

EU'S ASSISTANCE PROGRAMME TO ARMENIA: A POLITICAL ECONOMY CRITIQUE

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Abstract:

In this first part of the 'EU's Assistance Programme to Armenia: A Political Economy Critique' the process that the EU has been going through in the last decade in its foreign policy has tried to be made up at the example of its policy towards Armenia, and the region in general. The interrelation with Turkey, directly affected by this policy is being shown. Is the EU's Caucasus policy realistic? Or is this policy just a new card against Turkey? What will the future of the Caucasus bring and what will be the role of Turkey in the EU - Caucasus axis?

Keywords:

Armenia, Caucasus, Counterbalance, Economy, EU, Policy, Turkey

INTRODUCTION

This research aims to draw superficially EU's Armenia policy from the economical perspective first and its political outcome later with a special eye on the impact of this policy on Turkey. This is being done by presenting the EU's several assistance programmes to Armenia.

In the fiery EU discussion, which is going on in Turkey and to which a new dimension is added almost every day, the EU's policy towards Armenia constitutes a special field of interest to Turkey. The problematic tendency of the Turkish – Armenian relations is no more problematic on the bilateral level only. The relation between Turkey and Armenia turned within the last years to an issue on which the Western states, headed by the USA and leading European states, not only comment on, but interfere in an active way. The statements, decisions, reports and advices of the European states play an important role for both, Turkey and Armenia, for both states have certain expectations from the

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European states, particularly the EU.

Turkey is in the process of becoming a full member of the EU, for which Turkey is expected to fulfill previously determined criteria. Armenia, as a newly formatted state that arose after the break down of

the Soviet Union, seeks for the economical and political support of the EU. The EU on the other side turned from an originally economic community to a political union. This transformation brought along a more characteristic foreign policy rather than the previous moderate and distanced position. Not only in terms of this triangular relation, but also in the regional concept of the Caucasus the EU's Armenia policy plays a significant role. Actually, it is to answer what role the EU plays in the regional formation.

So, in this connection for each of the parties the policy of the others is of an importance. In this article, Turkey's viewpoint, as an applicant to the EU, to this relation, the advantages and disadvantages that Turkey receives out of this relation will be analysed. What role does the EU play in the Turkish – Armenian relations? What role does the EU intend to play? What role should the EU play in order to have a positive impact on peace in the region and on the problematic relations between Turkey and Armenia. Facts, statistics and numbers will be given on the EU's policy towards Armenia.

EU'S POLICY TOWARDS ARMENIA

The EU turned from a geographical and political distanced organization in Europe to an active actor in the region. The former non-policy that resulted from a lack of common foreign policy of the EU, has turned to a profiled policy in the last decade. Furthermore, the role of the EU in the region seems to increase day by day. European states like France and Germany, which both had a special and evident relationship with Armenia in history, seemed to have brought their foreign policies into the EU and made them EU foreign policy. Under the pretext of conflict resolution, peace keeping and economic aid the EU seriously entered the region and as time goes by the interest shifted from

economy to policy also. Nowadays the EU openly shows its interest in a transport route going from Europe to Central Asia and does everything to secure this route and to stabilize its surrounding politically. Therefore the EU insists on Turkey to open her border to Armenia and puts pressure on Turkey by turning this issue to an obstacle for a full EU-membership.

The EU put some priorities in its relations with Armenia, which is the peaceful resolution of the Nagorno Karabakh conflict in order to contribute to peace in the region. The closing down of the Medzamor Nuclear Power Plant plays also a major role for the EU.

The EU supports the opening of the Turkish – Armenian border, from which it is argued that Armenia would benefit about 300 million € and reduce 40% of its transportation costs.¹ The given numbers as well as the basic logic of this viewpoint need to be interpreted critically: a basic and simple fact is that the opening of the border will be much more for the benefit of Armenia rather than Turkey. Armenia would have a direct access to the West, a close market of 60 million people, whereas the 2 million Armenian market does not constitute any serious interest to Turkey. Still under the given facts there exists a trade between the two states, which is being realized via Iran and Georgia – so it is not true that there doesn't exist any trade relation at all. Therefore, it is quite obvious that the EU in this issue seems to take place at the side of Armenia. If the above mentioned number would be true it would mean that there would be an increase of the trade volume of almost eight times, which does not seem too realistic.² The border issue and the economic facts of the region, the transport connections, the possible economic developments in case of opening the border are a separate topic worth researching exclusively.

