



ARMENIA MONTHLY REVIEW

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Summary

Overall, Armenia continued to be defined by the legacy of a violent 2008 post-election crisis, although the Armenian government faces an increasingly weaker and ineffective challenge from the opposition. The political conflict is serious, but is limited to an emerging clash within the ruling elite itself. On a broader level, the governing elite has yet to fully overcome the combination of unmet demands for political change and mounting economic pressure, which has only plagued an already weakened leadership marked by a lack of popular support and endowed with a meager degree of legitimacy. The month of April was also marked by some positive signs of economic improvement, although the country saw little real change in surmounting deeper economic structural vulnerability and fragility.

This past month has also moved slightly beyond the prior focus on the two main pillars of Armenian foreign policy: diplomacy with Turkey and the Nagorno Karabagh conflict. Although each of these issues remained relevant in April, especially in light of the traditional April commemoration of the Armenian genocide, the stalled nature of the diplomatic effort to “normalize” relations between Armenia and Turkey and the lack of any progress in the Karabagh peace process made foreign policy issues more remote.

Political Overview

Although the month of April is traditionally marked by the commemoration of the Armenian genocide, the main focus of Armenian politics returned to domestic considerations after several months of foreign policy-related issues. With an early promise to seek a second presidential term, Armenian President Serzh Sarkisian announced on 2 April that he would seek reelection in the country's 2013 presidential election. Although the announcement was not a surprise, the president's vow to run again was unusual and seemingly unnecessary. Moreover, the timing was also significant as it tended to confirm the growing rivalry between the current and former presidents. It also demonstrated the competition between rival factions within the government itself, as the president's announcement was also tied to the confrontation between the president's ruling Republican Party and the Prosperous Armenia (*Bargavach Haiastan*) party, a junior member of the pro-governmental coalition affiliated with former President Robert Kocharian.

President Sarkisian's announcement to run again for another five-year term does little to overcome his own serious impediments, inherited from the violence and deaths incurred during clash between police and opposition demonstrators triggered by his election in February 2008. More specifically, after assuming office in the wake of a serious post-election crisis that culminated in the declaration of martial law by his outgoing predecessor Robert Kocharian, Sarkisian's tenure has been marked by an unprecedented lack of legitimacy and pronounced unpopularity. Although the opposition had forged a broad coalition of political parties and groups under the leadership of the defeated presidential candidate, former President Levon Ter Petrosian, it failed to properly exploit the polarization and dissatisfaction with the Sarkisian government in the wake of the post-election crisis. The Ter Petrosian-led opposition bloc, the Armenian National Congress (ANC), was further weakened by an inability to offer any real policy alternatives, thereby steadily losing its initial momentum and exacerbating a political stalemate.

Against this backdrop of a political stalemate between the government and the opposition, President Sarkisian's unusual announcement to run again in 2013 was a message directed at his more serious rival, former President Robert Kocharian. The looming threat to Sarkisian only grew in April, as Kocharian became increasingly active and visible, fueling rumors of his intent to return to politics. In early April, Kocharian met with Robert Bradtke, the U.S. co-chairman of the OSCE's Minsk Group, the mediator of the Nagorno Karabagh conflict, to discuss "issues related to the current phase" of the Karabakh peace process, according to the former president's spokesman Viktor Soghomonian. The meeting, which took place during a visit to Armenia and Karabakh by Bradtke and his fellow French and Russian Minsk Group co-chairmen, was unusual and follows a new attack on the government by Kocharian that criticized its economic policies and defended his own decisions regarding Nagorno Karabagh.

For his part, however, Kocharian denied rumors of his planned political comeback, stating that he was "really amused" by such claims, but warned that "if I decide to return

to politics I will declare that openly and directly.” Seeking to downplay the rumors, Sarkisian himself sought to ease the situation by dismissing Kocharian’s recent criticism of the Armenian government’s economic policies but adding that his predecessor had never left the political arena, stating that it was “normal when Kocharian expresses an opinion on one or another” issue. Although the statements by Kocharian and Sarkisian did little to end speculation over Kocharian’s possible return, the issue died down for the remainder of April.

