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The volume includes studies on Armenia-China, Armenia-Georgia relations, China’s
interests in Gulf region, recent developments in Karabakh conflict, competition over
water resources. The publication may be of interest to social scientists, experts, students
and to a wide range of readers.

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ARMENIA IN THE REGIONAL CONTEXT

SAREN ABGARYAN

BELT & ROAD INITIATIVE AND THE INCREASING RELEVANCE OF ARMENIA-CHINA BILATERAL INVESTMENT TREATY

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Abstract: The Belt and Road Initiative (BRI) was announced by Chinese President Xi in September 2013, with the goal of creating robust continental and maritime trade and investment infrastructure connecting Eastern Asia to Western Europe. Armenia is considered one of the countries situated directly on the roadmap of BRI, which introduces an opportunity to deepen Armenia-China investment relations, attracting Chinese capital for infrastructure and greenfield investments in Armenia. The Armenia-China bilateral investment treaty (BIT) signed in 1992 will govern the private and public investment initiatives between Armenia and China, and there is a growing need to re-examine the protection standards contained in the BIT with the objective of renegotiating and updating the treaty. Armenia-China BIT contains substantive and procedural protection standards for foreign investors that are considerably outdated. In order to facilitate and promote investment relations between Armenia and China, the parties need to draw particular attention to this fundamental document which lays out a framework of protection for investments between the countries.

Keywords: *Belt and Road Initiative; Armenia; China; Bilateral Investment Treaty; Investment protection.*

Introduction

Since its independence, Armenian foreign policy has been called "multi-vectorism," usually defined as complementary diplomacy, which has dominated Armenia's post-Soviet foreign policy.¹ Complementary diplomacy assumes that Armenia has attempted to maintain a balance between the international and regional powers that are actively involved in the South Caucasus region (where Armenia is located). Thus, Armenia has joined and participated both in pro-Russian initiatives and in pro-

Western initiatives, by becoming a part of Russian lead Collective Security Treaty Organization, Eurasian Economic Union and intensifying its cooperation with the EU.² Although participation and contribution in seemingly opposing interests, this fact is a result of Armenia's historical and geographical considerations.³ This meant balancing the inherently conflicting interests of Russia and the West, while at the same time building strong economic and political ties with its immediate neighbours such as Iran and Georgia, and rising economic superpowers such as China.⁴

China was one of the first countries to recognize the independence of Armenia on December 27, 1991, which was followed by the establishment of diplomatic relations between the states on April 6, 1992. Since the 1990s, the two countries have established trade relations that have seen rapid growth and development along with the development of Armenia and China's rise to the status of a global economic giant.

In 1999 in particular, Armenia's imports from China amounted to 0.6% of its overall imports, which was equivalent to US \$238,000. In the 1990s, Russia and the USA had a dominant share in imports to Armenia, with 55% of overall imports. China's share in overall imports to Armenia stayed below 1% until 2004. These statistics have changed considerably in the past decade. Armenia's imports from China increased to 10% in 2010, and in 2016 it reached 11.29% - its highest share to date. Russia continues to maintain its predominance in Armenian imports with a 30% share and China comes in second. Thus, within last two decades, Armenian imports from China have increased from \$US 238.000 to \$US 364 million, which is 1,500-fold growth, and China has moved from 21st place to become the second biggest exporter to Armenia.⁵ Equally significant has been Armenia's exports to China. In 1999, China had a 0.03% share in overall Armenian exports, which grew to 11.21% in 2015, with overall exports amounting to \$US 165 million. It has seen more than 1000-fold increase, which is a strong indicator of the increasing importance of China in Armenian foreign trade.⁶

¹ Sergey Minasyan, "Multi-vectorism in the Foreign Policy of Post-Soviet Eurasian States," *Demokratizatsiya* 20, no. 3 (2012): 268.

² Ibid.

³ Richard Giragosyan, "Toward a New Concept of Armenian National Security," 16.

⁴ World Integrated Trade Solutions (WITS), Armenia Import Partner Share in percentage for all countries and regions between 1997 and 2016, <https://wits.worldbank.org>; see also Statistical Committee of the Republic of Armenia, <http://www.armstat.am/en/>.

⁵ WITS, Armenia Export Partner Share in percentage for all countries and regions between 1997 and 2016, <https://wits.worldbank.org>.

¹ Richard Giragosyan, "Towards a New Concept of Armenian National Security," *Armenian International Policy Research, Working Paper No. 05/07* (Jan. 2005).

Notwithstanding the rapidly developing trade relationship between Armenia and China, Chinese Foreign Direct Investments (FDI) in Armenia have not surged during the same time period. This can be explained by the fact that South Caucasus region has not been a foreign policy priority for China,⁷ and investment relations with South Caucasus countries such as Georgia and Azerbaijan have been relatively identical to that of Armenia.⁸ In 1998, Ambassador Extraordinary and Plenipotentiary of China to Armenia mentioned that since its independence, the countries have developed cooperative and friendly relations and mentioned that China supports the efforts of Armenia to develop its economy and called for deepening their commercial relationship.⁹

China has seen staggering growth since the adoption of the “open door” policy in 1987, and within past 30 years it has grown to become the world’s second-biggest economy, the biggest exporter of goods and services worldwide, one of biggest destinations of global FDI and one of the biggest contributors of outward foreign investment. However, China’s economic, commercial, trade, investment, and even political significance for Armenia is one of the most overlooked topics in the modern academic literature regarding law, economics, and social sciences relating to Armenia. In fact, there is little academic literature discussing Armenia-China commercial relations, and that which does exist was mainly published before 2014.

Particularly, in an article published by Chalmyan has discussed the history of Armenia-China political, economic, and cultural relations between 1992 to 2007,¹⁰ Sarajyan discusses the level of cooperation between the countries until 2012 in the context of Sino-Georgia and Sino-Azerbaijani relations.¹¹ A dissertation published by Sargsyan discusses the Sino-Armenian relationship from 1991-2010 in the context of Chinese

foreign policy,¹² and a short article by Alexanyan makes observations on trade relations between Armenia and China from 2000 to 2013.¹³

The lack of research demonstrates that the academic discussion on Armenia-China relations, especially after the commencement of the Belt and Road Initiative (BRI), is highly underrepresented.¹⁴ There is merely one book, written by Mher Sahakyan that focuses on Armenia’s potential in participating in the BRI.¹⁵ It is the first substantial study about China-Armenia relations in the context of the BRI.

This contribution is intended to fill in the gap of emphasizing the importance of Armenia’s intensified cooperation with China in the context of the BRI (Section 2) and invites Yerevan and Beijing to renegotiate the currently existing Armenia-China investment treaty for providing foreign investors a higher level of treatment in their territories (Section 3 & 4).

Belt and Road Initiative & China-Armenia relations

The Chinese “One Belt One Road Initiative” (OBOR) (also commonly referred as “Belt and Road Initiative” (BRI)) is the most significant and ambitious foreign policy goal created by China to date, which is set to draw bigger investment and trade scale than the Economic Co-Operation Act (better known as the Marshall Plan) had more than seventy years ago.¹⁶ The BRI is the largest development plan in modern history. It has a strong infrastructure building program underneath with a goal of connecting China with its neighboring countries all the way to Western Europe.¹⁷ In addition to financing support, investments, and

⁷David Pipinashvili, “Sino-Russian Geopolitical Interests in Central Asia and South Caucasus,” *Bull. Georg. Natl. Acad. Sci* 5 no. 2 (2011).

⁸ See for example a detailed FDI statistics data retrieved from UNCTAD, “Bilateral FDI Statistics 2014,” *Yearbook* (2014) (available at http://unctad.org/Sections/dite_fdistat/docs/webdiaeia2014d3_ARM.pdf (Armenia));

⁹Yan Kejun, (Ambassador Extraordinary and Plenipotentiary of China to Armenia) speech, “The International Situation and the Foreign Policy of China,” *AUA*, May 14, 1998.

¹⁰Noubar Chalmyan, Hay-ĉinakan haraberutyunnerē 1992-2007 t’ t’ (in Armenian), Armenian-Chinese relations between 1992 and 2007, *Banber Yerevani hamalsaran*, 130.6 (2010): 25-35.

¹¹Simon Sarajyan, Hayastan-ĉinastan, p’astarkner hatuk hamagorĉakcutyan ogtin (in Armenian), Armenia-China: arguments for special cooperation, *21-rd Dar* 5(45), (2012): 5-22

¹² Gor Sargsyan, ĉinastani artak’in k’aga k’akanut’yan aranĉahatkut’yunnerē ew ĉin-haykakan haraberutyunner ē (1991-2010 t’ t’) (in Armenian), Peculiarities of China’s foreign policy and china-armenian relations (1991-2010), PhD Thesis, Institute of Oriental Studies, NAS RA (2012).

¹³ Lusine Alexanyan, Hay-ĉinakan mijpetakan arevtrantեսakan haraberu t’yunnerē ew drane’ herankamerē (in Armenian), Armenian-Chinese Inter-State Trade and Economic Relations and Prospects, *EPH UGY Gitakan hodvacneri joxovacu*, 1.7 (10) (2015): 70-75.

¹⁴See e.g., Mger Saakjan, “Perspektivy Vovlechenija Armenii V Kitajskuju Inicijativu ‘Odin Pojas, Odin Put’” (in Russian), *21-j Vek* No. 4(45) (2017); Mher Sahakyan, *Metak’ si ĉanaparhi olorannerum* (in Armenian), On the windings of Silk Road, *Globus* 5 (84) (2017).

¹⁵ Mher Sahakyan, *ĉinastani Mek goti, mek ĉanaparhi naxajernutyunē ew Hayastanē* (in Armenian), China’s One Belt, One Road Initiative and Armenia (Yerevan: Noravank, 2018).

¹⁶ “Will China’s Belt and Road Initiative outdo the Marshall Plan? How China’s Infrastructure Projects Around the World Stack Up Against America’s Plan to Rebuild Post-war Europe.” *The Economist*, March 8, 2018, <https://www.economist.com/finance-and-economics/2018/03/08/will-chinas-belt-and-road-initiative-outdo-the-marshall-plan>.

¹⁷Peter Cai, “Understanding China’s Belt and Road Initiative,” *Lowy Institute for International Policy* (2017): 1-2.

other resources for infrastructure development, this initiative facilitates industrial, financial, and economic cooperation among the countries along the BRI.¹⁸ The geography of this initiative includes the African continent, Central Asia, Eastern Europe, South Caucasus (including Armenia), Middle East, Russia, South Asia, South East Asia,¹⁹ and China has also called on Latin American countries to join the initiative, making it a global program.²⁰

The BRI requires heavy capital investments, including projected \$1.3 trillion annually until 2030, which is a massive development finance initiative. The BRI initiative can be categorized by having the first continental roads and rails connecting China to Europe through Central Asia, by following the traditional "Silk Road route," and the second route is the Maritime Silk Road, which connects Chinese ports to the Indian Subcontinent, goes through the Indian Ocean to Africa and crosses the Suez Canal, continuing on to Europe.²¹

The program was announced in President Xi's speech in Astana on September 7, 2013 and a few days later at the summit of the Shanghai Cooperation Organization (SCO) in Bishkek on September 13, 2013.²² In the document called "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road," China announced that the 21st century is a "new era marked by the theme of peace, development, cooperation and mutual benefit" and that "the Belt and Road Initiative is a systematic project, which should be jointly built through consultation to meet the interests of all, and efforts should be made to integrate the development strategies of the countries along the Belt and Road" for reinforcing the Silk Road Spirit – "peace and cooperation, openness and inclusiveness, mutual learning and mutual benefit" carried through generations for thousands of years.²³

¹⁸Zeng Lingliang, "Conceptual Analysis of China's Belt and Road Initiative: A Road Towards a Regional Community of Common Destiny," *Chinese Journal of International Law* 15, no. 3 (2016): 517-541.

¹⁹The Economist and Intelligence Unit Report, "One Belt, One Road: An Economic Roadmap," March 2016, (available at http://www.iberchina.org/files/2016/obor_economist.pdf).

²⁰Rumi Aoyama, "'One Belt, One Road': China's New Global Strategy," *Journal of Contemporary East Asia Studies* 5, no. 2 (2016): 3-22.

²¹Davies Gloria, Jeremy Goldkorn, and Luigi Tomba, eds. *Pollution: China Story Yearbook 2015*. ANU Press, 2016, in chapter "One Belt One Road: International Development Finance with Chinese Characteristics", 245-250.

²²Zhenis Kembayev, "Towards a Silk Road Union," *Chinese Journal of International Law*, 15, Iss. 3, (2016): 691-699.

²³Vision and Actions on Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk Road, jointly released by the National Development and Reform

This initiative is directed first and foremost towards reinforcing China relations with its neighboring countries, strengthening economic ties, and security cooperation. The second policy objective behind the BRI is to strengthen and accelerate the pace of economic development in the central and western regions of China, which have been lagging behind the development pace seen in the Eastern and Coastal regions of China. Three important Chinese financial institutions play a key role in the process of attracting public and private funds to establish and successfully carry out projects: China Development Bank, the Asian Infrastructure Investment Bank (AIIB), and the Silk Road Fund.²⁴

Thus, within 5 years, Armenia has appeared in an economic reality that is not comparable with the situation it was in at any time in its history. The country is facing new challenges and there will be many opportunities that need to be taken advantage of in the coming decades that can boost its economic growth, mainly by enlarging its small market with lower trade barriers and reaching the more than 2 billion consumer market of BRI countries.

Armenia is considered one of the countries situated directly on the roadmap of the BRI, and one of the purposes of this section is to additionally stress the relative importance of the BRI for the country. Armenia currently has two infrastructure projects that can be potentially included among the BRI projects and financed for making it a transit country for foreign goods. The first project is the North-South Road Corridor investment program which intends to connect Armenia's southern border with Iran to the northern border with Georgia. The Road Corridor project is planned to be a 556km highway with an estimated cost of USD 1.5 billion and has been already initiated thanks to funding from Asian Development Bank, European Investment Bank, and Eurasian Development Bank.²⁵

For receiving direct access to the railroad of the BRI, Armenia needs to build a rail station to Iran, which requires an approximately USD 3.5 billion investment, a project that China might be interested in

Commission, the Ministry of Foreign Affairs and the Ministry of Commerce with the authorization of the State Council, the People's Republic of China on 28 March 2015 (http://en.ndrc.gov.cn/newsrelease/201503/t20150330_669367.html).

²⁴Davies, Goldkorn and Tomba, "One Belt One Road: International Development", 245-250.

²⁵See e.g., Transport Project Implementation Organization, "North-South Road Corridor Investment Project" <https://tpio.am/en/projects/North-South-Road-Corridor-Investment-Program>

financing by including it in the framework of BRI projects.²⁶ The importance of direct access to the continental routes from China to Europe, Armenia will solve one of the biggest obstacles that the economy faces, which is a landlocked country with closed borders with Turkey and Azerbaijan.

The BRI will involve investments of about \$1.7 trillion in 2030,²⁷ which presents Armenia with an opportunity to renovate and build its infrastructure, connecting it to the road and railroad of the BRI, providing a long-term trade and investment opportunity with 80 BRI countries. Armenia can be considered as a favorable jurisdiction to BRI countries since it, first of all, provides a window to the Eurasian Economic Union, where Armenian goods can be transported tax-free. Additionally, Armenia recently signed an economic association agreement with the EU, which allows favorable conditions for trade in services. Thus, Armenia can also become an attractive destination for greenfield investments for Chinese enterprises.

In this context, the international investment agreements signed between Armenia and China will govern the relationship between the Chinese investors and government of Armenia, and thus in the next sections we will provide an analysis of the treatment standards in the Armenia-China investment treaty.

The Importance of International Investment Treaties: Armenia – China BIT

According to the World Investment Report, the global flow of FDI has reached \$1.75 trillion in 2016 and is projected to reach \$1.85 trillion in 2018, representing a massive financial flow between countries. However, this flow of cross-country finance is a relatively recent occurrence.

In Post-World War II times, the world was considerably segregated, there were certain country blocks that were trading and investing between themselves, and a truly global economic order was not yet established. One of the major roadblocks for such a development was based on the fact that investors were hesitant to invest their capital

abroad, due to the possibility of expropriation or confiscation of their property by the foreign countries' governments and lack of any remedies that investors could seek.

In the context of the segregated economic and investment order in the globe, bilateral and multilateral investment treaties have played and continue to play an essential role for the protection of investors' property rights in foreign states. Usually, those agreements incorporate a number of substantive treatment standards, resembling Treaties of Friendship, Commerce, and Navigation, with an essential addition. Bilateral investment treaties (BITs) and multilateral investment treaties (MITs) gave investors a direct recourse to bring claims against the host government in front of an impartial international arbiter. While having a global MIT has proven to be a challenging task, the countries mainly focused on creating a complex web of bilateral investment treaties which currently amount to more than 2,500 in total.

International investment agreements (IIAs) and the jurisprudence developed around them have created an international investment protection framework that allows investors to be confident that their capital in a foreign country will be protected and in the case of the host country breaching any of the treatment standards promised in IIAs, the investors could directly seek redress against the state.

This significant development in international economic law has stimulated scholars to research this relatively new field of law, and many scholars have studied the investment treaty practices of different countries and unions, such as the US, Canada, the Energy Charter, European countries, ASEAN, China, etc. These studies try to make sense of the international investment policymaking practices adopted by different countries, the treatment standards provided to foreign investors, and for making recommendations on modifications that should be made in particular countries' treaties in order to better reflect recent case law.

