

SOME ASPECTS OF FOREIGN POLICY IN ARMENIA: AN ARMENIAN VIEW OF REGIONAL ECONOMIC COOPERATION AS A PREREQUISITE FOR THE ESTABLISHMENT OF A STABLE AND SECURE ENVIRONMENT IN THE CAUCASUS

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The foreign policy of Armenia has always emphasised and still puts much emphasis upon our immediate environment and regional problems with a view to maintaining stability and long lasting peace. Today, peace in the region is the only guarantee for security and economic development for the Caucasian countries. In this respect, our regional diplomacy is aimed towards spreading and establishing human rights and democracy, supporting regional organisations to becoming prosperous.

Nowadays we, both as a country and the region as a whole, are trying to adjust to the multiple stresses of post Soviet economic, cultural and political transformation. Clearly these problems can strain relations as much within states as between them. Armenia does not see either itself or the region as being permanently condemned to marginalisation, but rather it believes that close cooperation in the region, whether political, economic or security-based, will help to bring lasting stability and prosperity based on a sense of solid and shared emergent values.

The peoples of the Caucasus stand to further benefit if today we reject the polarised labels and definitions of our recent past, and instead embrace the complex interrelationships that are both necessary and possible in the future. Armenia continues to abide by a policy of complementarity, conducting even-handed relations with all countries which have political or economic interests in the Caucasus.

This approach has worked quite effectively over the last several years, as evidenced by a recent chart in the Economist which lists

Armenia's three main allies as Russia, the US and Iran. We believe that this policy has benefited not just Armenia but has also contributed to the reduction of polarisation and tension in the region. We must hope that our neighbours, too, will modify their positions to take advantage of such a policy of inclusion. Five decades of European integration have demonstrated that it is possible to build alliances and mechanisms for cooperation among countries with long-standing friction dividing them.

In creating an atmosphere of mutual confidence, economic factors can in our opinion have a unifying role. This we can obtain only through economic integration. Economic cooperation will support the ongoing process of problem solving and stability enhancement throughout the region. The international community's support in such undertakings is very important for us.

In this context, an observation of successful developments in the Baltic region is very useful. Of course, it is necessary to make a distinction between our two regions, which are comprised of different countries, have different neighbours, and which present a different degree of regional compatibility, not to mention history and religion. At the same time, the results of regional cooperation that we can see in the Baltic states - which were able to transcend differences and various perceptions within their countries - could be very instructive for our countries as well.

It is well known that the region is of much interest as regards economic potential. Both the hydrocarbon resources and the present army of highly qualified specialists are riches of the region. Also the geographic position of the region as an important crossroads is of much interest. Our markets, undoubtedly, would be more attractive for big business if the region were economically integrated. The political elite of the region is coming to this understanding in a slow and gradual way. Equality and mutually profitable cooperation based on the principle of free markets is very important for us. Armenia also cooperates with relevant international organisations proving in practice its adherence to this principle.

Cooperation within the framework of regional economic initiatives such as INOGATE and TRACECA is essential. Armenia is sincerely open to such cooperation, although we have to state with regret that the blockades imposed on Armenia are a serious obstacle to such cooperation. It is obvious that the region's high potential cannot be

fully utilised if attempts are made to isolate one of its constituents. Such attempts will adversely affect all economies in the region.

Black Sea Economic Cooperation is another mechanism that could contribute to the region's economic development. The activities of the established Black Sea Trade and Development Bank will considerably contribute to the projects elaborated by the member states of the Black Sea Economic Cooperation. In this regard Armenia fully supports the granting of an Observer Status in the UN General Assembly to the Organisation of the BSEC.

Special meaning is given to regional cooperation within the framework of the Commonwealth of Independent States. It is both shared cultural and spiritual values and a determination to preserve and develop valuable economic integration, which has created the necessary conditions for developing economic cooperation within the CIS. We believe that establishment of a free economic zone within the CIS will help Armenia to ease its economic difficulties during this time of transition.

Armenia is determined to further develop our successful trilateral cooperation with Greece and Iran. We attach special significance to cooperation in the energy sector. It is well known that Iran is a major producer of oil and gas. And through creation of the necessary mechanisms, we can turn this collaboration into mutually beneficial cooperation. One area where we have made progress is with the construction of the Iran-Armenia gas pipeline, which will, if completed, give new meaning and dimension to this cooperation. Here I would like to highlight the very active participation of the Greek side in the accomplishment of the pre-feasibility study of this project. With welcome assistance from the EU, construction of this pipeline will serve as an important catalyst towards regional economic integration.

Of course, this trilateral cooperation is not limited by collaboration in the energy sector. There are also important agreements linked to the Committee on Transportation and Communication. For Armenia, it is very important that transit freight be freely transported across our three countries and the trilateral corresponding agreement signed recently is very significant in this respect.