Economically the EU market constitutes a great potential to Armenia for at present about 40% of the Armenian exports go to the EU market,³ which is triple than its export to the USA. The EU has given Armenia about 300 million € as financial aid since its formation. Therefore Kocharian stressed at a meeting with

¹ europa.eu.int/comm/external_relations/armenia/intro, 26 October 2001

² Sedat Laçiner, 'Ermenistan – Türkiye İlişkilerinde Sınır Kapısı Sorunu ve İlişkilerde Ekonomik Boyut', *Ermeni Araştırmaları*, Vol.2, No:6, Summer 2002, pp. 35-68

³ *Armenia Diaspora*, <http://www.armeniadiaspora.com/history/2001jun.html>, June 2001

Romano Prodi rather the economic ties with the EU than the political ones.⁴

1991 to 2000	Total € m	% of total
Tacis National Allocations	68.9	24.07
Nuclear Safety Tacis	22	7.68
ECHO	67.75	23.67
FEOGA food aid	50.18	17.53
Food security	51.00	17.82
Exceptional Financial Assistance	17.7	6.18
Exceptional Humanitarian Aid	8.0	2.79
Aid to mitigate effects of Russian crisis	1.5	0.52
Total	286.13	100

LINKS, AGREEMENTS, INSTITUTIONS:

Tacis:

Tacis is the EU's financial and technical assistance programme to Armenia since 1991. It supports institutional, legal and administrative reforms in Armenia, private sector development, development of alternative energy sources. The Tacis National Action Programme is a 10 million € per year programme, that is being used for the

- support for institutional, legal and administrative reforms
- support to the private sector development and assistance for economic development
- development of infrastructure networks, especially for the closing of the Medzamor Nuclear Power Plant, which is run at a dangerous level

The Tacis programme has also regional sub-programmes at which Armenia participates, which are the *TRACECA*, *INOGATE*, *Regional Environmental Centre for Southern Caucasus*.

Tacis is viewed as the most important program for Armenia. Investment issues will gain importance in this program in the future. Tacis is implementing national, international and regional projects.

⁴ *Armenia Diaspora*, <http://www.armeniadiaspora.com/history/2001jun.html>, June 2001

⁵ europa.eu.int/comm/external_relations/armenia/intro, 26 October 2001

The coordinator of the EU's program in Armenia, Sebastian Dubost describes TACIS as follows:

"Every two years EU representatives and the Armenian government determine the main lines of activities under the TACIS program. Seven or eight urgent issues are normally submitted to discussion and three or four most urgent are selected. The projects being implemented in Armenia now (2002) are financed from the 2000 budget. At that time preference was given to administrative reforms, private sector development and energy. The 2000 budget provides for 4 million € for the reconstruction of Armenian hydro-power plants. The works, which is to begin soon, will be focused on Argel and Tatev Hydroes. Besides in 2001 the EU allocated 11 million € for the enhancement of safety of the Armenian NPP and technical assistance to Arm. State Atom Control. In 2000-2001 the TACIS budget was 10 million €. Similar sums were budgeted for the next 2 years. It is difficult to call the exact amount of funds Armenia has received during the ten years the TACIS program has been implemented as it includes a number of international projects as well. The approximate sum is 100 million €. The total assistance rendered to Armenia by the European Union is 300 million €."⁶

**Tacis projects under the 2000-2001 Action Programme
(total € 10 million)**

Project	Institutional, legal and administrative reform	Private sector and economic development	Development of (energy) infrastructure networks
Support to the Armenia-EU Policy, Legal and Advice Centre (AEPLAC)	X		
Support to the National Assembly	X		
Support to SMEs		X	
Hydro-power development			X
Policy and Legal Advice	X	X	X
Statistics	X	X	X
Institution Building Partnership Programme	X	X	X
TEMPUS	X		

⁶ *Arminfo News Agency*, www.arminfo.am/political.htm, 29 January 2002

Food Security Programme:

Under this programme Armenia has received 61 million € in total up to date.

Apart from humanitarian assistance, another program. Assistance to the Ministry of Agriculture and the Ministry of Social Security. Annual budget is 10 million €. The priorities of the programme for 2002 – 2003 is the field of education.

ECHO:

This programme is the Humanitarian Assistance Programme of the EU. ECHO supports development issues. In this framework Armenia has received 65 million € up to date. In 2000-2001 2 million € support in form of food etc.