Armenia started its bilateral investment treaty (BIT) program in 1992 (it was signed with China), and Armenia currently has 42 signed BITs (35 of which are currently active) and 7 Treaties with Investment Provisions (TIPs).²⁸ This is a robust network of BITs. To put this into perspective, Armenia is an active BIT maker, with more than two BITs concluded annually starting from 1992.²⁹ While there are a number of

²⁶ "China Interested in Iran-Armenia Rail Project," *Financial Tribune*, March 6, 2018, <https://financialtribune.com/articles/economy-business-and-markets/83024/china-interested-in-iran-armenia-rail-project>.

²⁷ See e.g., "Assessing Asia's Infrastructure Investment Needs", *Asia Development Blog*, February 28, 2017, <https://blogs.adb.org/blog/assessing-asia-s-infrastructure-investment-needs>.

²⁸ For further updated details to the BIT statistics of China, refer to the following website: <http://investmentpolicyhub.unctad.org/IIA/CountryBits/9#fialInnerMenu>

²⁹ Germany, according to UNCTAD website currently has 135 signed BITs (129 in force).

economic, legal, and political implications of BITs, from the developing country's perspective, BITs are a concession to treat investments in an agreed upon manner that has the potential to promote higher investment and capital flow into the country's economy.³⁰

Broadly speaking, China has been one of the most active BIT makers in the world with over 129 signed BITs, only second to Germany. Through this practice, Chinese BITs have undergone four stages of development:

1. 1982-1989 that started with the launch of the BIT program,
2. 1990-1997 that started with China's accession to the ICSID,
3. 1998-present starting from the Going Global policy. During this period the treatment standards and ISDS clause have gradually shifted from restrictive standards towards more liberal ones.³¹ China remains a classic example of growing the country utilizing foreign direct investments, and the successful start of liberalization encouraged the state to continue this through gradually removing the restrictive nature of Chinese policies, implementing laws and regulations for foreign properties, investments, and enterprises. The changes in domestic law and the bilateral investment program implemented by China have greatly affected its overall attractiveness for foreign investors.³²

This change has also affected Chinese practice, where the BIT signed with Armenia³³(1992) has a number of substantial differences compared to the most recent Chinese BITs. Chinese BITs over decades have seen considerable change and evolution, changing from restrictive investment treaties to more liberal ones. The main drivers of change can be divided into three main parts:

1. domestic drivers of change, e.g., "opening up policy" and inbound investments; "going global policy" and outbound investments; the rise of the economic competitiveness of Chinese public and private enterprises,³⁴

2. regional and global drivers of change (Chinese integration into the Asia Pacific as an important player; in a global context, Chinese negotiations with the USA, the EU, and TPP; accession to the WTO,

3. Experience in international relations as a driving force (accumulating the experience of China as a treaty-maker). Those changes were also supported by changes inside the national economy of China, by creating a more stable and open legal and economic system that foreign investors consider safe.³⁵

In the next section, we analyze the treatment standards included in the Armenia-China BIT (1992) focusing on its substantive treatment standards and the investor-state dispute settlement clause. We break through legal matters, placing them in the context of Chinese BIT-making policy and suggest an updated BIT, which will provide a higher level of protection to investors originating from those countries. The existing BIT is restrictive and provides a very low level of protection to foreign investors and has a limited investor-state dispute settlement clause.

The National Treatment Standard in the Armenia-China BIT

The National Treatment (NT) standard guarantees a level playing field among domestic and foreign investors, obliging the host states to provide foreign investors with treatment that is "not less favourable" or treatment "the same as" its own (domestic) investors. It creates competitive equality among foreign and domestic investors.³⁶This standard has been qualified as the single most important standard of treatment contained in investment treaties which conveys how crucial this standard is.³⁷ NT is a relative standard of treatment that sets the minimum standard of treatment the same as its domestic investors, with the presumption that foreign investors can receive more favorable treatment, and not vice versa.

The NT standard in the context of the Chinese investment treaty has seen considerable discussion.³⁸ It has been established that the earlier

³⁰ See generally, Kate Hadley, "Do China's Bits Matter-Assessing the Effect of China's Investment Agreements on Foreign Direct Investment Flows, Investors Rights, and the Rule of Law," *Geo. J. Int'l L.* 45 (2013): 255-321; Böhle, Tim, and Helen V. Milner. "The politics of foreign direct investment into developing countries: increasing FDI through international trade agreements?" *American Journal of Political Science* 52.4 (2008): 741-762;

³¹Norah Gallagher and Shan Wenhua, *Chinese investment treaties: policies and practice*, (Oxford: Oxford University Press Vol. 35, 2009).

³²Kong Qingjiang, "Bilateral investment treaties: the Chinese approach and practice," *Asian YB Int'l L.* 8 (1998):106.

³³ China-Armenia BIT (1992).

³⁴ See e.g., Guiguo Wang, "China's Practice in International Investment Law: From Participation to Leadership in the World Economy." In *Looking to the Future*, Brill, 2010,

845-890; Huan, Guocang. "China's Open-Door Policy, 1978-1984." *Journal of International Affairs* (1986): 1-18.

³⁵Wenhua Shan, "Law and Foreign Investment in China: General Role of Law and Substantive Issues-Part One," *Manchester J. Int'l Econ. L.* 2 (2005): 41.

³⁶ United Nations Conference on Trade and Development (UNCTAD). "National Treatment" UNCTAD/ITE/IIT/11 (Vol. IV), (1999): 1; Zhou, Jian. "National treatment in foreign investment law: a comparative study from a Chinese perspective." *Touro Int'l L. Rev.* 10 (2000): 10, 39.

³⁷ *Ibid.*, 2.

³⁸ For example, Wei Wang, "Historical Evolution of National Treatment in China," *Int'l Law.* 39 (2005): 759; Wenhua Shan, Norah Gallagher, and Sheng Zhang, "National

batch of Chinese BITs (most of the BITs signed before 1995) follow the practice adopted in the first Chinese Model BIT³⁹ and do not contain an NT clause. Statistically, less than half of all Chinese treaties contain an NT clause. The Armenia – China BIT follows the earlier Chinese BIT practice and does not contain an NT clause.⁴⁰ The absence of an NT clause allows both of the contracting parties to maintain full discretion upon providing a differential level of treatment and protection to domestic and foreign.⁴¹ Thus, it does not guarantee that foreign investors will not be discriminated against compared to domestic companies.

Most-Favoured-Nation Treatment Clause

The Most-Favoured-Nation (MFN) clause ensures a level playing field and the equality of competitive conditions among foreign investors that seek to make investments in a host state, by eliminating discrimination based on national considerations.⁴² MFN clauses ensure that the host state provides not less favorable treatment to investors originating from a foreign country than is provided to any other third state in the agreed space of relation covered by the treaty.⁴³ MFN is a relative standard, meaning that the scope of the clause is based on the host state's conduct towards third state investors.⁴⁴ Thus, as soon as the state provides more favorable treatment to a third state, it is automatically extended to all the other states that it has a treaty with. Consequently, if the state does not provide better treatment to any third state, the MFN clause does not have any practical importance.

The BITs signed between China and Armenia contains an MFN clause. However, it has limitations that can significantly restrict the scope of MFN clauses. First of all, the Armenia-China BIT adopts a post-establishment MFN clause, which applies only to investments that have

treatment for foreign investment in China: A changing landscape," *ICSID review* 27, no. 1 (2012): 120-144, etc.

³⁹ First Model BIT has been adopted by MOFCOM in the early 1980s.

⁴⁰ Armenia – China BIT (1992).

⁴¹ Lei Cai, "Where does China Stand: the Evolving National Treatment Standard in BITs?" *The Journal of World Investment & Trade* 13, no. 3 (2012): 374.

⁴² UNCTAD, *Most-Favoured-Nation Treatment* (UNCTAD Series on Issues in International Investment Agreements II, New York and Geneva, 2010, 30).

⁴³ Organisation for Economic Co-operation and Development, *International investment law: a changing landscape; a companion volume to international investment perspectives*. OECD, 2005: 128.

⁴⁴ Rudolf Dolzer and Christoph Schreuer, *Principles of International Investment Law* (Oxford University Press, 2012, 206).

already been made "in accordance to the laws and regulations" of the states. The post-establishment MFN clause does not cover the entry conditions of making the investment and does not materialize unless the investment is already made in the territory of the host state,⁴⁵ allowing the host country to preserve a great deal of discretion over the admission and establishment of foreign investment.⁴⁶

The second characteristic of the MFN clause in China-Armenia BITs is that the agreement does not specify whether the MFN clause can be applied to procedural clauses and the investor-state dispute settlement clause. It has become a recommended practice for BIT making to have this clarification due to the debates in the scholarly literature and inconsistent investment treaty jurisprudence.

Umbrella Clause

The umbrella clause presents the possibility that contractual agreements or commitments assumed by a state can be protected by the investment treaty, and a breach of those agreements can be considered as breaches of the treaty. By including an umbrella clause in an investment treaty, the countries can elevate the contractual undertaking into international law obligations.⁴⁷ It transforms the state's responsibility towards a private investor under a contract into an international responsibility.⁴⁸ Thus, this clause becomes a protective umbrella (hence the name) for investment contracts or other undertakings of the state, a violation of which can be considered a violation of the BIT.⁴⁹ It is considered a well-established contention that not every contractual breach can amount to a breach of international law, but certain contractual breaches might amount to a breach of international law.⁵⁰

⁴⁵ UNCTAD, *Most-Favored-Nation Treatment* (UNCTAD Series on Issues in International Investment Agreements II, New York and Geneva, 2010, 30).

⁴⁶ UNCTAD, *Key Terms and Concepts in IIAs: A Glossary* (UNCTAD Series on Issues in International Investment Agreements, New York and Geneva, 2004, 4).

⁴⁷ Todd Weiler ed. *International Investment Law and Arbitration: Leading Cases from the ICSID, NAFTA, Bilateral Treaties and Customary International Law* (Cameron, May 2005, 326).

⁴⁸ Joachim Karl, "The Promotion and Protection of German Foreign Investment Abroad," *ICSID review* 11, no. 1 (1996): 1-36.

⁴⁹ Christoph Schreuer, "Travelling the BIT route of Waiting Periods, Umbrella Clauses and Forks in the Road," *J. World Investment & Trade* 5 (2004): 249-50.

⁵⁰ Jarrod Wong, "Umbrella Clauses in Bilateral Investment Treaties: Of Breaches of Contract, Treat Violations, and the Divide between Developing and Developed Countries in Foreign Investment Disputes," *Geo. Mason L. Rev.* 14 (2006): 145.

The Armenia-China BIT does not have an umbrella clause in its texts, which is a considerable limitation for the BIT, since it does not provide the level of protection explained above for Armenian and Chinese investors investing in these respective jurisdictions.

Fair and Equitable Treatment Clause

The Fair and Equitable Treatment (FET) standard has been qualified as an overarching principle that fills gaps and informs the understanding of specific clauses.⁵¹ Thus, the clause includes a very wide and ambiguous scope of protection for foreign investors giving tribunals the discretion to decide whether the state has treated the foreign investor fairly and equitably. Fair and equitable treatment is an absolute standard of treatment. The FET clause is inherently inflexible, it is a fixed rule, and it can only change when there is a change in interpretation of the rule in international law or when the language of the relevant treaty is changed.⁵² This protection can cover conduct that is arbitrary, grossly unfair, unjust or idiosyncratic, manifest failure of natural justice in judicial proceedings or a complete lack of transparency and candor in an administrative process.⁵³

Due to the fact that the language of an FET clause varies from treaty to treaty, there is no universal meaning linked to the clause. Depending on the particular case and the BIT language, FET can be interpreted in three ways: (i) FET is a part of the minimum standard required by customary international law,⁵⁴ (ii) FET is a part of international law including all sources,⁵⁵ and (iii) FET is an independent, free-standing standard of treatment.⁵⁶ Some recent Armenian and Chinese investment treaties with other countries provide clarification on the interpretative scope of a FET clause.

However, contrary to this practice, the Armenia-China BIT is silent in this regard and does not clarify how the clause shall be

interpreted, which can be burdensome for tribunals for the interpretation in cases of investor-state disputes.

Full Protection and Security Clause

Full protection and security (FPS) clauses have particular applications for foreign investors in times of civil unrest, public disturbances, and violence, and can also include non-violent situations when investors are deprived of legal security and protection. It encompasses the damages caused to investors due to governments' unlawful actions or inactions that cause investors to suffer losses.⁵⁷

There have been considerable arbitral awards that interpret the FPS clause narrowly only to include protection against the *physical* security of the investment, and this has seen extensive discussion by a number of authorities in academia.⁵⁸ FPS clauses can also be interpreted more broadly to include legal protection, business protection, physical protection (police protection), and even economic regulatory powers.⁵⁹ The view of broader interpretation was advanced in arbitral decisions. In certain cases, tribunals merely admitted that the scope of FPS could be wider than physical security and, in other cases, the tribunals defined the wider scope to include also legal and business protection.

The Armenia – China BIT's FPS clause does not clarify whether the parties expect security limited to physical protection, or if protection go beyond that to include legal and business protection.

Nationalization and Expropriation Clause

Expropriation and nationalization can be defined as the outright physical seizure of an investor's property or its mandatory legal title transfer to the state or a state-mandated third party. However, some measures carried out by the state might not manifest as a physical seizure of the property but might substantially and permanently damage the interest of investor, highly decrease the economic value of its property,

⁵¹ Dolzer and Schreuer, *Principles of International Investment Law*, 123.

⁵² Arghyrios Fatouros, *Government Guarantees to Foreign Investors* (Columbia University Press, 1962), 138.

⁵³ *Waste Management, Inc. v. United Mexican States (Number 2)*, ICSID Case No. ARB(AF)/00/3

⁵⁴ See e.g., FTC Note of Interpretation on 31 July 2001, Art. 1105; also see *Asian Agricultural Products Ltd. v. Republic of Sri Lanka*, ICSID Case No. ARB/87/3, Dissenting Opinion of Samuel K.B. Asante, 583-584.

⁵⁵ See e.g., *EDF International SAUR International S.A. and Leon Participaciones v. Argentine*, Award of 11 June 2012, ICSID Case No. ARB/03/23.

⁵⁶ See e.g., *Saluka Investment B.V. v. Czech Republic*, UNCITRAL, Partial Award, 17 March 2006.

⁵⁷ UNCTAD, *Investor-State Disputes Arising from Investment Treaties: A Review* (New York and Geneva, 2005, 40-1).

⁵⁸ See e.g., Mahnaz Malik "The Full Protection and Security Standard Comes of Age: Yet another challenge for states in investment treaty arbitration?" *International Institute for Sustainable Development*, (2012): 7-9; Nartnirun Junngam, "The Full Protection and Security Standard in International Investment Law: What and Who Is Investment Fully Protected and Secured From," *Am. U. Bus. L. Rev.* 7 (2018): 61-2.

⁵⁹ Thomas Wälde, "Energy Charter Treaty-based Investment Arbitration," *Transnational Dispute Management* 1, no. 3 (2004): 390-1.

and deprive the owner of the opportunity to manage or control its property in a meaningful way. Those state actions are called “indirect expropriation.”⁶⁰ The measures implemented by the state, while they might not qualify as direct expropriation, can interfere with property rights to such an extent that these rights are rendered so useless that they must be deemed to have been expropriated,⁶¹ are called different names: “creeping”, “de facto” or “indirect” expropriation.

The Chinese-Armenia BIT contains the lawful expropriation standards according to customary international law. Accordingly, expropriatory measures carried out by the governments can be qualified as lawful if the measures were being carried out in the public interest, in accordance to the due process of law, on a non-discriminatory basis, and with appropriate compensation. The absence of any of those elements will qualify the measure as unlawful expropriation.

Investor-State Dispute Settlement Clauses

Investor-state dispute settlement (ISDS) clauses in investment treaties are probably the most significant treatment standard provided, which allow the investor to be able to bring a direct claim against the host state in front of international arbiters. The settlement of disputes between investors and the host state has been qualified as the key aspect of investment protection provided in international investment treaties.⁶² ISDS allows for the internationalization of investment disputes and a neutral forum, which are an essential layer of protection for investors’ assets in the territory of the host state, according to the substantive and procedural treatment standard spelled out in the treaty.⁶³

The Armenia–China BIT limits the dispute settlement clause to “disputes concerning the amount of compensation from expropriation,” which is a considerably restrictive approach. This formulation is very restrictive and allows the claimant to refer its case to international arbitration only related to the amount of compensation from expropriation,

which is a high threshold and uncharacteristic of ISDS clauses in the 21st century.

Legal Urgency of a New BIT Between Armenia and China

The Armenia–China investment treaty follows the old model (first generation) of Chinese BITs where the countries adopted a protectionist and restrictive model of the treaty. This restrictiveness is well reflected in the fact that the BIT does not have a national treatment clause or umbrella clause. Additionally, the MFN, FET, and FPS clauses provide vague and outdated wording that can potentially be misinterpreted by investment tribunals. Most importantly, the ISDS clause provides the possibility for investors to bring claims against states only concerning the amount of compensation from expropriation. Those are considerable limitations and leave many aspects of investor rights protection uncovered by the agreement.

It is a well-justified objective for Armenia and China to formulate a new BIT that will be aimed at considerably updating the protective framework of investments, potentially becoming a stepping-stone for China to increase outward foreign investments to Armenia. This potential renegotiation of BITs needs to also be considered in the context of the Chinese BRI, which encourages the participation of state and private investors in long-term infrastructure deals and projects. Thus, additional assurances on the protection of foreign investors rights and assets can give comfort to private investors. Armenia, being at the crossroads of Chinese initiatives, has an opportunity to be a link between Asian, Middle Eastern, and European markets thanks to its geographical location.