Now that Armenia has integrated into all possible organs of regional and economic cooperation, and considering that our region is situated on the intersection of Europe-Central Asia and Russia-Middle

East, a long lasting stability, the unification of interests and their integration in the region takes on a new meaning and importance. But at the moment, our region remains fragmented and lacks universal stability and security mechanisms. Without a solution to these regional antagonisms, there will be no peace or stability.

The reality of regional issues as discussed above suggests some universal principles of regional cooperation, which are presented as follows:

- The projects and programs of regional cooperation should be agreed and implemented not after regional conflicts are resolved but simultaneously with the political resolution process, assuming that there is already a stable cease-fire. It is a question of the synchronisation of political, security and economic dialogues;

- Economic cooperation must not be limited to energy or any other single issue. Nor should oil or gas pipelines become a dominant factor in political talks. A natural resource should not be politicised and used to get a better deal at the negotiation table;

- The security dimension in regional cooperation should not be overlooked or underestimated. A broad security dialogue among parties to the conflict should be essential to any general strategy of cooperation. This dialogue might also include economic and legal elements, such as energy issues, customs regulation, tax policies, joint environmental projects, the fight against terrorism and organised crime, joint anti-corruption campaigns, and joint efforts to stop drug-trafficking and money-laundering. Once a military conflict is over, and given the good will of the parties and mediators involved, all these fields of regional cooperation can be activated. These are more than just concrete confidence building measures but real action that can bear tangible fruit before political conflicts are comprehensively resolved.

- Any model of regional cooperation for countries in a post-military or political conflict situation should take into serious consideration not only the interests of the countries concerned, but also the vital interests of their influential neighbours. In the case of the South Caucasus, this means Russia, Iran, Turkey, and the supra-regional neighbour of the US. If the interests of any of these are neglected or overlooked, this could lead to grave consequences. Unfortunately there are many initiatives for the South Caucasus, Central Asia and

Black Sea countries which ignore this political reality. The Silk Road Act, supported by Georgia, Azerbaijan and the five Central Asian States (although Turkmenistan has a few reservations), though well-intentioned, almost completely leaves out the interests of Russia and Iran, whilst also ignoring some of Armenia's legitimate concerns. It is worth noting that the Silk Sat, a more targeted and simple whilst less ambitious and politicised initiative, causes almost no problems at all and finds a much better response among each and every participant of this project.

- The social sphere is almost always left out when discussions on regional cooperation take place. Democracy-building processes, respect for human rights, and reform of legal infrastructures in all countries previously engaged in regional conflicts - and now moving towards regional cooperation - should be harmonised and synchronised to a consistent level in each of the countries concerned. Discrepancy and discord in this field, which currently exists in many troubled regions undergoing transition, is often overlooked and underrated.

- Along with three-way cooperation (economic; political and security; legal and democracy-building) there should among the parties to regional conflict be launched, immediately after a durable and stable cease-fire is established, a clear-cut and strong collaboration among the international organisations which are entitled to play a mediation role in the given region. The efforts of the UN, the OSCE, the EU, NATO (when it is involved), the World Bank, the IMF and the EBRD must be synchronised. What often happens is that one of the international organisations involved proves to be stronger, quicker to act and more disciplined than the others. A possible result is that the whole rehabilitation effort might be put into question or derailed altogether. Irrespective of how one views and treats the NATO military operations in Bosnia or Kosovo, this organisation proved to be stronger and quicker than those which were responsible for the organisation and monitoring of free and fair elections or for rehabilitation loans. Prior planning not only by but between the responsible international organisations would make a transition breakthrough to much higher levels of regional stability and prosperity more likely.

- The regional economic rehabilitation and development programs in the South Caucasus should have started yesterday. There was a good opportunity to draft and implement them when the cease-fire in Karabakh was established. The same goes for the dynamics of the

Georgian-Abkhazian conflict. But the only international organisation active at that point was the OSCE, which was also mostly responsible for mediating political negotiations to reach a final solution for the Karabakh problem. It was also responsible for monitoring presidential, parliamentary and local elections in the three countries of the Caucasus. The UN was moderately active in the conflict resolution process in Abkhazia. The World Bank, the IMF, the EBRD, other international monetary organisations and donor countries preferred to work with Georgia, Armenia and Azerbaijan only on a bi-lateral basis. There were almost no loans for regional economic cooperation. It is only now that the first signs of collaboration and a joint strategy by the international political, monetary and economic organisations can be discerned.

- Last but not least, the idea of regional cooperation, just as any other idea, should never become an ideology, a self-seeking goal as is often the case. It should be deemed and viewed as one of the tools necessary to attain regional stability, security and prosperity. It does not have the extra-sensory powers to heal all regional diseases. Yet, if applied properly, it can become an additional remedy to get rid of the indigestible left-overs of the 20th century. We should watch for the side effects though, for any regional change, even a positive one, is painful and hazardous.