed borders do not merely interfere with Armenia's development; they hamper the progress of the entire region.

The transition period in the Caucasus is over; it will not return if the world crisis ends more or less soon. The Soviet Union has retreated into history while the region's Soviet successor states have not yet arrived at an acceptable mode of interaction. Geographically the Caucasus is a single region, but the local states have still to establish peaceful coexistence on a firmer foundation.

<sup>36</sup> For the full report of the UNDP Human Development Index 2007-2008 see: [[http://hdr.undp.org/en/media/HDR\\_20072008\\_EN\\_Complete.pdf](http://hdr.undp.org/en/media/HDR_20072008_EN_Complete.pdf)].

<sup>37</sup> For the complete rating see: Fund for Peace—Failed States Index 2008, available at [[http://www.fundforpeace.org/web/index.php?option=com\\_content&task=view&id=99&Itemid=140](http://www.fundforpeace.org/web/index.php?option=com_content&task=view&id=99&Itemid=140)].

<sup>38</sup> Freedom of the press—2008. Reporters without Borders, available at [[http://www.rsf.org/article.php3?id\\_article=29031](http://www.rsf.org/article.php3?id_article=29031)].

<sup>39</sup> CIA World Factbook, Country Comparisons—GDP—per capita (PPP), 2008, available at [<https://www.cia.gov/library/publications/the-world-factbook/rankorder/2004rank.html>].

<sup>40</sup> See: Heritage Foundation. Index of Economic Freedom World Rankings 2009, available at [<http://www.heritage.org/Index/Ranking.asp>].