Chinese rise in the global economic order, its increasing outward foreign investment, and BRI create a mutually beneficial relationship between the states that needs to be leveraged to provide a higher standard of treatment for foreign investors. This will additionally reinforce the party’s relationship and will encourage Chinese investments in Armenia under the conditions of investor rights protection in accordance with the modern developments of investment treaties. Additionally, Armenia’s recent accession to the Eurasian Economic Union and deepening trade relationship with Europe provide Chinese investors with a window to invest, produce goods and services in Armenia, and freely market them in both CIS and EU markets.

⁶⁰ UNCTAD, *Expropriation* (UNCTAD Series on Issues in International Investment Agreements II, New York and Geneva, 2012, 5-7).

⁶¹ *Siarrett Housing v. Iran*, Interlocutory Award No. ITL 32-24-1, 19 December 1983, 4 Iran-United States Claims Tribunal Reports 122, 154.

⁶² UNCTAD, *Investor-State Disputes Arising from Investment Treaties: A Review* (UNCTAD Series on International Investment Policies for Development, New York and Geneva, 2005, 1).

⁶³ Valentina Vadi, “Critical Comparisons: the Role of Comparative Law in Investment Treaty Arbitration,” *Denv. J. Int’l L. & Pol’y* 39 (2010): 71.

Conclusion

The Belt and Road Initiative is the largest infrastructure development plan in modern history that seems to create a robust financial and trade cooperation network. In this study, we emphasize the importance of Armenia's active participation for boosting its trade and investment realities with China and BRI countries. The BRI places Armenia in a fundamentally different geo-economic environment, which can be very fertile for attracting foreign investments. While the BRI has not yet crystalized or made a profound impact for Armenia, we argue that these key integration processes increase the relevance of investor rights protection in Armenia. Legal certainty and sound investor rights protection guarantees provided to foreign investors can increase the Chinese investor's willingness to invest in Armenia.

In this article, we discussed improvements that can be made in the Armenia-China investment treaty, considering that Armenia needs to intensify its efforts to attract Chinese investments and the BIT has considerable limitations that need to be corrected. The article focused on the substantive treatment standards and the investor-state dispute settlement clause of the bilateral investment treaty. We broke through legal matters, placing them in the context of Chinese BIT making policy and suggested that the parties need to update the BIT, which will provide a higher level of protection to investors originating from those countries. The existing BIT is restrictive and provides a considerably low level of protection to foreign investments originating from Armenia and China.

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ARMENIAN-GEORGIAN RELATIONS IN THE POST-SOVIET ERA: CHALLENGES AND OPPORTUNITIES

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Abstract: As two South Caucasian neighboring countries, Armenia and Georgia share cultural and religious proximity, but there are several contradictions between them caused by both external and internal factors. This study attempts to shed light on the existing controversies and unresolved issues between Armenia and Georgia that pose a challenge for the former. Historical tensions and their direct consequences, diverging foreign policy priorities, problems regarding the Armenian community in Georgia, issues related to cultural heritage, as well as difficulties in transportation via Georgia are discussed.

Keywords: *Armenian-Georgian relations; South Caucasus; Russia; Javahk; Transit Transportation*

Introduction

Armenians and Georgians have been living side by side in the South Caucasus for centuries and have cultural and religious similarities. Despite their proximity, the two states have chosen different paths in building their foreign policy priorities in the post-Soviet period. Armenia is a strategic ally of the Russian Federation and maintains a membership in several Russia-led organizations, whereas Georgia has been pursuing integration into Western institutions and has stable economic cooperation with Turkey and Azerbaijan. In the context of the geopolitical tensions between Russia and the West, Armenia and Azerbaijan, as well as Armenia and Turkey, Armenian-Georgian bilateral relations are in a tenuous position. Additionally, Armenia and Georgia have been at odds regarding the ownership of several territories during their history that has shaped the current relationship.

Today, Georgia is of vital importance to Armenia as it is the main transport and communication corridor to the outside world. Furthermore, a sizeable Armenian community lives in Georgia. The preservation and protection of the rights of Georgia's Armenian community is also a

matter of consideration while endeavoring to develop relations with Georgia. Hence, revealing and discussing the existing problems of the two countries is an essential step towards improving the relationship.

This study consists of three main parts. The first one sheds light mainly on the academic literature explaining the most relevant problems between Armenia and Georgia. In the second and third parts, an attempt is made to cover the gaps of present in the discussed literature primarily concerning recent developments with the help of secondary and primary data, respectively.

The academic literature reveals a range of problematic issues in Armenian-Georgian relations. Some are discussed in this section. First and foremost, the short dispute that occurred at the beginning of the last century and left its mark on the future relations of the two countries are treated. Second, the differing foreign policy preferences of Armenia and Georgia that may directly affect the relationship between the two countries are examined. Next, the most urgent problems of the Armenian community in Georgia are addressed. Finally, the difficulties of transportation-related issues are reviewed.

The Problem of Lori and Javakhk, and Border Demarcation

The 1918 Armenian-Georgian war over Borchalu (Lori) and Akhalkalaki (Javakhk) which are geographically part of the Armenian Highland has left its trace on the present relationship of the two countries. Back in the 19th century, as a part of the Caucasus Viceroyalty, which was an administrative and political region in the Russian Empire, the territories of Armenia and Georgia became subject to territorial-administrative division without taking into consideration the ethnic distribution there. Only in 1917, when the Russian Empire was abolished, did the three South Caucasian nations (Armenians, Georgians, and Tatars) independently agree to solve this problem based on the ethnic principle. The Georgian National Council initially did not oppose the transfer of two-thirds of the territory of Borchalu and the entire province of Akhalkalaki to Armenia, which were both mostly inhabited by ethnic Armenians. However, in order to prevent the advancement of Turkish forces toward Tbilisi, the Georgian army entered Lori and established a checkpoint there.¹ Afterward, the newly formed Georgian government

started to openly express its pretensions not only to Lori, but also to Akhalkalaki, and refused to take its army out. Under those circumstances, in December 1918, Armenian forces entered Lori and Borchalu.² Hovannisian (1971) asserts that after ten days of violent clashes, a British-brokered ceasefire was reached between the parties that urged the cessation of military actions, but it did not end the hostilities. A provisional agreement signed in January 1919 proclaimed Borchalu (Lori) a "neutral zone" under British supervision. The northern and southern parts of Lori were given to Georgia and Armenia, respectively, and mixed governance was established in the central region. Armenia was forced to return Akhalkalaki to Georgia.

The 1918 war generated the problem of the Armenian-Georgian border demarcation³. Samkharadze (2012) states that the January 1919 agreement provided a final resolution of the conflict and delimitation of the border at the 1919 Paris Peace Conference. However, the Paris Conference did not resolve this issue. After the establishment of Soviet rule in Georgia and the resistance carried out by the Armenian population of Lori, it was reunited with the Armenian Soviet Socialist Republic (ASSR).⁴ The border issue between the Georgian and Armenian SSRs again remained unresolved and became a source of tension during the Soviet period. Up until now, the border has not been fully demarcated and delineated.⁵ From time to time, the uncertainty becomes the cause of unpleasant, albeit minor incidents.

Diverging Foreign Policy Vectors

The South Caucasus has historically been subjected to Russian political, economic, and military domination. After the collapse of the Soviet Union, the Russian position was remarkably undermined and the United States along with European Union started to pursue the aim of filling the void of influence in the region by expressing their interest in the vast energy resources of the South Caucasus. Except for Armenia,

¹ Eric Lee, *The Experiment: Georgia's Forgotten Revolution 1918-1921* (London, Zed Books Ltd, The Foundry, 2017).

² Richard G. Hovannisian, *The Republic of Armenia* (Los Angeles, University of California Press, 1971).

³ Nika Samkharadze, "Georgian State Border – Past and Present", *Center for Social Science (CSS)*, (2012), 9-12, http://css.ge/wp-content/uploads/2019/07/nika_border_eng.pdf.

⁴ Artyom Tonoyan, "Rising Armenian-Georgia Tensions and the Possibility of a New Ethnic Conflict in the South Caucasus", *Demokratizatsiya* 18, no. 4 (2010): 301-302.

¹ Arshak Jamalyan, *Hay-VratsakanKnchiry [The Armenian-Georgian Wrinkle]* (Yerevan, Mitq Analytical Center, 1991), 16-25.

Russian influence recorded a steady decline in the two other South Caucasian countries, Georgia and Azerbaijan. The current urgency of the growing confrontation between Russia and the West and the possibility of another "Cold War" threatens to exacerbate already existing divisions in the South Caucasus.⁶ Hence, regional geopolitics has become a complicated issue in the region.

Since their independence, both Armenia and Georgia have been trying to conduct pragmatic foreign policies. From this perspective, the priorities of the two countries differ notably.⁷ Today, Russia is considered to be Armenia's primary "strategic partner"⁸ and the most important ally.⁹ Conversely, Georgian-Russian relations can hardly be described as strategically important or friendly. Georgia has adopted a pro-Western stance since independence.¹⁰

According to Asanishvili, a reasonable explanation for these diverging foreign policies lies in so-called "collective memory."¹¹ "In recent history, Armenians have viewed Russia as a protector from Muslim invasions. Meanwhile, Georgians considered Russia an invader that "annexed" their territory. This environment of mistrust and hatred was present even during the 70 years of Soviet rule in Georgia. A "turning point" of the Communist period was the 1989 tragedy also known as Tbilisi massacre or Tbilisi tragedy when the Soviet army violently oppressed an anti-Soviet protest in Georgian capital leaving 21 people dead and many others injured. This event exacerbated existing animosity of Georgians toward Russia and deepened the divide between them."¹²

Chumbadze (2014) explains the pro-Western direction of Georgia favored by all post-independence Georgian governments and by the overwhelming majority of the population with three facts. First, Georgians have always seen Europe as a source of "sustainable and democratic state development" and the basis for the "stability and invulnerability" of a multiethnic country like Georgia. Second, the Euro-Atlantic bloc is regarded as "the only safety guarantee" politically, economically, and militarily. Finally, Georgians have considered themselves Europeans, and integration with the West is a return after a long separation¹³.

Another critical moment in Russian-Georgian relations was the 2008 Russo-Georgian War that significantly shaped the geopolitics in the South Caucasus. Mikheil Saakashvili's eagerness to accelerate Georgia's inclusion into Western institutions became a problem for Russia due to the possibility of the enlargement of NATO.¹⁴ Besides, Russian presence in the two secessionist regions of South Ossetia and Abkhazia created additional tension in the relations of the two countries that culminated in the Russo-Georgian War. After the war, Russia recognized the independence of Abkhazia and South Ossetia.¹⁵ During the war and later on, the Armenian government under the presidency of Serzh Sargsyan did not openly favor any of the parties, although the country suffered significant economic damages from the war amounting to more than \$670 million¹⁶ as most of Armenia's transit routes pass through Georgia.

In the same context, another source of tension in Armenian-Georgian relations is the presence of the Russian 102nd military base in Gyumri, Armenia.¹⁷ Hamilton argues that the five thousand troops

⁶ *The Perceptions about Armenia's and Georgia's Policy Towards Each Other Among Two States' Youth. Myths And Reality.* (Yerevan, Political Science Association of Armenia, 2015), 9, <https://library.fes.de/pdf-files/bueros/georgien/12746.pdf>.

⁷ Pikria Asanishvili, "Main Security Challenges in the South Caucasus Region: perceptions of Two Countries" in *Armenian – Georgian Relations: Challenges and Opportunities for the Bilateral Cooperation* (Yerevan, Political Science Association of Armenia, 2014), 51-70.

⁸ "National Security Strategy of Armenia", 2007,

<https://www.mfa.am/filemanager/Statics/Doctrineeng.pdf>.

⁹ Revaz Gachechiladze, "Geopolitics in the South Caucasus: Local and External Players", *Geopolitics* 7, no. 1 (2010): 122.

¹⁰ Tracey German, "Good neighbors or distant relatives?" Regional identity and cooperation in the South Caucasus", *Central Asian Survey* 3, no. 2 (2012): 143.

¹¹ Asanishvili, "Main Security Challenges", 51-70.

¹² Pavel K. Baev, Civil Wars in Georgia: Corruption Breeds Violence, in *Potentials of Disorder*, (Manchester, 2003), 127-144.

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¹³ Ketevan Chumbadze, "Foreign Policy Dimension of the Georgian-Armenian Bilateral Agenda: Challenges and Opportunities for the Future Cooperation" in *Armenian – Georgian Relations: Challenges and Opportunities for the Bilateral Cooperation*, (Yerevan, Political Science Association of Armenia 2014), 71-85.

¹⁴ Cory Welt, "Georgia: Background and U.S. Policy", *Congressional Research Service* (2019), 13, <https://fas.org/spp/crs/row/R45307.pdf>.

¹⁵ Mitat Çelikpala, "Not a Single Step Ahead: Turkey and the South Caucasus in 2009" in *Identities, Ideologies and Institutions: 2001-2011 A Decade of Insight Into the Caucasus* (Yerevan: Caucasus Institute, 2011), 194-211.

¹⁶ Nona Mikhelidze, "After the 2008 Russia-Georgia War: Implications for the Wider Caucasus. The International Spectator", *Italian Journal of International Affairs* 44, no. 3 (2009): 27-42.

¹⁷ Sergey Minasyan, "New Challenges and Opportunities for Armenia and Georgia in the Context of Regional Security" in *Armenia and Georgia in the Context of Current Political*

deployed in the 102nd Russian military base enhance Moscow's military presence in the South Caucasus and pose an immediate danger to Georgia.¹⁸

In contrast to Saakashvili's administration, the incumbent Georgian Dream coalition government has adopted a somewhat "balanced policy" in their relations with Russia¹⁹ since coming to power in 2012, eliminating the possibility of the exacerbation of tensions between Armenia and Georgia on geopolitical grounds. However, a pro-Russian shift in Georgia's foreign policy is not likely to occur as the latter is still pursuing its pro-Western policy.²⁰ Welt states that the current Georgian government has sought to restore relations mainly in the economic sphere and has been quite successful (Georgian merchandise exports rose from 2% in 2012 to 13% in 2018).²¹ In 2013, Russia lifted the embargo on Georgian exports that had been implemented in 2006. At the same time, economic reconciliation has not provided a platform for the settlement of the political problems between Russia and Georgia due to Abkhazia and South Ossetia.²² Georgia has been left in a "legal deadlock" as it cannot re-establish diplomatic relations with Russia unless the latter agrees to discuss the restoration of Georgia's territorial integrity.²³

Another area of contention between Georgia and Russia is the former's determination to integrate into the Euro-Atlantic community.²⁴ The NSC clearly states that "one of Georgia's major foreign and security policy priorities is membership in NATO and the European Union".²⁵ In

1994, Georgia joined the Partnership for Peace (PfP) program, followed by the 2008 Bucharest Summit where the allies agreed on Georgia's NATO membership provided it meet all the necessary requirements. NATO fully supports "territorial integrity and sovereignty within its internationally recognized borders, and calls on Russia to reverse its recognition of the Georgian regions of Abkhazia and South Ossetia as an independent state." Furthermore, in 2014, NATO launched a package of specific steps to help Georgia defend itself and prepare for membership.²⁶ In its turn, Georgia is the fifth top contributor to NATO-led missions.²⁷ Some authors argue that its traditional anti-Russian orientation determines Georgia's willingness to obtain NATO membership, as it sees a potential threat to its territorial integrity from Russia.²⁸ Hovhannisyants states that Georgia's membership in NATO may create an additional dividing line in the South Caucasus, which is not in Armenia's interests.²⁹

Armenian and Georgian interests also diverge in the field of regional security. While Georgia pursues NATO membership, Armenia is the only regional member of the Collective Security Treaty Organization (CSTO) and views its participation as "a component of its security," as stated in its NSS.³⁰ Meanwhile, Armenia also seeks cooperation with NATO, again stated in the former's NSS. However, in contrast to Georgia, Armenia's official goal is not gaining membership in NATO but actively participating in the framework of the PfP program. Armenia is also a member of the North Atlantic Cooperation Council and an active contributor to the NATO-led operations in Afghanistan and Kosovo.³¹

Apart from its participation in CSTO, Armenia is a member of the Eurasian Economic Union (EAEU) and the Commonwealth of Independent States (CIS). In 2013, Serzh Sargsyan officially announced

Developments, New Challenges and Opportunities in the Realm of Regional Security, (Tbilisi-Yerevan: Friedrich Ebert Stiftung, 2015), 4-10.

¹⁸ Robert E. Hamilton, *August 2008 and Everything After: A Ten-Year Retrospective on the Russia-Georgia War*, Foreign Policy Research Institute (2018), 15. <https://www.fpri.org/wp-content/uploads/2018/10/final-bssp-1-hamilton.pdf>

¹⁹ Paata Gaprindashvili, *The Future of Russia-Georgia relations: The need for comprehensive anti-annexation policy*, Georgian Foundation for Strategic and International Studies and Friedrich-Ebert-Stiftung (2018), 29. https://grass.org.ge/wp-content/uploads/2018/03/Georgian-and-Russian-Experts-Searching-for-Ways-of-Normalization_Eng.pdf.

²⁰ Minasyan, "New Challenges", 6.

²¹ Welt, "Georgia", 13.

²² Gaprindashvili, *The Future*, 29; Welt, "Georgia", 13.

²³ Hamilton, *August 2008*, 15.