Partnership and Cooperation Agreement:

The Partnership and Cooperation Agreement is signed in 1996, and entered into force in 1999. A joint commitment for closer cooperation. Political dialogue is aimed for strengthening Armenia's relations with the EU and the member states on political, economical and cultural level. Implementing democratic values.⁷ The institutions of the PCA are the Cooperation Committee, Parliamentary Cooperation Committee and dependent sub-committees.

Cooperation Council:

Intensification of the EU – Armenia relations is its main target. Supports reforms in the fields of democracy and human rights. Welcomes Armenia's application and membership to the Council of Europe. Supports regional cooperation projects that support peace and stability in the Caucasus. Support of the closure of the Medzamor nuclear power plant. Trade relations between the EU and Armenia shall be deepened with Armenia's accession to the WTO.

⁷ AEPLAC Activities, www.aeplac.am/activities/PoliticsDialogue.htm, 10 April 2002

Armenian European Policy and Legal Advice Center:

TRACECA:

Has been founded at a conference in Brussels in 1993 by trade and transport ministers of the region. A transport corridor on a west-east axis from Europe, across the Black Sea, through the Caucasus and the Caspian Sea to Central Asia is aimed by TRACECA.⁸ The EU pointed out in the latest report on the relations with South Caucasus that this route is of a major interest to the EU in the future. TRACECA includes the modernizing of the gas supply infrastructure. Creating a corridor for transportation from Europe to Central Asia and other way round is aimed. Harmonizing border procedures is planned, too. Restoration of the Yerevan, Tblisi and Baku highways is a part of this project, too. Cargo terminals at Karmir and Gymru are planned. Port facilities at Poti and Batumi from which Armenia will take advantage, too. Railway of Kars-Gymru-Yerevan-Nakhichevan-Baku is planned for the future, when the dispute between Turkey, Armenia and Azerbaijan is settled. This project is considered as the modern version and the restoration of the historic Silk road.

“Almost half of the world's cargo traffic is made up of goods transported from Europe to Asia and vice versa. Operations on these routes brings over US\$ 1 billion to transport companies and transit countries annually.”⁹

The TRACECA project will be dealt in a detailed way in the second part of this research, which will follow in the forthcoming issue of REVIEW OF ARMENIAN STUDIES.

INOATE:

INOATE is the international project of oil and gas transportation to Europe: Interstate Oil and Gas Transport to Europe. Improving the security of Europe's energy supply. Promoting the regional integration of the oil and gas pipeline systems and facilitating their transport in the region and towards the West. Maintenance of the gas pipeline through Georgia. Reconstruction of the underground gas storage in Abovian. Financement of 1,5 million €. Turkey joint INOATE in 30 March 2000.¹⁰

⁸ www.traceca.org

⁹ Silkroad, *Transport Strategy for the Third Millenium*, www.globalink.kz

¹⁰ www.inogate.org

Total EU grants to Armenia 1991 - 2000

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Tacis National Allocations	2.3	9.6	17.0	-	6.0	14.0	-	10.0	-	10.0
Nuclear Safety						10	1			11
ECHO	-	-	10.39	19.09	25.9	5.07	2.1	1.6	2.1	1.5
FEOGA	-	-	-	-	34.0	13.18	-	-	-	3
Food security Exceptional Humanitarian Aid	-	-	-	-	-	13.0	6.0	12	10	10
Exceptional financial assistance	-	-	-	5.7	-	-	-	8	4	-
Aid to mitigate effects of Russian crisis	-	-	-	-	-	-	-	-	1.5	-
Total	2.3	9.6	35.39	24.79	65.9	55.25	9.1	31.6	17.6	34.6

The EU will shift its aid to Armenia from the economical base to the political one by focusing in the future on developments in the fields of institutional, legal and administrative reforms, so on the establishment of a democratic functioning state formation. The social fields, like education health care etc. will also be included more into the future programmes.

Except from the planned and calculated financial assistance within special programmes, Armenia has also received 'exceptional financial assistance'. This exceptional aid started in 1998 with 28 million €, shrunk to the half in 1999 (12 million €). From 2000 onwards Armenia received 5,5 million € per year. For the year 2004 1,5 million € is foreseen. A total exceptional aid of 77 million € can be seen here.

THE IMPACT OF THE EU'S POLICY TOWARDS ARMENIA ON THE TURKISH – EU RELATIONS AND ON THE TURKISH – ARMENIAN RELATIONS

Within the last years, the EU put Turkey's relation to Armenia on several institutional levels on its agenda. Armenia's approach of propaganda that is being realised towards Western states on the bilateral level, is also been practiced and fruited on the EU level.