One key development that was seen to strengthen Sarkisian’s political position against any threat from Kocharian came in April when the “*Yerkapah*” union of Karabagh war veterans pledged their loyalty to the president and admitted several local government officials from President Sarkisian’s Republican Party as new members, despite the fact that none of them had fought in the war. The move was a significant political display of fealty to the president, especially since the veterans’ group backed his rival, former President Levon Ter Petrosian, in the February 2008 presidential election and then openly sided with the opposition during the critical post-election crisis in February-March 2008.

That decision to back the opposition led to the arrest of the group’s former deputy chairman, Miasnik Malkhasian, and the subsequent firing of General Manvel Grigorian, the organization’s senior leader, who then served as deputy defense minister. Then president Kocharian also pressured over a dozen top Armenian army officers to terminate their membership in the “*Yerkrapah*” group. The veterans group once wielded significant political power and influence clout, but after the October 1999 assassination of its founder, Prime Minister Vazgen Sarkisian it was marginalized and generally co-opted by President Kocharian.

Beyond the broader political context, the clash between Sarkisian and Kocharian also assumed a new violent fight by proxy, as armed youth members of the Republican and Prosperous Armenia (“*Bargavach Haiastan*”) parties openly fought each other in a brawl in a Yerevan suburb. The late April brawl led to the arrest of 55 young men, with police detaining 36 of them and seizing at least a dozen firearms. The incident, although only the latest in a series of clashes between the two parties, was the first time that rival party supporters clashed in such large groups and with weapons.

As the conflict within the ruling coalition worsened in April, there was a sign of a shift in the political landscape, as the Heritage (*Zharangutyun*) party, the country’s sole opposition party represented in the parliament, welcomed new members into its ranks. The decision by Ruben Hakobian, a former leading member of the Armenian Revolutionary Federation (ARF or *Dashnaksutiun*), to join the Heritage Party also revealed the ideological weakness of the nationalist ARF party, whose position as the leading nationalist political force steadily eroded after its close support for the Kocharian government. The Heritage Party was able to overtake the ARF as a leading nationalist party on both the Nagorno Karabagh issue and regarding Armenian-Turkish diplomacy. Although the move was a small step, it offered a new sense of energy and dynamism for the party prior to a significant party congress planned for the summer.

In addition to the domestic political developments, the Armenian media continued to battle the authorities' attempts to restrict or remove alternative media outlets. The Gala television station, an independent private outlet based in Armenia's second city of Gyumri, denounced the government in April for renewing its efforts to force its closure after state tax officials froze its assets and bank accounts. Arguing that the asset seizure was due to the station's failure to meet its tax obligations, the State Revenue Committee (SRC) also impounded new equipment and capital assets recently purchased by the GALA TV channel. The tax authorities claim that the GALA TV broadcaster owes some 822,000 drams (\$2,100) in fines imposed for its failure to pay taxes dating from 2007 and 2008. In response, GALA TV owner Vahan Khachatrian rejected the charge, saying that GALA had no outstanding tax arrears.

The move was the second time that the private broadcaster was a target of tax officials, as GALA was accused of tax evasion after it was the only station bold enough to sell paid airtime to former President Levon Ter-Petrosian in September 2007. At that time, the GALA TV station was rescued from the threat of bankruptcy in the face of the punitive measures by the tax officials after a fund-raising telethon in early 2008 raised almost 27 million drams in donations that were used by GALA to pay off the fines imposed by tax authorities at that time. Last month, GALA officials accused the local authorities in Gyumri of trying to force local businesses to no longer purchase commercial airtime and to cease its advertisements on the station.

But the key test for the Armenian media will be the bid by the independent A1+ television station to reacquire a broadcasting license and frequency in a new tender set for the end of 2010. The A1+ station was closed down by the former Kocharian government eight years ago, when the presidentially-appointed National Commission on Television and Radio revoke the channel's broadcasting frequency and awarded it to another pro-government broadcaster.¹ Since its controversial removal from the Armenian airwaves, A1+ has continued to offer independent and often critical news coverage via the Internet,² continuing its role as an alternative source of news and information.