²⁴ Hayk S. Kotanjyan, HII yev Vrastani Anvtangayin Razmavarakan Shaheri Hamadrman Problemi Eutyany Masin [About the Essence of the Problem in Coinciding Security Interests of Armenia and Georgia] in *Razmavarakan Anvtangayin Hetazotutyunner*. Yerevan, HII Pashtpanutyany Nakhararutyany D. Kanayani Anvan Azgayin Razmavarakan Hetazotutyunneri Institut (2008), 453-460.

²⁵ "National Security Concept of Georgia", <https://mod.gov.ge/uploads/2018/pdf/NSC-ENG.pdf>.

²⁶ "Relations with Georgia", NATO, Last updated: 26 Mar. 2019, https://www.nato.int/cps/en/natohq/topics_38988.htm.

²⁷ Welt, "Georgia", 11.

²⁸ Tornike Sharashenidze, "NATO as Viewed from Moscow and Tbilisi" in *Georgian and Russian Experts Searching for Ways of Normalization*, (Georgian Foundation for Strategic and International Studies and Friedrich-Ebert-Stiftung, 2018), 38.

²⁹ Nikolay Hovhannisyants, "NATO-in Vrastani Andamaksutyany Hartsy Hayastani Azgayin Anvtangutyany Tesankyunits [The Question of Georgia's Membership in NATO from the Perspective of Armenia's National Security]" in *Razmavarakan Anvtangayin Hetazotutyunner*. Yerevan, HII Pashtpanutyany Nakhararutyany D. Kanayani Anvan Azgayin Razmavarakan Hetazotutyunneri Institut (2008), 515-525.

³⁰ "National Security Strategy of Armenia", 2007, <https://www.mfa.am/filemanager/Statics/Doctrinceng.pdf>.

³¹ "Relations with Armenia", NATO, Last updated: 08 Nov. 2018, https://www.nato.int/cps/en/natohq/topics_48893.htm.

Armenia's willingness to join the Customs Union (CU) instead of signing the Association Agreement (AA) with the European Union (EU).³² Sargsyan's decision was probably forced by Armenia's dependency on Russia both politically (Nagorno-Karabakh conflict, Turkish blockade, and marginalization from regional projects) and economically (Russia's presence in the economic and energy sectors, the oligarchy, monopolies).³³ Armenia officially became an EAEU member on January 2, 2015.³⁴ On the contrary, Georgia has been steadily moving toward integration into the EU. It signed the AA with EU in June 2014, which was later ratified by the Georgian and European Parliaments, as well as all the EU member states. The AA, which also included the Deep and Comprehensive Free Trade Area (DCFTA) covering the economic aspects of the partnership, fully came into force in July 2016.³⁵

As stated above, Armenia is also a member of another Russia-led post-Soviet organization, CIS, whereas Georgia withdrew from it in 2008 as a result of the Russo-Georgian war.³⁶ Some authors claim that several post-Soviet countries that have been following a Western path for their development (i.e. Georgia) are participating in opposing organizations, such as GUAM (Georgia, Ukraine, Azerbaijan, Moldova).³⁷

Finally, the most challenging difference in the foreign policy of Armenia and Georgia are in their relations with Turkey and Azerbaijan. Armenia's attitude toward Turkey has historically been shaped through the prism of Armenian Genocide and Turkey's refusal to recognize it.³⁸ Since April 1993, Armenian-Turkish 300 kilometers-long border has

been officially closed by Turkey as a result of the ongoing conflict in Nagorno-Karabakh at the time.³⁹ Referring to Armenian-Azerbaijani relations, Mustafayeva (2018) asserts that even though the active phase of the Nagorno-Karabakh conflict ended in 1994, ceasefire violations are common along the line of contact. The unresolved conflict further escalated in April 2016 (known as "Four-day War"), when both sides suffered hundreds of losses. Due to its complicated relations with Turkey and Azerbaijan, Armenia regards Georgia's developing cooperation with these two hostile countries as a serious concern.⁴⁰ Minasyan asserts that in its NSC, Georgia defines relations with Azerbaijan as a "strategic partnership" and Turkey as a "leading partner in the region" that is of strategic importance for Georgia both from a socio-economic and military standpoint, while Armenia is not defined in any of those ways.⁴¹

For Armenia, the most burdensome aspect of Georgia-Turkey-Azerbaijan trilateral cooperation is the intention of Turkey and Azerbaijan to isolate it from all regional projects (i.e. Baku-Tbilisi-Ceyhan and Baku-Supsa oil pipelines, Baku-Tbilisi-Erzrum gas pipeline, Baku-Tbilisi-Kars railroad).⁴² Chumbadze asserts that the enhancement of this trilateral cooperation will increase Georgia's economic dependence on Turkey and Azerbaijan by expanding Azerbaijani-Turkish influence through investments and funds in various regional projects.⁴³ Ter-Matevosyan argues that besides economic expansion, Turkey seeks to expand its religious, educational, cultural, as well as humanitarian influence in Georgia by establishing corresponding institutions.⁴⁴

Problems of the Armenian Community in Georgia

Another sensitive topic in the bilateral relations of the two countries is the situation of the Armenians living in Georgia. There has

³² Richard R. Giragosian, "Armenia's Strategic U-Turn", *European Council on Foreign Relations*, London, (2014), 1,

https://www.files.ethz.ch/isn/179381/ECFR99_ARMENIA_MEMO_AW.pdf.

³³ Vahram Ter-Matevosyan, Anna Drnoian, et al. "Armenia in the Eurasian Economic Union: reasons for joining and its consequences", *Eurasian Geography and Economics* 58, no. 3 (2017): 341.

³⁴ "International Organisations: Eurasian Economic Union", Ministry of Foreign Affairs of the Republic of Armenia, <https://www.mfa.am/en/international-organisations/6>.

³⁵ "EU-Georgia Association Agreement", European Union, Accessed: 13 Sep. 2016, https://ceas.europa.eu/delegations/georgia_en/9740/EU/Georgia%20Association%20Agreement.

³⁶ "International Organisations: Commonwealth of Independent States", Ministry of Foreign Affairs of the Republic of Armenia, <https://www.mfa.am/en/international-organisations/2>.

³⁷ Konstantin Kurilev, K., et al. "A Quantitative Analysis of Geopolitical Pluralism in the Post-Soviet Space", *International Organisations Research Journal* 13, no 1 (2018): 134-135.

³⁸ Aleksandr Iskandaryan, "Armenia-Turkey: Divided by History, United by Geography" in *Identities, Ideologies and Institutions: 2001-2011 A Decade of Insight Into the Caucasus*, (Yerevan: Caucasus Institute, 2011): 180.

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³⁹ Sergey Markedonov, "Russia and the conflicts in the South Caucasus: main approaches, problems, and prospects", *Journal of Conflict Transformation* 3, no. 2 (2018): 39.

⁴⁰ Najiba Mustafayeva, "The Danger of No Peace, No War in Nagorno-Karabakh," *Turkish Policy Quarterly* 16, no. 4 (2018): 121..

⁴¹ Minasyan, "New Challenges", 9.

⁴² Zaur Shiriyev, *Institutionalizing a Trilateral Strategic Partnership: Azerbaijan, Georgia, Turkey*, Konrad Adenauer Stiftung (2016), 4, https://www.kas.de/c/document_library/get_file?uid=-cd257d1b-df92-5184-9ad4-2a5dd95c0886&groupId=252038.

⁴³ Chumbadze, "Foreign Policy Dimensions", 71-85.

⁴⁴ Vahram Ter-Matevosyan, (2017). "Turkish Soft Power Politics in Georgia: Making Sense of Political and Cultural Implications" in *Religion and Soft Power in the South Caucasus*, Routledge (2017): 35-55, file:///C:/Users/ADStudent/Downloads/Memo.pdf).

been an Armenian community in Georgia since ancient times, the most considerable portion of which lives in Javakhk. Sabanadze describes the Samtskhe-Javakheti region as “a potential zone of conflict,” referring to the existing problems in terms of protection of minority rights and “power-sharing” structures.⁴⁵ In their attempt to create a mono-ethnic state, the Georgian government has opted for an isolationist policy toward the Armenian-populated Samtskhe-Javakheti region.

Javakhk Armenians are also constantly facing the need for reforms in the sphere of education and the establishment of corresponding institutions.⁴⁶ There is a problem of the so-called “Georgianisation” of Armenian schools. Specifically, courses of the Armenian History and Geography have been eliminated from the school curriculum, and the time devoted to teaching the Armenian language has been reduced. Children in Armenian schools in and out of Javakhk learn their native language only during Armenian Language and Literature courses. All the other subjects, including Armenian History, are taught in Georgian.⁴⁷ Moreover, those teaching Georgian in Armenian schools are paid two times more than those teaching other subjects.⁴⁸

Due to their weak integration into Georgian society, there is a tendency on the part of Javakhk Armenians to enroll their children in schools where the primary teaching language is either Armenian or Russian, instead of placing them in Georgian schools.⁴⁹ As a result, the vast majority of Javakhk Armenians do not properly speak or understand

⁴⁵ Natalie Sabanadze, *Armenian Minority in Georgia: Defusing Interethnic Tension*, European Centre for Minority Issues (2001), Flensburg, Germany.

https://www.ecmi.de/fileadmin/redakteure/publications/pdf/brief_6.pdf.

⁴⁶ Pavel Chobanyan, “Vrastani Nkatmamb HH Anvtangayin Qaghaqakanutyun Mshakman Razmavarakan Koghmnoroshichneri Shurj [About the Cultivation of Armenia’s Security Policy Strategic Determinants toward Georgia]” in *Razmavarakan Anvtangayin Hetazotutyunner*, Yerevan, HH Pashtpanutyun Nakhararutyun D. Kanayani Anvan Azgayin Razmavarakan Hetazotutyunneri Institut, (2008), 481-514.

⁴⁷ Roman Karapetyan, “Hay-Vratsakan Hamayny yev Nranam Arka Khndimeri Artsartsumnyer Hay-Vratsakan Mijpetakan Haraberutyunnerum [The Armenian-Georgian Community and Raising of Existing Problems in Armenian-Georgian Interstate Relations]”, *Orenqy ev Irakanutyun* 1, 40.

<http://ysu.am/files/%20%D5%B0%D5%A1%D5%B5%20%D5%B0%D5%A1%D5%B4%D5%A1%D5%B5%D5%B6%D6%84%D5%A8.pdf>.

⁴⁸ Levon Mkrtchyan, “Krtutyany ev Gitutyun Khndimeri Hay-Vratsakan Pokhharaberutyunnerum [The problems of Education and Science in Armenian-Georgian Relations]” in *Razmavarakan Anvtangayin Hetazotutyunner*, Yerevan, HH Pashtpanutyun Nakhararutyun D. Kanayani Anvan Azgayin Razmavarakan Hetazotutyunneri Institut (2008), 566-572.

⁴⁹ Tonoyan, “Rising Armenian-Georgia Tensions”, 296.

Georgian. The language barrier creates additional difficulties while trying to pursue higher education and find an appropriate job in Georgia. The high unemployment rate causes continuous demographic change in Javakhk. While trying to make a living, many Javakhk Armenians have to leave their homes mostly for Russia.⁵⁰

Georgian authorities have recently been attempting to deprive the communal regions of Georgia of several aspects of independence, and Samtskhe-Javakheti is among them. For instance, the local self-governing bodies have been separated from the executive ones. Since then the latter has been appointed by Presidential Decree. Karapetyan states that the appointed officials are usually local Armenians but are chosen when they seem more accepting of the government’s policies concerning Javakheti. As a result, the demands on behalf of the Armenian minority of Javakhk are not fully delivered to the authorities, and many issues remain unresolved.⁵¹ Regarding representation in the Georgian Parliament, the Armenian minority gained three seats during the 2016 elections, which Tonoyan calls “symbolic” and “limited”.⁵²

The Georgian government is concerned with “irredentist claims” heard from Javakhk Armenians based on its fears with the precedent of Nagorno Karabakh, although those are nothing more than “grassroots level” statements.⁵³ There have been several attempts by specific groups or individuals from the local Armenian population to speak up for their rights, especially in the early 1990s and mid-2000s. However, those attempts gradually faded away when the Georgian government quickly managed to co-opt the leaders.⁵⁴ In their turn, Armenian authorities have made every possible effort to not inflame separatist sentiments in Javakhk and have never encouraged those aspirations. Armenia has always cared about maintaining normal relations with its northern neighbor, since Georgia is the only transit route for Armenia to Western markets and the deterioration of relations between the two countries may negatively affect the Armenian economy.⁵⁵

⁵⁰ Jonathan Wheatley, “Obstacles Impeding the Regional Integration of the Javakheti Region of Georgia”, *European Centre for Minority Issues* (2004), 10.

https://www.ecmi.de/fileadmin/redakteure/publications/pdf/working_paper_22.pdf.

⁵¹ Karapetyan, “Hay-Vratsakan Hamayny”, 40-42.

⁵² Tonoyan “Rising Armenian-Georgia Tensions”, 296.

⁵³ Gachechiladze, “Geopolitics in the South Caucasus”, 122.

⁵⁴ Vahram Ter-Matevosyan & Brent Currie, “A conflict that did not happen: revisiting the Javakhk affair in Georgia”, *Nations and Nationalism* 25, no. 1 (2018): 15.

⁵⁵ Asanishvili, “Main Security Challenges”, 51-70.

The academic literature lacks sources that address the problems of the Armenians of Tbilisi. Only Mkrtchyan (2009) emphasizes that the number of Armenians in Tbilisi has significantly decreased, and they are no longer the biggest ethnic minority there. She identifies several issues related to Tbilisi's Armenian community: the "isolation" and lack of organizational coordination in the communal life; "loss of traces of the Armenian impact on Tbilisi" that, basically, refers to the problem of preservation of the Armenian history of Tbilisi (buildings, documents, private archives); and the situation of Armenian schools which are gradually becoming less popular among the Armenians.⁵⁶

The Problem of Cultural Heritage

The Diocese of the Armenian Apostolic Church in Georgia was established in the 5th century AD but gained legal status only in 2012. It has always played an important role in the religious and cultural life of the Armenian community.⁵⁷ But there is a significant contention between the Armenian Apostolic and Georgian Orthodox churches concerning the ownership of seven disputable churches (one in Akhaltsikhe and six others in Tbilisi).⁵⁸ Several Armenian churches in Georgia do not belong to the Armenian community anymore and are owned by the Georgian authorities.⁵⁹ The Armenian Diocese demands the return of these six churches, two of which (Norashen and St. Nshan) the Georgian Orthodox Church intends to appropriate.⁶⁰ In its turn, the Georgian Orthodox Church demands five other churches (Khuchap, Hnevanq, Kobair, Akhtala, and Kirants) located in the territory of Armenia, near the Georgian border. The Armenian side denies these claims emphasizing the Armenian origins of those churches.⁶¹

⁵⁶ Mkrtchyan, "Krutyan ew Gitutyan xndimery", 566-572.

⁵⁷ "Diocese of Armenian Apostolic Orthodox Holy Church in Georgia", <https://armenianchurch.ge/hy/component/content/article/654-the-diocese-of-the-armenian-apostolic-church-in-georgia>.

⁵⁸ Tatul Hakobyan, "Vicheli Yekeghetsiner: Khuchap, Hnevanq, Qobair, Akhtala, Kirants [The Disputable Churches: Khuchap, Hnevanq, Qobair, Akhtala, Kirants]", *Civilnet*, August 28, 2017, www.civilnet.am/news/2017/08/28/vicheli-yekeghetsiner-loyndatay-2hnlqunp-Prwpjw-Clpwpaw-Clpwpaw/320349 (accessed October 5, 2019).

⁵⁹ Karapetyan, "Hay-Vratsakan Hamaynq", 40.

⁶⁰ Vazgen Mirzakhanyan Right Rev. Bishop et al. "Hay-Araqelakan Surb Yekeghetsu Virahayots Yem [The Diocese of Armenian Church in Georgia]" in *Razmayarakan Amtangayin Hetazotutyunner*. Yerevan, HH Pashpanutyun Nakharutyun D. Kanayan Anvan Azgayin Razmayarakan Hetazotutyunneri Institut (2008), 573-580.

⁶¹ Hakobyan, "Vicheli Yekeghetsiner".

Additionally, in the past few decades, the Georgian Church and the government have adopted a policy of the complete "abolition" or "Georgianisation" of cultural monuments (churches, cemeteries, khachkars, tombstones, lapidary inscriptions) of Armenian origin. One of those is the famous Khojivanq cemetery in Tbilisi which was destroyed during Stalin's time and where many remarkable Armenian public figures were buried. Later, in the early 2000s, the cemetery was recovered thanks to the efforts of the "Teryan" cultural center. However, there is no guarantee that it is safe from future destruction.

The Problem of Transit Transportation

Most of Armenia's passenger transportation passes through Upper Lars checkpoint. Elibekyan underlines the importance of Upper Lars in the cargo and passenger transportation of Armenia and the accessibility of tourism, which is directly linked to transport availability.⁶² However, according to official records, the flow of passenger cars passing through the checkpoint has doubled in 2018 compared to the previous year, exceeding the transport capacity of Lars and often causing kilometers-long queues.⁶³ The problem extends further due to the mountainous area the checkpoint is located at. The Georgian military road that passes through Lars is usually unstable during the winter as a result of harsh weather conditions that very often cause heavy snowfalls and avalanches, making the road impenetrable and in constant need of repair.⁶⁴ The rest of the year, Lars sometimes has to be closed down due to floods and landslides.