The EU actively gives directions to 'states/ international relations' balances by supporting or opposing things. The EU

supports the closing down of the Metsamor nuclear power station. In relation to that, the EU gave signals of supporting financially a gas pipeline in Armenia and Iran. The EU promised 3 million € for the starting of the project.¹¹ There are two other project drafts between the two states that might be supported by the EU, which are a hydro-electric power station on the Arax river, at the border and a refinery in Armenia that is meant to refine Iranian oil. This support may look economically only, but it is also a political orientation that the EU gives Armenia. A tripartite meeting concerning the gas pipeline took place between the European Commission, Armenia and Iran.¹²

During a meeting of the Parliamentary Cooperation Committee of the EU and Armenia, a joint declaration has been made in which the EU pronounces it as a precondition for a full membership for Turkey to solve her border problem with Armenia.¹³ The parliamentarian Demetrio Volcic said that the EU condemns Turkey's blockade towards Armenia and that this constitutes an obstacle for Turkey's full membership to the EU. He further implied that this problem must be solved within the European security framework.¹⁴ Here, it is surprising to see that a border problem between Turkey and Armenia is considered as an obstacle for the full EU membership. According to the Copenhagen criteria border problems must be solved before entering the EU,

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but Turkey does not have a border problem with Armenia. The border is closed out of several reasons, but can be opened as soon as the political conditions for that are given. The second astonishing thing in the speech of Volcic is that the EU views this 'problem' to be solved within the EU security framework. This is an open declaration of how much the EU is interested in the region and therefore it sees this 'problem' worth to be solved within the EU. Putting pressure only on Turkey is the outcome of this.

¹¹ *Radio Free Europe*, www.rferl.org/nca/features/2001/01/25012001111522.asp, January 2001

¹² *ArmlInfo*, www.armlinfo/political.htm, 29 January 2002

¹³ *Azg*, 11 September 2002

¹⁴ *Asbarez*, 10 September 2002

In a report of the Swedish parliamentarian Per Gahrton of the European Parliament adopted on 28 February 2002, Turkey is openly criticized. This report which is on the 'EU's Relations With South Caucasus' contains a very important statement that shows openly the EU's interest in the region and in connection with that it also explains the EU's policy towards the Turkish – Armenian relation. Under article 15 it is said that the European Parliament:

"Welcomes the recent inclusion of Turkey among the routes planned under the TRACECA programme, which will allow the European Union to contribute to improving the infrastructures between Anatolia and the Caucasus through Armenia, once the border is opened."¹⁵

This statement openly shows the EU's interest in an open and secure road from Europe to the Caucasus, which might be out of economic reasons firstly but surely also out of strategic reasons in terms of security policy. It is the talk of 'a genuine gateway to Central Asia'. In a following article of the report (19) it is said that the European Parliament:

"Calls on the neighbouring countries Russia, Iran and Turkey to contribute constructively to the peaceful development of the South Caucasus Region; in this respect especially calls upon Russia to fulfil commitments to downgrade its military presence and calls upon Turkey to take appropriate steps in accordance with its European ambitions, especially concerning the termination of the blockade against Armenia; reiterates in this respect the position in its resolution of 18 June 1987 on the political solution to the Armenian question recognising the Armenian genocide of 1915-1917 and calls upon Turkey to create a basis for reconciliation."¹⁶

In this article of the report the EU's policy towards Turkey in connection to her relationship to Armenia has been made public. Although this report is on the EU's relations with South Caucasus and also throughout the report the peace and stability in the region is put on highest level, the EU in this report does not call out for Armenia to remain from occupied (according to international law) Azerbaijani territory. There is only the talk of 'a conflict in Nagorno Karabakh' which has to be solved peacefully.

¹⁵ *Report of the European Parliament* (COM(1999)272-C5-0116/1999-1999/2119(COS)), Article 15, 28 February 2002

¹⁶ *Report of the European Parliament* (COM(1999)272-C5-0116/1999-1999/2119(COS)), Article 19, 28 February 2002

Armenia isn't even addressed as a responsible of this conflict. Contrary to that Turkey is directly addressed (twice in the report for opening her border to Armenia) and is viewed as responsible and a factor of instability in the region. The fact that the border between Turkey and Armenia remains closed is attributed to Turkey only. The political fact and realities are not taken into

The EU carries a bilateral problem/ between Turkey and Armenia on the EU agenda and tries to make this to a criteria of Turkey's access to the EU.