The Armenian government's determination to keep A1+ off the airwaves has not weakened and the authorities maintained the de facto ban even after Armenia was fined by the European Court of Human Rights in June 2008 over the consistent rejection of A1+ applications for a new frequency. Later that year, in part seeking to offset such external pressure, the Armenian parliament approved government-proposed amendments to the law on television that suspended new frequency tenders until July 2010. The larger issue concerns the government's planned national conversion to digital television by 2012, which will trigger a new tender for all digital broadcasting licenses.

In support of the A1+ station, visiting officials from the Paris-based International Federation of Human Rights (FIDH) joined six Armenian civil society groups to urge

¹ Under the terms of constitutional amendments enacted in late 2005 to the Armenian law on broadcasting, the president and the National Assembly each appoint four members of the regulatory body.

² The A1+ news outlet offers daily content on its website (www.a1plus.am) and produces streaming video clips and blog postings that are readily accessed by viewers in Armenia and the diaspora.

“the Armenian authorities to provide conditions that will guarantee the freedom of expression in Armenia” and to calling on the government “to provide impartiality and transparency of future tenders on broadcast licensing and thereby to ensure well-founded and justified decisions which will restore public trust.”

Restrictions on media freedoms were not the only concern in April, as leaders of the International Federation of Human Rights (FIDH) also criticized the government during an international human rights conference organized in Yerevan in early April. The human rights activists joined Armenian opposition demonstrators at a rally held by the Armenian National Congress in demanding the immediate release of opposition supporters remaining in prison, which the opposition define as “political prisoners.”

Joining the demonstrators, Shirin Ebadi, a Nobel Prize-winning activist from Iran, added her call for their release, addressing the crowd by saying, “freedom-loving people of Armenia, be aware that you are not alone,” adding that “human rights advocates from 151 countries have joined you to disseminate your voice of protest around the world.” The FIDH members also called on the Armenian authorities to conduct a “thorough and objective investigation” into what they termed “a disproportionate use of force against thousands of opposition protesters” in Yerevan during the violent post-election crisis in February-March 2008, warning that “we will continue to press our questions until receiving answers.” Although President Serzh Sarkisian met with the visiting FIDH official and acknowledged the existence of “numerous problems” with the protection of human rights in Armenia, he canceled plans to address the conference, sending Armenian Constitutional Court Chairman Gagik Harutiunian and Justice Minister Gevorg Danielian in his place.

The Armenian authorities also faced the continuing fallout from a criminal investigation of a suspicious death of a young suspect while in police custody. The Special Investigative Service (SIS), a special division of the prosecutor-general’s office, assumed control of the investigation after serious inconsistencies arose in the police version of the death. Local police claimed that the young suspect stabbed himself to death at a police station in Charentsavan, a small town roughly 40 kilometers north of Yerevan, after he and three other young men were arrested and detain on the suspicion of stealing 1.5 million drams (\$3,800) worth of goods from another local resident. A statement issued the next day by the national police service alleged that all four suspects freely confessed to the crime. But the circumstances of the death were inherently suspicious, as police claimed that the 24-year old suspect suddenly took a “kitchen knife” from a police officer’s drawer and fatally wounded himself.

The death soon escalated as the national police chief, Alik Sargsian, issued a public endorsement of the official version of events at a news conference and defended the local police against charges of assaulting and abusing the suspect. Once the new investigators took over the investigation, the official version was discredited and the local police came under new scrutiny for their complicity in the death of the suspect. Despite the fact that three local police officers were subsequently arrested for abusing the suspect and the local police chief was dismissed, the outcome did little to restore trust in the police or

faith in the Armenian criminal justice system. Moreover, in general, the abuse and even beating of criminal suspects have been held as accepted practice by police in forcing suspects to confess to crimes, this incident was significantly more damaging to the reputation of the police once the national police chief went on the record to staunchly defend the conduct of the local police in Charentsavan.

The Charentsavan case also follows a similarly high-profile case involving a suspicious death of a suspect while in police custody. In that case, from May 2007, a 31-year old man, Levon Gulian, died when he was in police custody. Sadly, Gulian was not a suspect, but a mere witness to a deadly shooting outside the restaurant he owned. In that case, the official police version claimed that Gulian “fell to his death while attempting to escape” from a second-floor interrogation room of the main police building in downtown Yerevan. Despite the powerful public outrage over the case that forced the Prosecutor-General’s Office to conduct an official inquiry in March 2008, that investigation merely endorsed the official account of the Gulian’s death. That finding also sparked a third investigation, this time ending in April 2009 with a determination that the lack of evidence prevented the prosecution of any police officers for involvement in the death.