Minasyan highlights the South Ossetian Rock tunnel as an alternative. However, given the complicated relations between Georgia, Russia, and South Ossetia, it is not likely to be carried out soon.⁶⁵ For

⁶² Gita Elibekyan, "Upper Lars: Armenia's Lifeline", *EYN Report*, December 17, 2018, <https://www.evnreport.com/economy/upper-lars-armenia-s-lifeline>.

⁶³ Hushvetutyun Hayastani Hanrapetutyun Transporti, Kapi yev Teghekatvakan Tekhnologianeri Nakharari Gortsughman Ardyunqneri Masin [Report on the Results of the Business Trip of the Minister of Transport, Communications and Information Technologies of the Republic of Armenia], <https://www.gov.am/files/docs/2899.pdf?c=305814>

⁶⁴ Austeja Judzentyte, *The Georgian Military Road*. Political Architecture: Critical Sustainability (2017). https://kadk.dk/sites/default/files/project-downloads/pacs_austeja_judzentyte.pdf.

⁶⁵ Sergey Minasyan, "Armenia and Georgia: Potential of Mutual Transit in the Context of Trade Economic and Political Cooperation of Two Countries", *Regional Dialogue*, September 16, 2016, <http://regional-dialogue.com/en/armenia-and-georgia-potential-of->

Elibekyan a more sensible solution is the realization of the 2011 Agreement on Customs Monitoring of Cargoes that implies the construction of two new roads that will pass through Abkhazia and South Ossetia, respectively.⁶⁶ The reopening of the Abkhaz railway that connected Abkhazia to Russia in Soviet times but stopped operation in 1993 is also seen as an alternative. Through the Abkhaz railway, Armenian transport network will assuredly improve by the reduced cost of trade. Moreover, it will contribute to developing tourism in Armenia and ending its regional isolation.⁶⁷ From an economic perspective, the opening of railway traffic with Russia through Abkhazia would reduce the cost of transport by 15-20%, as there would no longer be a need for ferry transportation. Moreover, the traffic would be accelerated by more than a week that, in turn, would reduce the cost of imported and exported commodities due to the cut in invested working capital.⁶⁸

The significance of Georgia for Armenia is also emphasized by the fact that the latter is a landlocked country with no sea access. According to the 1965 New York Convention adopted by the United Nations Conference on Transit Trade of Landlocked Countries that began to be enforced in 1967, all landlocked states should have free access to the sea as much as coastal states. The Convention consists of eight main principles that define the rights and obligations of landlocked countries. It recognizes the equal rights of those countries of transit trade while entering ports and shipping cargo. In these cases, the landlocked states are exempted from customs. Armenia joined the 1965 convention in 2013.⁶⁹ The Georgian ports Batumi and Poti provide access to the sea for a significant share of the shipments coming to and from Armenia. The Georgian government levies 30% transit custom duties for using its

mutual-transit-in-the-context-of-trade-economic-and-political-cooperation-of-two-countries/.

⁶⁶ Elibekyan, "Upper Lars"

⁶⁷ Mikhelidze, "After the 2008 Russia-Georgia War, 27-42.

⁶⁸ Natalia Mirimanova, et al., *Rehabilitation of the Railways in the South Caucasus: Assessment of the potential Economic Benefits: Sochi-Sukhum-i-Tbilisi-Yerevan railway*, International Alert (2013), 31, https://www.international-alert.org/sites/default/files/Caucasus_RailwaysRehabilitationPt1_EN_2013.pdf.

⁶⁹ Chapter X: International Trade and Development, 3. Convention on transit trade of land-locked states, UN Treaty Collection, Last updated: Dec 12, 2019, <https://treaties.un.org/Pages/PageNotFound.aspx>.

territory and an additional 200 GEL (around \$75) for the entrance and exit of every truck.⁷⁰

Despite the abundance of literature, there are numerous gaps in parts of the issues mentioned above. Starting with the historical background, namely the problem of the Lori and Javakhk territorial dispute, there is a lack of arguments in the literature regarding the relevance of the Georgian-Armenian War of 1918 and its effect on the current predicaments and tensions between the two countries. Particularly, most authors do not mention the absence of full demarcation of the border, which is the direct result of this short war and serves as the basis for disagreements. Additionally, many articles and books about the divergent foreign policy priorities of Armenia and Georgia were published several years ago and do not cover recent developments.

Returning to the problems of Javakhk Armenians, the existing literature is obviously outdated, therefore, the current situation is uncertain. Very few sources address the problems of Tbilisi Armenians, and those that do, are a decade old. The same can be said about the issue of the disputes regarding the ownership of churches. The literature also does not cover the current status of the transportation problem, the present status of the Lars checkpoint issue, as well as the difficulties of Armenian cargo export companies that use Georgian ports.

Methodology and Design

The main variables of this study are the major and minor differences and controversies between Armenia and Georgia that shape the relationship of the two countries. Hence, the research question is as follows:

- What are the major problems that serve as obstacles to the development and enhancement of Armenian-Georgian relations?

The initial assumptions are drawn from personal observation and knowledge. The hypothesis is developed accordingly:

- Armenian-Georgian relations have been challenged by historical tensions, as well as by diverging foreign policy priorities.

This study is based on explanatory research design in an attempt to understand the cause and effect of the external and internal factors that

⁷⁰ Grigor Nazaryan et al, *Tsoyavin Yelq Chunetsogh Yerkrneri Mijazgayin Mrstunakutyun HinnaKhndirny (HH orinakoy) [The Problems of Landlocked Countries' International Competitiveness (The Armenian case)]*. (Yerevan, Amberd" Matenashar, 2014), 65-78, <https://asue.am/upload/files/amberd-competition/Nazaryan.pdf>.

affect Armenian-Georgian relations and to analyze to what extent those factors can be regarded as challenges.

The method is mainly qualitative. Secondary data is collected from the media sources that cover recent developments. The first part is generally based on the existing academic literature. The second part, called "Analysis," is aimed at filling in the gaps of the literature through primary data. Four interviews were conducted with a questionnaire designed on the basis of secondary data. First, an expert on Armenian-Georgian relations answered several questions concerning different aspects of bilateral relations. Second, representatives of three Armenian cargo transportation companies were interviewed. The interviewees were chosen based on purposive sampling.

Foreign Policy Vectors

Unlike Saakashvili's administration, the policies of today's Georgian government are rather cautious in order to avoid antagonizing Russia. Despite the absence of diplomatic relations, the political elites of the two states maintain constant communication. Measures have been undertaken to activate the trade and transportation channels between the two countries⁷¹. In 2011, Georgia reached an agreement with a Swiss company named "Société Générale de Surveillance" (SGS) that provides for the establishment of three trade corridors between Georgia and Russia. Two of these corridors run through Abkhazia and South Ossetia, under SGS monitoring (Switzerland acts as mediator since diplomatic relations were broken off in 2008)⁷². Finally, in 2018, Russia also signed a contract with SGS as a condition for its accession to the World Trade Organization (WTO) that had been previously vetoed by Georgia.⁷³ However, despite cooperation between Russia and Georgia in the economic sphere, the two countries still hold fundamentally opposing

⁷¹ "Pragmatic but Principled: Georgia Opts for Less Confrontation with Russia And the EU is Happy with That", *The Economist*, January 11, 2018, <https://www.economist.com/europe/2018/01/11/georgia-opts-for-less-confrontation-with-russia>.

⁷² "Georgia's Contract with Swiss Company Ensures Implementation of 2011 Russia-Georgia Cargo Traffic Deal," *Agenda.ge*, December 21, 2017, <http://agenda.ge/en/news/2017/2793>.

⁷³ Giorgi Menabde, "Abkhazia and South Ossetia 'Block' Transit Agreement Between Russia and Georgia", *The Jamestown Foundation*, February 22, 2019, <https://jamestown.org/program/abkhazia-and-south-ossetia-block-transit-agreement-between-russia-and-georgia/>.

political views regarding the Abkhaz and South Ossetian problems, as well as in foreign policy. In January 2019, the Prime Minister of Georgia, Mamuka Bakhtadze, told the American *CNBC* that the Russian "occupation of 20% of the Georgian territory" is the greatest challenge for Georgia.⁷⁴ In its turn, Russia is still greatly concerned with Georgia's Euro-Atlantic aspirations, yet the latter does not intend to make a shift in its foreign policy course because of the fear of public backlash. In its foreign policy strategy for 2019-2022 (adopted in March 2019), two of the five main priorities noted are security and territorial integrity, as well as EU and NATO integration.⁷⁵

After the change in government in Armenia in May 2018 as a result of a few weeks of peaceful protests and the former opposition leader, Nikol Pashinyan, was elected PM, it was still uncertain whether Yerevan would change its foreign policy vector and pursue integration into Euro-Atlantic institutions. Before coming to power, the current Armenian PM was an ardent critic of enhancing relations with Russia and participating in Russia-led organizations, especially EAEU. Hence, there was a notion that the Armenian-Russian relationship might change dramatically. However, both during the protests and after taking office, Pashinyan has always ensured his Russian counterparts that he is going to stay committed to Armenia's foreign policy priorities and does not intend to leave EAEU, CSTO, or CIS. Some experts are of the opinion that Pashinyan's stance is determined by the unresolved conflict of Nagorno Karabakh and the closed border with Turkey. In this sense, cooperation with Russia provides more security alternatives for Armenia rather than the West, in addition to Armenia's dependency on Russia as its major trading partner and investor in the Armenian economy.^{76,77} Simultaneously,

⁷⁴ Holly Elyatt, "Russia is Still Occupying 20% of Our Country, Georgia's Prime Minister Says", *CNBC*, January 22, 2019, <https://www.cnbc.com/2019/01/22/russia-is-still-occupying-20percent-of-our-country-georgias-leader-says.html>.

⁷⁵ "Georgian Government Adopts Foreign Policy Strategy for 2019-2022", *The Caucasus Watch*, April 2, 2019, <http://caucasuswatch.de/news/1458.html?fbclid=IwAR1xwuhWFins24vPfcYtNWRhYhBQOBkID3osiY54rEoHlaSXyIFJNX4>.

⁷⁶ Alexander Markarov, "Armenia's Foreign Policy Priorities. Are There Any Major Changes Following the Spring 2018 Political Transformation?", *Caucasus Analytical Digest*, no. 104 (2018): 3-7, <https://www.laender-analyse.de/cad/pdf/CaucasusAnalyticalDigest104.pdf>.

⁷⁷ Amanda Paul, & Dennis Sammut, "Armenia's 'Velvet Revolution': Time is Pashinyan's worst enemy", *European Policy Center*, May 30, 2018,

Armenia's previous and current governments have sought to deepen the cooperation with the EU with the help of the Comprehensive and Enhanced Partnership Agreement (CEPA), signed in November 2017. The document is still in the process of ratification by the 28 EU member-states (13 EU countries and Armenia have ratified it so far).⁷⁸

For Armenia, an actual obstacle in the relations with its northern neighbor is the growing Turkish and Azerbaijani presence in Georgia. Much has been spoken and written about the undisguised intention of Turkey and Azerbaijan to isolate Armenia in the South Caucasus through their cooperation with Georgia in regional projects. Turkish-Azerbaijani influence in Georgia increases day by day and creates potential threats for both Armenians living there and the Republic of Armenia itself. A notable incident took place in February 2019 when a group of Azerbaijanis initiated a protest in front of the Georgian Parliament against the rededication of the statue of Miqayel Avagyan, an Armenian fighter during the Karabakh War that was inaugurated the previous month in Bughashen, a village located near Akhalkalaki. Some Georgian activists also participated in the demonstration. The protesters were demanding that Georgian authorities dismantle the statue. According to them, Avagyan was a "separatist" who took part not only in the Karabakh War but also in the Abkhaz War.⁷⁹ Some Armenian sources mention that this protest was initiated intentionally by Azerbaijani authorities to provoke tensions between Armenia and Georgia, especially in the territory of Javakhk.⁸⁰

Another disturbing episode of the Turkish-Azerbaijani presence in Georgia occurred quite recently, April 24, 2019. April 24th is the commemoration day of the Armenian Genocide, which Armenians in

Georgia usually spend protesting in front of the Turkish Embassy. This year the Turkish Embassy had decided to celebrate children's day on April 24th by organizing an event in front of the embassy and hung children's drawings of Atatürk. In Turkey, this day is traditionally celebrated on the 23th of April.⁸¹ The incident angered Armenians who believe Tbilisi's municipality to be responsible and consider it a "humiliating attitude toward the Armenian community."⁸²

It was interesting to note that after being elected in December 2018, Salome Zurbashvili paid her first official regional visit to Azerbaijan. In her meeting with Azerbaijani President Ilham Aliyev, Zurbashvili mentioned the "friendly and prospective relations" between the two countries. Furthermore, she told Aliyev that Georgia and Azerbaijan "have witnessed similar problems in the recent years"...they [Georgians] know what "occupation" means for a country "when the territorial integrity is not yet restored."⁸³ Basically, Zurbashvili expressed her compassion and support to Azerbaijan in regard to the Karabakh conflict. This announcement became a matter of criticism and anger in Armenian society. Several Armenian news outlets characterized Zurbashvili's statements as "unbalanced" and "dangerous for Armenian-Georgian relations."⁸⁴

Javakhk and Tbilisi Armenians

The Turkish-Azerbaijani influence is an especially thorny issue for Javakhk Armenians. Since the inauguration of the Kars-Akhalkalaki (or

http://www.epnk.org/sites/default/files/page-files/pub_8568_armeniasvelvetrevolution.pdf.

⁷⁸ "The Swedish parliament ratifies CEPA between Armenia and EU", *Arka.am*, May 3, 2019.

⁷⁹ http://arka.am/en/news/politics/sweden_parliament_ratifies_cep_a_between_armenia_and_eu/.

⁸⁰ "Vrastani Aderbejantsinery Pahanjum en Apamontazhel Miqayel Avagyan's Kisantrin [Georgia's Azerbaijanis Demand the Demolition of Miqayel Avagyan's Statue]", *168.am*, February 8, 2019, <https://blog.168.am/blog/200058.html>.

⁸¹ "Aderbejani Npataky Hay-Vratsakan Bakhum Hrahreln e [Azerbaijan's Goal is Provoking an Armenian-Georgian Clash]", *Panorama.am*, February 9, 2019, <https://www.panorama.am/am/news/2019/02/09/%D4%B1%D5%A4%D6%80%D5%A2%D5%A5%D5%B8%D5%A1%D5%B6%D5%AB-%D5%B6%D5%BA%D5%A1%D5%BF%D5%A1%D5%AF%D5%A8/2070744>.

⁸¹ "Vrastanum Tseghaspanutyun Aktsiayi Phonin Turqery Tsutsahandesen Anksatsrel Ataturki Nkarnerov [In the Background of the Genocide Action in Georgia, Turks Held an Exhibition with Ataturk's Paintings]", *Armedia.am*, April 24, 2019, <https://armedia.am/arm/news/70562/vrastanum-ccxaspanutyun-akciayi-foinin-turqery-encahandes-en-ancakrel-ataturqi-nkarnerov.html>

⁸² "Tbilisium Turqakan Despanatan Arjev Turqery Mankakan Mijocaran en Irakanatsnum, Hayery' "Pahanjum yev Hatutsum" Khoragrov Boghoqi Aktisia [In Front of the Turkish Embassy in Tbilisi Turks are Carrying out an Event for Children, Armenians – a Protest titled 'We are Demanding a Retribution']", *Tert.am*, April 24, 2019, <https://www.tert.am/news/2019/04/24/protest/2982109>.

⁸³ "Zurbashviliin Vorpes Vrastani Nakhgah Taratsashrjanayin Arajin Aytys Katarum e Aderbejan [As Georgian President, Zurbashvili Pays Her First Official Regional Visit to Azerbaijan]", *Azatutyun Radiokayan*, February 27, 2019, <https://www.azatutyun.am/a/29793876.html>.

⁸⁴ "Yerevan' Bakvi Haytararutyunnerits Heto: Vrastani Nakhgahi Aytysin Yndaraj [To Yerevan After Making Announcements in Baku: Toward the Visit of Georgia's President]", *Civilnet*, March 11, 2019, www.civilnet.am/news/2019/03/11/Երևանի-Բաքվի-հայտարարություններից-հետո.-Կաստանի-կախարակի-այցի-նվառար/356336.

Baku-Tbilisi-Kars) railway in October 2017, the Turkish- Azerbaijani presence started to grow significantly in Akhalkalaki due to a terminal which serves as a “hub in the region” in terms of the movement of goods and passengers. It is also important to emphasize that the Akhalkalaki terminal is only 30-kilometers away from the Armenian border,⁸⁵ which can be regarded as a potential threat to the security of the RA. In 2017, the Armenian PM at the time, Karen Karapetyan, visited Tbilisi where he discussed the problems of Javakhk Armenians along with other questions concerning bilateral relations. According to Karapetyan, they mainly addressed the educational problems of Javakhk Armenians.⁸⁶ In an interview with the newspaper “Past,” Shirak Torosyan notes that despite the importance of educational issues in Javakhk, it was more urgent to place the issue of the Turkish- Azerbaijani presence that threatens Javakhk Armenians in the agenda.⁸⁷

Regarding recent developments in the sphere of education in Javakhk, Salome Zurabishvili’s April 2019 visit to Javakhk dedicated to the “day of the mother language,” where she encouraged Armenians to start learning Georgian to become full-fledged citizens, should be noted.⁸⁸ Eduard Ayyvazyan, director of the Samtskhe-Javakhk Media Analytical Center, explains that several years ago, many people in Javakhk were granted Armenian citizenship and lost their Georgian one. Granting them Georgian citizenship was one of the pre-electoral pledges of Zurabishvili, which is possible only by taking an exam on the Georgian language. However, the level of knowledge of Georgian is quite low among Javakhk Armenians. Although there is a tendency among the youth to continue education in Tbilisi, it does not guarantee future employment as ethnic Armenians are discriminated from getting both state and non-state jobs in Georgia. Ayyvazyan also highlights some existing problems in

⁸⁵ Vahram Ter-Matevosyan, “Opening of the Akhalkalaki-Kars Railway: What to do Now?” *EVN Report*, November 5, 2017, <https://www.evnreport.com/politics/opening-of-the-akhalkalaki-kars-railway-what-to-do-now>.