consideration at all. Turkey's border to Armenia is closed, yes, but there are some very historical and serious reasons for that: Armenia up to date does not accept Turkey's eastern border. Armenia up to date uses the term of 'western Armenia' when talking of eastern Turkey. These are not

the principles of a good intentioned neighbouring and these are the reasons for Turkey to keep her border with Armenia closed. Although Turkey was one of the first states to accept Armenia's independency, Armenia goes on with its aggressive policy. The EU shows openly in this report that the EU takes party in this issue. The view of the EU is completely one sided and does not take Turkey's viewpoint into consideration at all. The EU goes further and carries a bilateral problem/ issue between Turkey and Armenia on the EU agenda and tries to make this to a criteria of Turkey's access to the EU. At this point it is important to stress that this is a new dimension that the EU puts on the agenda. The genocide claims are attributed to events that took place in 1915 - did the EU just recently got aware of this? What is the reason for the EU, that has full membership negotiations with Turkey since the 80's, to discuss this question now?

The draft of the EU's report on the relations with South Caucasus of 22 November 2001 included even more accusations than the final report included. In a footnote of the draft it was stated that the majority of the Armenian politicians support the genocide allegations (which is true) further that they rely on a speech of Mustafa Kemal Atatürk held in the Grand National Assembly of Turkey on 10 April 1921 by doing so.¹⁷ This statement included a new allegation: namely that Mustafa Kemal Atatürk, the founder of the Turkish Republic, accepted the so

¹⁷ *European Parliament Draft Report, 22 November 2001*

called genocide and that he, together with this, distanced himself clearly from the Union and Progress Party and accuses them for the events before Atatürk. Primarily the register of the Grand National Assembly shows that no such a speech exists, not only on that date but also not on any other day. Secondly one has to take the whole policy and behaviours of Atatürk into consideration. This allegation does simply not fit to his basic opinions and attitudes. There is a research on this topic in the *Ermeni Araştırmaları/ Armenian Studies* no.4, which proves that the argument is simply not true.¹⁸

Conclusion

When we have an analysing look at the history of the EU we can easily figure out that for a long time there was no specific policy towards the region and towards Armenia existing. Contrary to that, when we have a look at the EU's Armenia policy of the last years and also to the EU's reports on Turkey, one does not go far by saying that the EU seems to have adopted the foreign policies of its strong members France and Germany. Both states traditionally support religious and ethnic groups abroad. France played always the role of the mentor of Armenians in the history. After the USA the biggest Armenian community lives in France (400.000). When Armenia was accepted as a member of the Council of Europe, Kocharian first thanked Jacques Chirac for his efforts.¹⁹ France also supports strongly the improvement of Armenia's relations with the EU. The fact that France recognized a so called genocide towards Armenians in 1915 in Ottoman Empire constitutes also an example for other European (and not only European) states.

The EU uses its economic power and aims to make states more democratic with this tool. But the Armenia example shows that this policy failed. After more than 10 years of independence there is still a serious lack of democracy, implementing of human rights, free press etc. Additionally economically Armenia did not advance positively. It faces problems such as emigration in high amounts, which leads to economical instability. In this issue of *Review of Armenian Studies* there is a study on migration movements in

¹⁸ Şenol Kantarcı, 'Ermenilerce Atatürk'e Atfedilen Sözler ve Divan-ı Harb-i Örfi ile Ermeni Teröristler Tarafından Şehit Edilenlere Atatürk'ün Gösterdiği İlgî, *Ermeni Araştırmaları/ Armenian Studies*, Vol.1, No. 4, (January-February 2002) pp.92-121

¹⁹ NTV – MSNBC, www3.earth.com/turkey/news/kocaryan.html

Armenia after the independence. Having the given facts in focus one can say that the EU did not succeed in implementing democracy and human rights values to Armenia. Torture, ill-treatment, religious discrimination, obligatory military service, death sentence exist in Armenia today.²⁰

Under these circumstances, it is even more difficult to understand why the EU is so harsh in its criticism towards Turkey, but completely moderate towards Armenia. The Nagorno Karabakh problem is viewed from this perspective, too. Whereas the EU's contribution to peace in the region is always stressed officially, factually no such development could be viewed. The details of the political outcome, the region and Turkey's role will be dealt with in the second part of this research in the forthcoming issue.

²⁰ Amnesty International 2002 Report, <http://web.amnesty.org/web/ar2002.nsf/eur/armenia!Open>