Economic Overview

Through the month of April, the Armenian economy remained hindered by structural weakness, ranging from a steep decline in the flow of remittances into the country to a dramatic fall in economic activity culminating in negative GDP growth. But there were some positive developments, although too few and too small to fully overcome the economic downturn. There were also negative developments in April as well, including signs of increasing social pressure driven by rising prices for basic goods and rising energy costs.

The first of these positive developments came in early April with the European Union promising to provide Armenia with some 157 million euros (\$213 million) in assistance to support political and economic reforms as part of the EU’s Eastern Partnership program. During a visit to Yerevan, EU Enlargement and Neighborhood Policy Commissioner Stefan Fule signed a relevant “memorandum of understanding” with Armenian government officials targeting a series of reforms planned for 2011-2013. According to Armenian officials, the planned reforms will concentrate on “the establishment of democratic structures and effective system of governance,” and include measures to “reduce the scale of corruption and foster the development of small and medium-sized business and more transparent operations of big business.”

Despite the new EU assistance, there were also new signs of mounting socioeconomic pressure, however. Most significantly, the price of Russian natural gas imports increased sharply, with a substantial price rise imposed on 1 April, driven by an agreement between Russia’s Gazprom firm and the ArmRosGazprom national gas operator.³ According to the terms of the agreement, the price for imported Russian gas increased from \$154 to

³ Armenia’s national gas distributor, ArmRosGazprom, is actually a Russian-owned firm, with Gazprom holding 80 percent of the company.

\$180 for a thousand cubic meters of natural gas. That increase followed a similar spike in gas prices in April 2009 that saw an increase from \$110 to \$154 per thousand cubic meters. Ironically, Armenia's serious dependence on imports of Russian natural gas should have been offset the construction of the Armenia-Iran gas pipeline that was completed in late 2008. Although Armenia started to import Iranian gas in May 2009, the exact price and volume have not been released, and most of the gas imports have traditionally been limited to a barter arrangement of Armenian exports of electricity to Iran in exchange for meager gas imports.

There was another development in the energy sector in April, with Armenian officials inaugurating a new thermal power plant. The new power plant, which was financed by a \$247 million loan provided by the Japanese government through the Japan Bank of International Cooperation (JBIC), would allow the country to reduce its reliance on natural gas for electricity production. More specifically, the new power plant has a 242-megawatt capacity and its gas-powered turbine will be able to generate approximately one-quarter of Armenia's current electricity output. With this move, Energy and Natural Resources Minister Armen Movsisian claimed that the domestic price of electricity will remain unchanged through 2010 despite the recent rise in the cost of Russian gas imports.

Armenian officials also sought to reassure concerns over the country's economic downturn by hailing signs of a preliminary economic recovery. In April, officials pointed to new statistics that showed a first-quarter GDP growth of 5.5 percent, according to latest government statistics. The new figures were a significant improvement over the Armenian government's official forecast released in November 2009 that predicted a mere 1.2 percent growth rate, in the wake of a 14.4 percent contraction last year. The new positive growth for the first quarter of 2010 was driven primarily by a 10 percent rise in industrial output and a surge in first-quarter Armenian exports by some 60 percent, to nearly \$200 million. For the Armenian government, the new figures offered a welcome respite to the previous bad news over the state of the economy and tended to bolster the authorities' claims of an "economic recovery."

Conclusion

Although the country remained challenged by a serious domestic burden defined by an unresolved political crisis, the month of April saw some refreshing news for embattled Armenian leaders. The opening of a new thermal power plant offered a new chance for overcoming Armenia's energy dependence, especially after a sharp increase in the price for gas imports from Russia. Statistics released in April also tended to bolster the Armenian government's claims of an "economic recovery," although underlying structural weakness and vulnerability remained unaddressed. Thus, the Armenian government weathered another potentially disruptive month and edged closer to overall stability.