⁸⁶ “Karen Karapetyan Vrastanum Abkhazakan Yerkatgtsi Aylyntanraqayin Tarberak E Qnnarkel [“Karen Karapetyan Discussed a Variant of an Alternative Road to the Abkhaz Railway”]. *Aravot.am*, March 1, 2017, <https://www.aravot.am/2017/03/01/860844/>.

⁸⁷ “Javakhahayutyun Khndirneri Hayastani ev Vrastani Varchapeteri Qnnarkummeri Orakargum [The Problems of Javakhk Armenians in the Discussion Agendas of Armenian and Georgian Prime Ministers]”, *Slaq.am*, March 4, 2017, <http://www.slaq.am/arm/news/1161914/>.

⁸⁸ Gevorg Stamboltsyan, “Vrastani Nakhagaly Javakhahayerin Koch e Arel Vratseren Sovorel [“Georgia’s President Calls for Javakhk Armenians to Learn Georgian”]. *Azattyun Radiokoyan*, April 15, 2019, <https://www.azattyun.am/a/29881386.html>.

Javakhk’s schools. First, there is a lack of books, which complicates the process of learning Armenian. Second, there is a need for trained teachers. Although there was a program for training Armenian teachers in Javakhk, it has unfortunately been cancelled already. Finally, the class hours of Armenian language classes are often reduced by school principals.⁸⁹

In May 2018, Nikol Pashinyan visited Javakhk, where he addressed the urgency to prevent and counteract emigration in the region. The question is - how can this be achieved? Eduard Ayyvazyan suggests that Pashinyan may encourage Armenian businessmen to invest in Javakhk. This could be beneficial for Armenians and Georgians at the same time, as recently Georgian authorities have also started to worry about the growing Turkish-Azerbaijani influence in the region. According to Ayyvazyan, a stable Armenian population can serve to balance this influence.⁹⁰

The Cultural Heritage

During her recent visit to Armenia, Salome Zurabishvili met with Garegin II, the Catholicos of All Armenians. They discussed the dispute over the ownership of certain churches. The Georgian President suggested conducting research for the clarification of the origins of several churches. However, the spokesman of the Diocese of the Armenian Apostolic Church in Georgia noted that the latter does not have a law on restitution that stipulates the return of property confiscated by the Soviet regime.⁹¹

⁸⁹ “Pahpanel Hayereny, Sovorel Vratsereny: Zruyts Javakhahayutyun Khndirneri Shurj [Preserving Armenian, Learning Georgian: A Conversation on the Problems of Javakhk Armenians]”, *Civilnet*, Accessed April 16, 2019, <http://www.civilnet.am/news/2019/04/16/Քաղաքացիական-վիճակը-նկատ-հայեցելի-տարածում/358791>.

⁹⁰ “Eduard Ayyvazyan, “Inchpes Kareli e Artagaghty Kangnetsnel yev Skselhakarak Gorisyntatsy Javakhkum [How to Stop Emigration and Start the Opposite Process in Javakhk?]”, *Akhalkhka.net*, Accessed June 22, 2018, <http://akhalkhka.net/2018/06/22/%D5%AB%D5%B6%D5%B9%D5%BA%D5%A5%D5%A9%D5%BD-%D5%AF%D5%A1%D6%80%D5%A5%D5%AC%D5%AB-%D5%A7-%D5%A1%D6%80%D5%BF%D5%A1%D5%A3%D5%A1%D5%B2%D5%A9%D5%A8%D5%AF%D5%A1%D5%B6%D5%A3%D5%B6%D5%A5%D6%81%D5%B6%D5%A5/>.

⁹¹ “Lusine Musayelyan, “Zurabishvili Hayastanyan Aytsits Heto Vrastanum Hayakan Yekeghetsineri Shurj Vechery Krkin Tezhatsel en [After the Zurabishvili’s Visit to

Since 2014, the Armenian Diocese has embarked on activity over its ownership of Armenian churches by negotiating with the Georgian authorities.⁹² The Right Rev. Bishop Vazgen Mirzakhanyan, the previous Primate of the Armenian Diocese in Georgia, considers the problem of churches the most important challenge for the Diocese, which should be resolved primarily by law.⁹³ Currently, the Armenian Diocese is actively fighting for ownership of Tandoyants Church in Tbilisi.⁹⁴ In April 2018, the Georgian authorities started construction in the area of the church. Even the Georgian Ombudsman, Nino Lomjaria, strictly criticized this action, calling it a “discriminatory attitude toward the dominant religious group.”⁹⁵

Transit Transportation

Taking into account the problematic nature of the Georgian military road that passes through the Upper Lars checkpoint, the literature urges the pursuit of an alternative. Back in 2017, Karen Karapetyan told journalists that he had reached an agreement with his Georgian counterpart on an alternative road to Lars, but he did not provide further details regarding the project.⁹⁶ However, this problem has not yet been solved, probably because it is not dependent on the Armenian side. Instead, it is rather a matter of Georgian-Russian bilateral relations. Today, the only alternative to Lars is the ferry route that passes through

the Georgian ports, Batumi and Poti. In November 2018, the acting deputy PM of Armenia, Tigran Avinyan announced that the issue of prices for using Georgian ports is on the Armenian-Georgian negotiation table.⁹⁷ However, no tangible results have been achieved on this front as of yet.

The Border Demarcation

In June 2017, Deputy Foreign Minister of Armenia Shavarsh Kocharyan met with his Georgian counterpart at the time, Davit Dondua, where they had a consultation on a wide range of bilateral questions including the border demarcation problem. The sides agreed on continuing the discussions regarding this issue.⁹⁸ During her first official visit to Armenia in March 2019, Salome Zurabishvili urged at the joint press conference with Armenian President Armen Sargsyan that “it is time to demarcate the border.” She also highlighted that “it is unacceptable to delay that process between the two friendly nations,” as well as that the regulation of the contract is already agreed upon.⁹⁹ However, there is no official record regarding what is currently in progress.

Analysis

Today, the biggest challenge that may affect Armenia's relations with its northern neighbor is the increasing Turkish-Azerbaijani presence in Georgia. According to a researcher from the National Academy of Sciences of Armenia and an expert on Armenian-Georgian relations who preferred to stay anonymous, Turkey and Azerbaijan have historically been seeking a land route that will connect these two fraternal countries. However, as the Armenian-populated Javakhs obstructs this link, the Turk-Azerbaijani “alliance” has adopted a policy to “absorb” Javakhs by

Armenia, The Disputes Over the Armenian Churches in Georgia Have Intensified”, *Azatoryun Radokhayan*, March 22, 2019, <https://www.azatoryun.am/a/29835757.html>.

⁹² “Virahayots Femi Arajord: Yekeghetsineri Veradardzman Patet Knerkayatsvi Vrastanin [Primate of the Diocese of the Armenian Apostolic Church in Georgia Churches’ return package to be presented to Georgia]”, *Mediamax*, November 18, 2014, <https://www.mediamax.am/am/news/interviews/12321/>.

⁹³ Gevorgyan, A., “Vrastani Haykakan Hushardzanneri Khndiry Orensdrakan Legtsman Kariq Uni [The Problem of Armenian Monuments in Georgia Needs a Legislative Solution]”, *ArmRadio*, November 1, 2018, <https://hy.armradio.am/2018/11/01/georg-2/>.

⁹⁴ “Virahayots Temy Boghoqarkum e Tandoyants Surb Asvatsatsin Yekeghetsu Hartsov Tbilisi Qaqhaqayin Datarani Kayatsrats Voroshumy [Georgian-Armenian Diocese Appeals to Tbilisi City Court on Tandoyants St. Virgin Church]”, *Media Analytic Centre*, March 20, 2019, <https://mediaanalytic.org/2019/03/20/qhpbahayog-ibndp-pnohpapnknud-k-pubhqnyu/>

⁹⁵ “Tandoyants Yekeghetsin Haykakan e - Vrastani Ombudsmen” [The Tandoyants Church is Armenian. Ombudsman of Georgia], *News.tv.am*, April 5, 2018, www.1lurer.am/hy/2018/04/05/pwbnhnyug-nlqnlqnlh-huykayalqub-k-vpauuuunh-pdnpnyunh/88905.

⁹⁶ “Hayastany yev Vrastany Hamadzaynutyan e Yekel Verin Larsi Ayllyntanqi Hartsi Shuri: Karen Karapetyan [Armenia And Georgia Agree On Upper Lars Alternative Karen Karapetyan]”, *Armenpress*, February 24, 2017, <https://armenpress.am/arm/news/880153/>.

⁹⁷ “Batumi yev Poti Navahangistnerits Ogtvelu Sakagnery Kveranayven? Parzabanum e Tigran Avinyan [Will the Tariffs for the Ports of Batumi and Poti Be Revised? Tigran Avinyan Clarifies]”, *Shant News*, November 14, 2018, <https://www.shantnews.am/news/view/208319.html>.

⁹⁸ “Hay-Vratsakan Khorhrdaksutyunner Nakharameri Teghalkneri Shavarsh Kocharyani yev Davit Donduyi Makardakov [Armenian-Georgian consultations at the level of Deputy Ministers Shavarsh Kocharyan and David Dondua]”, *Aravot.am*, June 7, 2017, <https://www.aravot.am/2017/06/07/890445/>.

⁹⁹ “Salome Zurabishviliin Andradardzel e Hayastani yev Vrastani Mijev Sahmanagtsman Hartsin” [Salome Zurabishvili addresses border demarcation issue between Armenia and Georgia]”, *ArmeniaSputnik.am*, March 13, 2019, <https://armeniasputnik.am/region/20190313/17682361/salome-zurabishviliin-andradardze-hayastani-u-vrastani-mijev-sahmanageman-harcin.html>.

bringing the region under Turkish-Azerbaijani economic and political influence through various projects (energy sector, direct investments). They emphasize that Javakhk is the "trachea" of Armenia. Therefore, the growing Turkish-Azerbaijani presence threatens not only the region but also Armenia itself.

Another way to preserve the Armenian community in Javakhk is granting Armenian second language status in Georgia. The forced learning of Georgian in "artificial ways" (i.e. all the official documents in Georgia are in the Georgian and Abkhazian languages that the majority of Armenians do not understand) increases emigration rates among Armenians. According to the anonymous researcher, until 2009, Armenian authorities were guided by the reluctance to anger Georgia and did not speak about this problem on an official level. Only in September 2009 did Serj Sargsyan, in a meeting with Georgian officials, mention that the status of Armenian as a second language would improve relations between the two countries. However, this statement has not reached a practical level and was met with harsh criticism in Georgia.

Continuing the topic of the language problem, the expert stresses that although Tbilisi Armenians know Georgian quite well, it does not prevent them from facing difficulties. Whenever an Armenian living in Tbilisi applies for a job, preference is always given to a Georgian candidate. To get employment and become a full citizen, Armenians have to change their surnames to Georgian ones. Sargsyan describes it as a "process of ethnic assimilation," which is especially disturbing in Tbilisi, highlighting the intention of Georgian authorities to achieve homogeneity. The discriminatory attitude of Georgian authorities at the border can be applied to the same context. The expert mentions a number of cases when Georgians working at the Armenian-Georgian border checkpoint have taken Armenian books, newspapers, or journals from people crossing the border en route to Georgia, and, in some extreme cases, even have forbidden the entrance of some Armenians (i.e. the expert themselves, Shirak Torosyan, Samvel Karapetyan).

It may be concluded from the interview that Armenia's security may significantly be challenged by Turkish-Azerbaijani cooperation with Georgia. The only way to counter it is building a strong and stable Armenian community in Georgia, especially in the territories bordering Armenia. It is possible only by responding to the problems of Javakhk Armenians and speaking up for their rights in front of Georgian

authorities. However, given the current geopolitical constraints and Armenia's dependency on Georgia as a transit country, it is not quite feasible to conduct effective diplomacy without jeopardizing bilateral relations.

Returning to the problem of transportation, the CEO of "APAVEN," a big Armenian freight forwarding company, surprisingly states that the Upper Lars does not cause too much trouble for them and usually the company does not suffer significant losses due to long queues. He mentions that although the reopening of the Abkhaz railway would be better, they understand that the possibility of an alternative road does not depend on Armenia. "APAVEN" also uses Georgian ports for exporting and importing goods and pays the fixed 200 GEL entrance and exit fee. The CEO is not aware that there is an opportunity to negotiate the prices in the framework of the 1965 UN agreement on the Transit Trade of Landlocked Countries.

Another company called "Megatrans" regards Upper Lars as a big problem. They often raise this issue among governmental circles mainly when Lars shuts down, yet they do not expect any tangible results. The representative of the company is also not aware of the possibility of reducing the 200 GEL fixed fee for using Georgian ports.

The representative of a third company, "Unitrans," mentions that they do not lose money due to Lars as they prefer outsourcing trucks from other companies. Those companies suffer financial losses when Lars is closed. The same applies to the problem of Georgian ports (the outsourced companies pay the fixed fee themselves).

The interviews with these cargo transportation companies show that opinions differ regarding the level of hardships that arise due to the aforementioned trade issues. Even though there is a need for an alternative transit road for Armenia, this issue does not affect Armenian-Georgian relations very much. It is a salient fact that Armenia is not a decision-maker in this question.

Conclusion

Georgia is of vital importance for Armenia as a transit corridor. Armenia has always sought to maintain friendly relations with its northern neighbor despite a range of problems between them that are the result of both external and internal factors. The question posed at the beginning was aimed at revealing those problems and understanding their

causes and current developments. Meanwhile, the initial assumption that the relations between Armenia and Georgia have been complicated by historical tensions and diverging foreign policy priorities is proven to be partially wrong. Indeed, historical tensions and different foreign policy priorities have played some role in shaping the current relationship, but not to the extent of inviting complete attention. A number of other major and minor issues have been elaborated upon, such as problems of the Armenian community in Georgia, the ownership of the cultural heritage and the brutal attitude of Georgian authorities toward Armenian historical monuments, difficulties in transit communication, as well as diverging perceptions regarding sovereignty and the resolution of territorial disputes, and, finally, the incompletely demarcated border.

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THE NEW DYNAMICS OF THE NAGORNO-KARABAKH CONFLICT IN THE CONTEXT OF THE INTERNAL PROCESSES IN ARMENIA IN 2018

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Abstract: The developments in and around Armenia after 2017 directly and indirectly impacted the Nagorno-Karabakh conflict, influencing both negotiations and their perceptions.

The internal political processes of Armenia during 2018 (known as the "Velvet Revolution") initiated active political changes, which, despite the declared continuation of the course of Armenian foreign policy, brought certain changes to the process of the settlement of the Nagorno-Karabakh conflict and the developments surrounding it. The public perception of the Nagorno-Karabakh conflict underwent certain transformations, and the Armenian authorities came up with new emphases and approaches, forming new tendencies in international perceptions and expectations.

The aim of this article is to examine the transformation of the Nagorno-Karabakh conflict settlement process and its perception in the context of modern political processes, both domestic and international, and to highlight key tendencies.

Keywords: *Nagorno-Karabakh conflict, political modernization, democratization, Artsakh Republic, perceptions of the conflict.*

Introduction

The process of political modernization and democratization supposes the transformation of values of the political elite and society. F. Fukuyama considers development to be a result of changes in four main dimensions: economic growth, social mobilization, changes in ideas, and political development.¹ In the case of revolutionary developments and rapid modernization, this transformation occurs faster and not necessarily proportional. There is a high likelihood of uncertainty in the post-modernization phase as well, and especially in the transition period.²

¹ Francis Fukuyama, "Political Order and Political Decay", *The American Interest*, August 28, 2014, <http://www.the-american-interest.com/2014/08/28/political-order-and-political-decay/> (accessed September 20, 2019).

² Shmuel Eisenstadt, "Disruptions to Modernization" *Neprikosnovennyi zapas*, № 6 (2010), 42-67, (in Russian) <https://magazines.gorky.media/nz/2010/6/sryvy-modernizaczi.html> (accessed September 20, 2019).

The new attitudes and perception shifts affect both domestic and foreign policy. Followers of the theory of constructivism tend to condition the external relations of the state with a combination of identity and interests.³ In this case, democratization affects perceptions of identity and interests, and also changes the country's "behavior" (its policies) in the negotiations on the settlement of the conflict as well.

The internal political processes of Armenia during 2018 (known as the "Velvet Revolution") initiated active political changes, which, despite the declared continuity of foreign policy course, brought certain changes to the process of settlement of the Nagorno-Karabakh conflict and the developments surrounding it. The public perception of the Nagorno-Karabakh conflict underwent certain transformations. The Armenian authorities came up with new emphases and approaches, forming also new tendencies in international perceptions and expectations.

The Nagorno-Karabakh Conflict after "Velvet Revolution"

For Armenia's new authorities, the Nagorno-Karabakh conflict settlement process resumed having an edited version of the so-called "Madrid Principles" on the table. With the insistence of the Armenian side, despite the stated principle of continuity of the foreign policy, the issue of clarifying the perceptions and approaches of the parties on those principles became relevant.

