

## **Armenia's Receding European Ambitions**

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Long-awaited EU trade deal seems to have been upended by need to stay close to Moscow.

Although Armenia's government is still insisting it hopes to sign an Association Agreement with the European Union next month, that now looks unlikely.

Improving ties with the EU has formed a central part of Armenian foreign policy over many years, despite a consistently close association with Russia.

Yerevan joined the European Neighbourhood Policy in 2004, and entered the EU's Eastern Partnership five years later. Four years of negotiations on the Association Agreement were completed in late July 24, with the deal scheduled to be initialled at a meeting in Lithuania at the end of November. The agreement includes a "Deep and Comprehensive Free Trade Area" (DCFTA) deal which would mean lower tariffs and other barriers with the EU, and access to a massive market.

The apparently smooth progress towards a final deal came to a shuddering halt in early September, when President Serzh Sargsyan met his Russian counterpart Vladimir Putin and announced plans to join another economic bloc, the Moscow-led Customs Union. Membership of the grouping, which currently includes Russia, Belarus and Kazakstan, would require Armenia to adopt a different set of trade tariffs and agreements which EU officials say are not compatible with the Association Agreement.

Despite this, President Sargsyan says Customs Union membership would not conflict with the EU accord, which he argues could be uncoupled from the DCFTA.

"Armenia is ready even now to sign an Association Agreement with the EU," Sargsyan said in a question-and-answer session after addressing the Parliamentary Assembly of the Council of Europe on October 2. "Sadly, our partners in the European Commission have said there is a clear contradiction between the Customs Union and the agreement on a free trade zone.... We have suggested that we could sign just the Association Agreement, which mainly covers political reforms."

Sargsyan used his speech to insist that he did Armenia's future in terms of a choice between Europe and Russia.

"There has recently been a lot of talk about the civilisational choice facing members of the Eastern Partnership initiative. We have always stated that we don't believe it's right to view the issue in those terms," he said.

The EU's position has not softened since officials gave their initial reactions to the Customs Union announcement. (See [After EU Talks, Armenia Swings Back to Moscow](#).) A European diplomat in Yerevan, who asked not to be identified, told IWPR that salvaging anything from the years of negotiations was going to be all but impossible.

"We are of course keen on continuing cooperation with Armenia, but one also has to also accept that after the statement about joining the Customs Union, Armenia's claim to cooperate with the EU has weakened," the diplomat said. "This weak claim will obviously affect our bilateral relations."

The diplomat said the Association Agreement with Armenia would not be initialled at the November meeting of Eastern Partnership states, at which Ukraine, Georgia and Moldova are expected to ink similar deals. He said it was now up to Armenia to decide how to move forward.

"We are still very interested in Armenia taking part in the Eastern Partnership summit and signing some document. No one has shut the door on Armenia," he added.

Naira Zohrabyan, a politician from the opposition Prosperous Armenia party who chairs the parliamentary committee on European integration, said Sargsyan would be keen to sign some kind of document, even though four years of negotiations had clearly failed to produce the desired free trade deal.

"The government is making every effort to ensure that some kind of statement is signed in Vilnius, even if it's just a declaration, since it will otherwise be hard for them to prove that their policy of 'both' has been a success," she told IWPR.

Zohrabyan said that the EU had yet to set out its specific objections to Armenia entering the Russian-led bloc, in other words "where the red line is".

Richard Giragosian, a political analyst with the Political Studies Centre in Yerevan, argued that the EU could still offer Armenia a range of alternative options, such as a “legal framework” deal covering governance, rule of law, democratisation, and the war corruption.

“The challenge is now how to salvage and redefine the relationship... in the wake of this surprise reverse in Armenian policy,” he told IWPR.

Russia is so keen for former Soviet states to sign up to the Customs Union that it has been putting pressure on those planning to sign EU Association Agreements, by banning imports of various agricultural goods and threatening to erect trade barriers.

Although Armenia’s trade with EU states far exceeds that with Russia, Belarus and Kazakstan combined, it remains heavily dependent on Moscow for security. Russia still has a military presence in the country, and the alliance is seen as a counterbalance to Azerbaijan’s heavy spending on arms purchases, given that the Nagorny Karabakh remains unresolved.

In that context, local analysts say Putin’s offer of Customs Union membership was one that Sargsyan could not afford to refuse.

“Judging by the current climate, Russia will try to stop Armenia building a deeper relationship with the EU,” said Gevorg Ter-Gabrielyan, director of the Eurasia Partnership fund and an advocate of European integration. “We need to fight against this.”

The president’s announcement sparked a series of protests in Yerevan against Customs Union membership. (See **Protesters Under Attack in Armenia**.) However, Ter-Gabrielyan fears that the majority of Armenians do not share the pro-European views of people like him.

“The public largely supports joining with Russia. Plus they don’t like the EU, which they see as a source of perverted values,” he said. “They love Russia, at least insofar as the monster you know is better than one you don’t.”

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