After getting acquainted with each other's approaches and studying the history of the negotiation process, the Armenian side voiced the need to clarify the interpretation of 3 principles and 6 elements of the settlement. "This is indeed the most important issue, but important clarifications are needed to answer to this question. What do these principles mean in practice, and who is entitled to interpret them? This is important as we consider unacceptable the way Azerbaijan interprets those principles. Of course, we can present our own interpretation of these principles, but there will be no use, because our aim is not to be engaged in a verbal dispute, but to have an efficient negotiation process. Therefore, the negotiations should be based on statements which give no

room for misinterpretations,"⁴ Prime Minister Nikol Pashinyan stated on March 2019 at a joint session of the Security Council of Armenia and Artsakh in Stepanakert. That means that the negotiations were continuing based on interpretations of the previous package, the Madrid Principles, without a new document.

One of the major changes in the overall context of the negotiation process was Armenia's goal to return to a full-fledged negotiation process as soon as possible. The issue was raised with a new emphasis. Armenian Prime Minister Nikol Pashinyan announced this for the first time in Stepanakert in 2018 during a press conference on May 9: "I am ready to negotiate fully on behalf of the Republic of Armenia, but the Artsakh authorities should negotiate on behalf of the Republic of Artsakh presented by the President of the Artsakh Republic."⁵ This point was also included in the government's program. "As a key party to the conflict, Artsakh must have a decisive voice and involvement in the settlement process aimed at establishing genuine and lasting peace," the government's plan reads.

As a justification for the claim, the Prime Minister used the thesis that the population of Artsakh did not vote for him, so he is not authorized to represent Artsakh in the negotiation process. The elected authorities of Artsakh should do so.

However, this approach was resisted by Azerbaijan. So far, it has not been possible to make the stated goal more achievable in practice. At the same time, Azerbaijan used the moment to promote the intercommunity approach of the settlement of the Nagorno-Karabakh conflict and began to voice the need for the so-called "Azerbaijani community of Nagorno-Karabakh" to participate in the negotiations. The career diplomat Tural Ganjaliev was appointed the head of that structure, which, according to former OSCE Minsk Group co-chair Kerry Cavano, is already included in the Azerbaijani delegation that negotiates. "Although Baku has stated that the format of the talks should remain unchanged, I have nevertheless noticed that Baku has changed the list of

³ Vyacheslav Morozov, "The Concept of State Identity in Modern Theoretical Discourse", *Mezhdunarodnyye protsessy*, № 1/10, (January-April 2006), (in Russian) http://www.perspektivy.info/misl/koncept/ponyatie_gosudarstvennoy_identichnosti_v_so_vremennom_teoreticheskom_diskurse_2007-8-11-57-32.htm (accessed September 25, 2019).

⁴ "RA Prime Minister Nikol Pashinyan's remarks on the joint session of the Security Councils of Armenia and Artsakh in Stepanakert", last modified March 12, 2019, <https://www.primeminister.am/en/Artsakh-visits/item/2019/03/11/Nikol-Pashinyan-visit-to-Stepanakert/> (accessed September 25, 2019).

⁵ "Prime Minister Nikol Pashinyan's press conference in Stepanakert", last modified May 9, 2018, <https://www.primeminister.am/en/interviews-and-press-conferences/item/2018/05/09/Prime-Minister-Nikol-Pashinyans-press-conference/> (accessed September 25, 2019).

its delegation internally, increasing the presence of the Azerbaijani community of Nagorno-Karabakh there. I see this as a sign of some preparedness with the prospect of changing the negotiation format,"⁶ Cavano said in an interview with Voice of America. The Armenian side did not respond adequately to this process.

Nikol Pashinyan's speech in Stepanakert on August 5, 2019, when he announced that "Artsakh is Armenia and that is all"⁷ again made the issue of Artsakh's final status a matter of public discourse. Later, at a conference in Vanadzor on September 16, Nikol Pashinyan made it clear that such a resolution is the answer to Azerbaijan's uncompromising, categorical approach - that the Nagorno-Karabakh conflict should be resolved solely on the basis of Azerbaijan's territorial integrity, as was mentioned above. Azerbaijan, in its turn, has been consistent in its statements and has pushed for the need to settle the conflict on the basis of the principle of territorial integrity.

Armenian Prime Minister Nikol Pashinyan noted that he was the first to declare that any settlement of the conflict should be acceptable to the peoples of Armenia, Artsakh, and Azerbaijan. He believed this to be an important and innovative step and he expects a similar statement from the President of Azerbaijan as well. However, the Azerbaijani side has not responded to this statement.

Though this thesis intends to primarily create a positive atmosphere for the negotiation process, it also raises certain challenges. The realization of the right to self-determination, which is the basis for the settlement of the Nagorno-Karabakh conflict, is an inalienable right and it cannot be debated and become dependent on the will of the Azerbaijani people.

As for discussions at the negotiation table, according to Nikol Pashinyan's statement, "During discussions with the OSCE Minsk Group Co-Chairs it was unofficially stated that the status of Nagorno-Karabakh may be different, even outside Azerbaijan, etc."⁸

⁶ "Details on Kocharyan, Pashinyan and Karabakh settlement by mediator," *VOA*, June 27, 2019, <https://www.amerikayidzayn.com/a/4975141.html> (accessed October 23, 2019).

⁷ "Prime Minister Nikol Pashinyan's speech at the ceremonial opening of the 7th Pan-Armenian Summer Games in Stepanakert," *Official Website of the Prime Minister of the Republic of Armenia*, August 7, 2019, <https://www.primeminister.am/en/Artsakh-visits/item/2019/08/05/Nikol-Pashinyan-visit-to-Artsakh/> (accessed October 23, 2019).

⁸ "100 Facts about New Armenia -2" - PM Nikol Pashinyan's introductory remarks at his press conference, *Official Website of the Prime Minister of the Republic of Armenia*, 50

In fact, Azerbaijan's approach to the status issue has remained unchanged, while Armenia's "Artsakh is Armenia and that is all" formula deviates from the approach announced earlier by the Armenian authorities, including in the settlement package, that the people of Artsakh should decide the future of Artsakh. That is, the issue of the final status must be resolved through a referendum. In the statements of the mediators, no special attention was paid to the territorial issue, and the parties did not address it separately.

The internal political developments of the conflicting sides have a direct and indirect impact on the negotiation process of the settlement of the conflict, as well as on the perception of the conflict. These developments determine the situation in the region. As Henry Kissinger points out, world order describes the concept held by a region about the nature of just arrangements and the distribution of power thought to be applicable to the entire world.

These systems of order are themselves based on two components: a set of commonly accepted rules that define the limits of permissible action and a balance of power that enforces restraint where rules break down.⁹ The internal political developments in the countries of the region may lead to the disruption of these arrangements and balances and lead to changes in the order of the region. In the case of unresolved conflicts, the quality of dialogue and atmosphere of confidence between the parties play important roles for the implementation of arrangements and for peace in the region in general.

The agenda of the negotiation process during this period was mainly focused on coordinating measures aimed at improving the atmosphere of trust for dialogue. There had been some dynamics in this regard after the oral agreement reached between the leaders of Armenia and Azerbaijan in Dushanbe on September 28, 2018 on "decreasing the tension on borders and overall, preventing border incidents and establishing operative communication between the parties." These arrangements have been maintained for some time, which somehow have reduced the number of border incidents and casualties.

September 16, 2019, <https://www.primeminister.am/hy/interviews-and-press-conferences/item/2019/09/16/Nikol-Pashinyan-Press-Conference/> (accessed September 20, 2019).

⁹ Henry Kissinger, *World Order: Reflections on the Character of Nations and the Course of History* (London: Allen Lane, 2014), 6, 7.

For the Armenian parties, these arrangements were important, first and foremost, from a humanitarian perspective, as they prevented casualties on the borders. In addition, the Armenian authorities presented it as a diplomatic victory, as the Vienna, St. Petersburg, and Geneva agreements were not implemented. The Azerbaijani side used them to take the Vienna, St. Petersburg, and Geneva agreements (reached in 2016-2017 after the four-day war) off the negotiation table. In addition, Azerbaijan took advantage of these arrangements to construct a positive image and to balance the potential challenges arising from the democratization of Armenia, while at the same time carrying out engineering and construction works on its borders. The OSCE MG Co-Chairs' statements focused on the implementation and development of the Dushanbe Agreements, the Vienna and St. Petersburg agreements were not mentioned any more.

In addition, the Azerbaijani side tried to show that it is ready for a constructive dialogue with the new Armenian authorities. However, in the summer of 2019, the number of ceasefire violations increased again, as well as the tension in the rhetoric of the parties. The Azerbaijani Foreign Ministry began declaring that the maintenance of the ceasefire is not a necessary condition for conducting negotiations. "The situation on the line of contact should not hinder progress towards a declaration or a peace treaty,"¹⁰ the Azeri FM said after a June 21 meeting with the Armenian Foreign Minister in Washington.

The development of the process showed that the change of power in Armenia did not in any way influence the policy pursued by the Azerbaijani side. Its constructiveness was temporary. As a result, the Armenian Foreign Ministry put forward a proposal of Dushanbe+, which supposes the implementation of the Dushanbe arrangements and establishment of an investigation mechanism. That is, Dushanbe + Vienna, St. Petersburg, Geneva. "Dushanbe should become also a "Dushanbe plus", because the situation and the tension demonstrated that it can lead to an absolutely wrong direction. In this regard, the situation when we have casualties, when we have ceasefire violations, indeed outlines the importance of the measures, such as, investigation mechanism of ceasefire violations and strengthening of monitoring

¹⁰ "Elmar Mammadaryov: Quite serious disagreements remain between Armenia and Azerbaijan," *Arminfo*, June 21, 2019, https://arminfo.info/full_news.php?id=43193&lang=3 (accessed October 1, 2019).

capabilities. St. Petersburg and Vienna are about it. Those substantial tools are vital for us, the idea of those tools exists and we need to work on that towards one important goal - to maintain an environment conducive to peace"¹¹ Zohrab Mnatsakanyan told reporters on June 27 at the Foreign Ministry.

Overall, it can be noted that there has been a significant reduction of ceasefire violations during the period under review, and new arrangements have been reached. However, the deep perception and policy of each of the parties has not changed substantially, despite the temporary positive dynamics. The Vienna, St. Petersburg, and Geneva agreements have been replaced by the Dushanbe agreement, and the Armenian side's proposal has been put on the agenda. Azerbaijan has continued its policy of exerting pressure on the Armenian side through ceasefire violations, and the rhetoric on this issue has been toughened. The Armenian authorities, adhering to a policy of peaceful settlement of the issue and respecting the ceasefire, have made efforts to reach agreements that will be implemented. The Artsakh authorities, following the agreements reached by the Armenian authorities, have contributed to the reduction of the tension on the border. But the issue of respecting the ceasefire remains relevant.

Some efforts have been made to build an atmosphere of confidence through the mediation of the OSCE Minsk Group. As a result of a meeting of the Armenian and Azerbaijani Foreign Ministers in Moscow on April 15, an agreement was reached "to take measures, on a mutual basis, to allow families to have access to their relatives held in custody in the respective detention centers of the parties. The Ministers expressed their willingness to start concrete work on establishing contacts between people, including through mutual visits of media representatives."¹² However, no practical steps have been taken in this direction.

For some time, discussions on preparing societies for peace became relevant, Prime Minister Pashinyan announced a desire to appeal

¹¹ "Joint press conference of Zohrab Mnatsakanyan, Minister of Foreign Affairs of the RA and Carmelo Abela, Minister for Foreign Affairs and Trade Promotion of Malta", *Official website of MFA*, last modified June 27, 2019, https://www.mfa.am/en/press-conference/2019/06/27/malta_FMs_armenia/9683 (accessed October 1, 2019).

¹² "Joint Statement by the Foreign Ministers of Azerbaijan, Armenia, and Russia, and the Co-Chairs of the OSCE Minsk Group," MOSCOW, *Official website of MFA*, last modified April 15, 2019, https://www.mfa.am/en/press-releases/2019/04/15/nk_meeting/9391 (accessed October 1, 2019).

to the Azerbaijani people. However, Azerbaijan's aggressive rhetoric and policy shows that official Baku is not ready to prepare its society for peace. For example, the Foreign Ministry of Azerbaijan made a statement that if Armenia does not implement the UN Security Council resolutions, "Azerbaijan will restore its sovereignty within internationally recognized borders."¹³ The President of Azerbaijan announced at the "Valdai" discussion club that "Nagorno-Karabakh is an integral part of Azerbaijan, and the issue must be settled within the territorial integrity of Azerbaijan."¹⁴ He made another statement that "Zangezur is a historic Azeri territory and when it was given to Armenians, the Turkish world was split"¹⁵ and so on.

In fact, during this time much was spoken about confidence building, some clear steps were even planned, but no progress was made. The visible tension between the authorities of Armenia and Artsakh also had a certain impact on the public perception. On one hand, the Nagorno-Karabakh conflict has maintained its importance in public perceptions a foreign policy priority. On the other hand, perceptions of the overall problem have undergone some changes.

So, the level of political modernization of the parties to the conflict, the quality of democracy and the similarities or differences of values are of crucial importance in the process of conflict resolution for the region as well. The value system of the parties determines the perception of the conflict, the ways of its settlement, the willingness to take real steps, as well as the policy of propaganda towards their own societies.

At the same time, when the conflict is deeply rooted in the issues of identity of the ethnoses, the elite's value transformation cannot bring fundamental, decisive changes in the public perception of the conflict in the short term. Changes are mostly reflected in the set of chosen tools and priorities. In this case, the value system transformations taking place in the modernization process provide additional tools for maneuvering in a "paradigm of peace and war." In the case of a high level of modernization

of all parties to the conflict, the likelihood of choosing peace is increased, whereas ethnic tensions, if deepened, contribute to the strengthening of the principles of the "affected nation" and the "legal right" between nations that cause hostile, strained relations.¹⁶

From the point of view of game theory, the modernization process with its game logic does not exclude that as a complex whole it includes several value systems.¹⁷ From the point of view of rational choice, the process of modernization is the choice of socially acceptable and progressive values or their comparison with the existing national value system. In this case, the choice of values and approaches that lead to peace becomes the result of the rational choice of the society.

In the case of the Nagorno-Karabakh conflict, one of the most important preconditions for progress in the negotiation process is to overcome the great differences between the conflicting parties' values and perceptions, but not through artificial approximation. It is possible that changes on one side can also stimulate developments on the other side and change the general atmosphere. In this respect, the revolution in Armenia and its democratization can possibly spur positive changes in the negotiation process, in case of coordinating actions with Artsakh and involving Artsakh, if the Azerbaijani side also alters its approach adequately. Otherwise, the "democratic peace"¹⁸ approach does not work if one of the parties does not advance in the path of democratization, especially if it clearly prefers war. Such a situation complicates the resolution of the conflict and causes other parties to the conflict to toughen their own positions by providing additional security guarantees.

Summing up, we can state that for this moment no progress has been made in the negotiations. As a result of the internal political

¹⁶ Mikhail Chernysh, "Factors of the emergence and reproduction of interethnic tension in a theoretical perspective," *Polis. Politicheskoye issledovaniye*, № 5 (2016): 25-36. (in Russian)

¹⁷ Mariam Margaryan, "The Evolution of the Value System of Political Modernization," Political Modernization and Political Processes in the Republic of Armenia, (Proceedings of the 3rd Conference of Political Science), 2013, (in Armenian) <https://mmmarginian.wordpress.com/2016/11/23/%D6%84%D5%A1%D5%B2%D5%A1%D6%84%D5%A1%D5%AF%D5%A1%D5%B6-%D5%A1%D6%80%D5%A4%D5%AB%D5%A1%D5%AF%D5%A1%D5%B6%D5%A1%D6%81%D5%B4%D5%A1%D5%B6-%D5%A1%D6%80%D5%AA%D5%A5%D6%84%D5%A1%D5%B5%D5%AB%D5%B6%D5%B0/>

¹⁸ David Kinsella, "No Rest for the Democratic Peace," *American Political Science Review*, 99 no. 3 (2005): 453-457.

¹³ "Foreign Ministry Statement," (in Russian), *Minval.az*, September 13, 2019, <https://minval.az/news/123919942> (accessed September 13, 2019).

¹⁴ "The meeting of the Valdai Discussion Club," (in Russian), *Official website of Kremlin*, October 3, 2019, <http://kremiin.ru/events/president/news/61719> (accessed October 13, 2019)

¹⁵ "Aliyev: "The transfer of Zangezur to Armenia led to a geographical split in the Turkic world," (in Russian), *Radio Liberty*, <https://rus.azatutjun.am/a/30217915.html> (accessed October 15, 2019).

developments in Armenia, there have been some changes in the perceptions of the negotiating elements, which have not yet been clearly reflected in the negotiation process. Among the related factors, the most important is the goal of returning Artsakh to the negotiation process, but which has not led to practical steps and results. While there are positive dynamics in the process of confidence-building measures, its short, medium, and long-term prospects are unclear, as the Armenian side's strategy is constantly changing, and it is difficult to predict Azerbaijan's strategic goal in this regard.

International developments

During the abovementioned period, certain significant developments also took place in other conflicts arising from the struggle for the realization of the right to self-determination, which have a direct and indirect impact on international and regional perceptions of the Artsakh issue.

The rise of tension was rooted in the relations between South Ossetia and Georgia. Tskhinvali closed the border in response to the deployment of Georgian police checkpoints. Georgia's actions in South Ossetia are perceived as an attempt to apply psychological pressure to increase tension in the region. Growing tension in the region tainting Russia-Georgia relations could create new challenges for Armenia.

The situation surrounding the Cyprus issue also had some developments. In the spring of 2019, Turkey began drilling in the exclusive economic zone of Cyprus. Ankara claims it has the right to drill gas fields as they are partially owned by the Turkish Republic of Northern Cyprus. Meanwhile, this step of Ankara was regarded by the Republic of Cyprus and Greece as an intrusion into the exclusive economic zone of Cyprus. Athens called on Brussels to take action against Turkey.

In July, the European Union suspended dialogue with Turkey and imposed sanctions. It was decided to cut financial aid to Turkey by 2020, to suspend the activities of Turkey-EU Association Council and negotiations on an air transportation agreement. The Council of Foreign Ministers also urged the European Investment Bank to review Turkey's financial programs. At the same time, the president of the Republic of Cyprus, Nikos Anastasiadis, offered to share the profit of the sale of natural gas with Turkish Cypriots. He called for the opening of escrow

accounts (an account that can only be accessed if the requirements are met). Nikos Anastasiadis' proposal seems unrealistic at the moment. Each side seeks to take this opportunity to push forward its interests: Greek-Cypriots aim to achieve island reunification by economically including Turkish-Cypriots, and Turkey to the contrary tries to deepen divisions and strengthen its position in the region.

The Kosovo situation also continues to develop. The main issue on the Kosovo-EU agenda at the moment is visa liberalization. Kosovo is trying to put pressure on the European Union. Kosovo's President Hashim Thaci threatens to unite with Albania if the EU pursues its policy of isolation¹⁹, meaning a "protracted process" of EU visa liberalization for Kosovo. The EU has responded to Kosovo's demand. At the end of August, the EU High Representative Federica Mogherini announced that the EU countries should abolish visa requirements for Kosovo²⁰, as all requirements have already been fulfilled. It is not ruled out that Kosovo will comply with the EU requirements and will not continue its policy of unification with Albania, which may create opportunities in the context of the Nagorno-Karabakh conflict.

In spite of the partially recognized status of Kosovo, the EU has provided both financial and advisory support to the development of Kosovo's state institutions. Moreover, the prospect of joining the European Union was opened for Kosovo and Serbia regarding the final settlement of the conflict.

Artsakh has never received such support and assistance from the international community. The international community avoids recognizing Artsakh's independence or working directly with state institutions. One of the reasons is the perception of the international community that Artsakh's ultimate goal is to unite with Armenia.

Now, with such statements by Kosovo, the situation is changing, and that difference in approaches is becoming artificial. In this context, the agencies responsible for the foreign policy of Armenia and Artsakh

¹⁹ Kosovo said it would consider a referendum on unification with Albania, TASS, September 20, 2019, (in Russian) <https://tass.ru/mezhdunarodnaya-panorama/6494949> (accessed September 20, 2019).

²⁰ Remarks by HR/VP Federica Mogherini at the press conference following the informal meeting of EU Foreign Ministers (Gymnich), EEAS website, September 20, 2019, https://eeas.europa.eu/headquarters/headquarters-homepage/66820/remarks-hr-vp-federica-mogherini-press-conference-following-informal-meeting-cu-foreign_en (accessed September 20, 2019).

have a wide range of things to accomplish. It should be noted that in the new context, the different approaches to these two conflicts are no longer relevant and valid, and it is logical to expect strong support for the development of democracy in Artsakh. This makes it possible once again to speak about the irrationality of avoiding the recognition of Artsakh's independence.

Active processes are also taking place surrounding the issues of Scotland and Northern Ireland. The process of leaving the United Kingdom again raised centrifugal moods in Scotland, and the Northern Ireland issue became one of the major obstacles for Brexit.

The desire for independence in Scotland has again gained momentum during the process of BREXIT (Britain leaving the European Union). On June 23, 2016, during the referendum on BREXIT, 51.89 percent of UK citizens voted to leave the union. Still, in Scotland, 62% voted to stay in the EU and only 38% voted to leave.²¹ As a result of this and the prospect of economic hardship, the issue of holding a new referendum on independence is back on the agenda in Scotland. On October 20, 2016, the Government of Scotland published the second draft bill on an independence referendum in the country to start further discussion. Scotland's aim is to gain the right not to leave the EU single market, maybe staying within the United Kingdom, and enhancing the Scottish Parliament's role on the issues of international trade and migration.²²

The issue of Northern Ireland is one of the main factors hindering the Brexit process today. The Belfast Agreement of 1998 established a specific governance mechanism in a number of areas of Northern Ireland, including the formation of the Irish-British Council, which guarantees the decisions in different areas that are agreed upon by all sides and takes into account the interests of all parties.²³ Due to its historical features, Northern Ireland is economically very close to the Republic of Ireland,

²¹ "EU referendum results," Electoral Commission, September 25, 2019, <https://www.electoralcommission.org.uk/who-we-are-and-what-we-do/elections-and-referendums/past-elections-and-referendums/eu-referendum/results-and-turnout-eu-referendum> (accessed September 29, 2019).

²² "Scottish independence: draft bill published on second referendum," *The Guardian*, October 20, 2016, <https://www.theguardian.com/politics/2016/oct/20/second-scottish-independence-referendum-bill-published> (accessed September 22, 2019).

²³ "The Belfast Agreement, Agreement reached in multi-party negotiations," *CAIN Web Service*, <http://cain.ulst.ac.uk/events/peace/docs/agreement.htm> (accessed October 10, 2019).

which causes no problem as both the UK and the Republic of Ireland were members of the EU and the EU single market and economic union, but after Brexit, the UK will leave this single market. This implies the tightening of border controls, including control of commodity turnover. In the case of Northern Ireland, this also takes on a certain political context, as it will lead to a division from the Republic of Ireland's market and in general from the Republic of Ireland. That is why the so-called "Backstop"²⁴ was negotiated. The Backstop means that Northern Ireland would remain part of the EU single market and customs union after Brexit. It gives Northern Ireland a special status over other UK units, which is unacceptable for the Conservative party of the UK. This contradiction has caused debate over the issue of postponing Brexit and leaving the EU without a deal.

In the context of Brexit, this example of Northern Ireland shows that the so-called "half-solutions" in conflict resolution, called upon to "save the face" of the parties, that cause the dependence of the conflicting sides, further restricts the sovereignty of the conflicting parties and continues to threaten instability in the region. Overall, in the period under review, we can see the escalation of so-called "frozen" conflicts, while regional developments are causing the reactivation of resolved conflicts.

Conclusion

The revolution in Armenia and the significant increase of the legitimacy of the authorities created positive expectations in the context of the settlement of the Nagorno-Karabakh conflict, first and foremost among the international community. Azerbaijan's constructive attitude and positive dynamics in the initial phase of dialogue with the new authorities also contributed to this. However, to justify such expectations, proportionate change is needed for all parties involved, first and foremost for Azerbaijan, which will ensure a balanced transformation of the approaches of all parties and effective dialogue.

Azerbaijan's constructiveness was temporary, pursuing clear interests and goals. Armenia's rapid, revolutionary democratization and constructiveness in the negotiation process could have increased pressure on Azerbaijan, so Baku sought to be cooperative to avoid such pressure

²⁴ "Brexit and Ireland," *European Commission*, https://ec.europa.eu/ireland/news/key-eu-policy-areas/brexit_en (accessed October 10, 2019).

and not let the Armenian sides strengthen their positions. Over time, neutralizing the current threat and taking advantage of the unclear position of the Armenian authorities and some statements, the Azerbaijani side returned to its usual aggressive rhetoric and policy after reaching more favorable positions in the negotiation process. For example, Azerbaijan has made the presence of the so-called "head of the Azerbaijani community of Nagorno-Karabakh" to the negotiation process more institutional. Baku is trying to show that Azerbaijan was ready for progress, but the Armenian sides did not take real steps, etc.

In the case of Armenia, using the positive image of the country after the revolution and the chance to act as new negotiators with fresh approaches, additional opportunities could be created to increase international pressure on Azerbaijan, to strengthen its positions and, at the same time, to "get rid of" the unwanted points on the negotiation table. The new Armenian authorities partially went with that path, or at least made such an attempt, by voicing their demand for the immediate return of Artsakh to the negotiating table.

At present, the efforts for the international recognition of Artsakh are also not visible. Moreover, Armenia, while declaring that it does not represent the people of Artsakh, continues to negotiate on behalf of Artsakh, also reaching an agreement on the maintenance of the ceasefire and the settlement of humanitarian issues.

Developments in Northern Ireland and Brexit have shown that solutions to conflicts that do not provide a final settlement become the basis for instability in the region when the situation changes. It is desirable to build the Nagorno-Karabakh conflict settlement process on the basis of a package that will ensure a final and complete settlement, make Artsakh a self-sufficient entity, furthering possible domestic political and foreign policy changes in Armenia and Artsakh, so that Azerbaijan will not create instability in the region again.

Kosovo's rhetoric on joining Albania, as noted, provides an opportunity to voice the international community's unequivocal approach to Artsakh and Kosovo and to voice the need to recognize Artsakh's independence.

International political developments and general tendencies show that the struggle for self-determination has been and continues to be an integral part of international relations and regularly plays a decisive role in geopolitical developments. Even at first glance, the Brexit process,

which is not directly related to self-determination, now faces the problem of self-determination in Northern Ireland and Scotland. Resolved and frozen conflicts condition the stability and potential dangers in the region, as in the case of Cyprus. And in case of all conflicts, domestic political developments directly affect conflict settlement and its perceptions. All of this also shapes international perceptions of the right to self-determination and the conflicts that arose on that basis, as well as those of the opposing sides.

RESOURCE COMPETITION IN THE MIDDLE EAST

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THE ROLE OF THE GULF REGION'S ENERGY SUPPLIERS IN CHINA'S ENERGY SECURITY POLICY AT THE TURN OF THE 21ST CENTURY

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Abstract: The main purpose of this article is to analyze China's energy security calculations starting from the end of the 20th century. The growing demand for oil paved the way for China to expand energy ties especially with the Gulf region's energy producers. Beijing's economic modernization initiative together with its market-oriented economic plans caused significant increases in its energy demands. The Gulf attracted China more than any other region due to its huge energy resources. Consequently, while continuing to deepen its cooperative ties with the Gulf States, China was even ready for direct competition with the United States for influence there. Chinese energy companies were pursuing deals in many regions, but the Gulf region's huge oil potential remained crucially important for Beijing. The region gradually gained priority status in China's strategic calculations. Chinese economic and energy relations started to flourish in the Gulf, especially with their Saudi partners. Thus, the Sino-Saudi 'strategic partnership' pushed Beijing forward for new opportunities. Strategically significant development in Sino-Saudi trade and investment ties helped Chinese strengthen efforts to reemerge in the Kingdom's eyes as a trustworthy and desirable long-term customer for importing Saudi oil. China's oil diplomacy along with its huge demands for imported-oil had the potential to strengthen its energy ties with oil-producers, even though his policy complicated its relations with other global oil-importing states.

In this article, the author tries to present China's soft penetration into the Gulf region that made those states significant energy suppliers. How the Gulf region became a top priority within Beijing's energy security calculations will be demonstrated. Indeed, the attempts of Sino-Saudi rapprochement together with China-United States regional relations are also explored.

Keywords: China, energy security, Middle East, Gulf, United States, oil diplomacy

Introduction

The Middle Eastern countries sometimes are viewed as 'rich states' in regard to their natural resources. However, they are still not very

developed. With their huge oil reserves, the Middle Eastern countries could provide China with an alternative source of investments and foreign exchange, and at the very least serve to counterbalance some of the consequences of the West's potential sanctions. On the other hand, the region has become one of the best markets for Chinese labor services and goods, including the military industry (arms, ammunitions, and spare parts).¹

China's economic reforms and modernization programs during the second half of the 20th century caused a significant increase in its energy demands. Meanwhile, it followed this by expanding its industrial base and commercial enterprises in order to raise living standards. The country's energy production, particularly its domestic oil production, was slow-moving, therefore Beijing initiated programs for seeking oil to satisfy its significant energy needs. Since the petroleum reserves discovered in Xinjiang province and in the East and South China Seas failed to meet China's expectations and the oil reserves of the Daqing field started to decline, Beijing became a net importer of crude oil in 1993. The growth in China's demand for imported oil has been tremendous, impacting global energy markets since that time. From 1993 to 2002, China's oil demand grew close to 90 percent, but domestic production grew less than 15 percent. By 2004, China's economy was growing at 9.5 percent annually, while it became the third-largest automobile market in the world, adding more than five million vehicles yearly. Consequently, Beijing's oil demand rose to six million barrels per day, nearly 40 percent of which comes from imports. This phenomenon illustrates the magnitude of China's demands for oil. Taking into consideration the lack of domestic oil production and inefficient energy use, Beijing's demand for oil continued to grow at impressive rates. On the other hand, although coal remained the main fuel source for power generation, the percentage of China's electrical power generated by oil and gas-fired plants started to increase. The problem here was Beijing's limited ability to expand its use of coal imposed by technical shortcomings, in addition to transportation and infrastructure constraints. China's one foundational growth sector was its automobile market. Therefore, besides the power sector, the fastest-growing use of energy in China was needed for transportation. This trend sharply raised the

¹Yitzhak Shichor, "China and the Middle East since Tiananmen," *The Annals of the American Academy of Political and Social Science* Vol. 519 (1), China's Foreign Relations, 1992, 88.

percentage of China's overall energy needs, including a huge number of hydrocarbons.²

The rapid growth of China's energy demands triggered hostile reactions in the West in general, and in the United States in particular. This phenomenon became an issue of interest and debate within the foreign policy community as well. The chief topic of debate was about the prospects of the near future, as well as about the possibility of direct confrontation between China and the United States for their access to global oil and gas resources. For instance, the US academic and politician Henry Kissinger had gone so far as to argue that the most probable cause for international conflicts in the coming years would be the global competition over hydrocarbon resources.³

China's economic drive and its hunt for oil was influencing Beijing's foreign policy and pushing the country towards its neighbors, such as Russia, Japan, and Central Asian countries. Sub-Saharan Africa and Latin America regions were important for China as well. As a rising power, China was gradually seeking more opportunities for access to global energy resources, and Beijing's policy negatively influenced its ties with other global players. At least, it appeared to be unfavorable for the West, especially for the United States. On the other hand, China's rise, along with its huge energy needs, could become a stumbling block regarding many issues, thus making things more difficult for the Western players to achieve their expected and desired goals.

The International Energy Agency (IEA) is an international organization in which the oil-consuming countries of the world pool information about oil stocks, while harmonizing their actions concerning strategic petroleum reserves. This organization predicts that by 2030, Beijing's oil demand will rise to about 10 million barrels per day, about 80 percent of which will come from imports.⁴

China's energy security strategy: The Gulf region as a priority

The Middle East remained the main source of oil reserves for China, despite the fact that the country's growing oil demands were

leading Beijing to seek ways to diversify its energy supplies. At the same time, US energy independence from the region encouraged the Arab states to pay more attention to China.⁵

China's involvement and further penetration into the Middle East, particularly into the Gulf region, was becoming more and more evident phenomenon. After the 1990s, Beijing's foreign policy in the region identified some major objectives. The state-owned Chinese energy companies, namely China National Petroleum Corporation (CNPC), China National Petrochemical Corporation (Sinopec), and China National Offshore Oil Corporation (CNOOC), started to seek access to Middle Eastern oil and gas.⁶

Since 2002, the significance of the Middle East increased regarding Beijing's calculations for gaining critical hydrocarbon resources. Beijing found trustworthy partners in the region, helping it fulfill its huge energy import needs. As part of its energy security strategy, China continued to seek proper ways and means for strengthening its economic ties with Middle Eastern oil-rich countries and exporters. For its growing energy needs, China ensured its energy imports, cooperated with various foreign customers, while doing its best to maximize Beijing's access to hydrocarbon resources under any possible circumstances.

In the 1990s, China launched a new phase of energy-driven engagement in the Middle East due to a shortage of its domestic oil production. Beijing's growing needs and huge demands for oil made the country supplement them with oil imports. At first, relatively smaller oil producers in the Middle East became China's focus as late as 1995. The Gulf region's small countries, such as Oman and Yemen, began providing China with oil. Soon, the region's "oil giants" surpassed Oman and Yemen. Saudi Arabia and Iran, the largest oil producers in the Gulf region, became the top two suppliers of China's oil in 2003. In the Middle East, the Gulf states appeared to be the most significant and promising in Beijing's energy calculations.⁷

In the early part of its new strategy, China only established import relationships with the two small Gulf States, Oman and Yemen. These states were producing light crude, which could be handled by China's

²Flynt Leverett and Jeffrey Bader, "Managing China-U.S. energy competition in the Middle East," *The Washington Quarterly* Vol. 29 (1), 2005, 189. https://www.brookings.edu/wp-content/uploads/2016/06/20051216_leverett_bader.pdf

³Caroline Daniel, "Kissinger Warns of Energy Conflict," *Financial Times*, 2005, <https://www.ft.com/content/4c24ef26-d2f3-11d9-bead-00000c2511e8> (accessed August 23, 2019)

⁴Leverett and Bader, "Managing China-U.S.," 190.

⁵Erica S. Downs, "China-Middle East Energy Relations," *Brookings Institution*, June 6, 2013, <https://www.brookings.edu/research/testimony/2013/06/06-china-middle-east-energy-downs> (accessed August 1, 2019).

⁶Leverett and Bader, "Managing China-U.S.," 187.

⁷Ibid, 190.

refineries relatively easy. Later, Beijing succeeded in its efforts to strengthen economic ties with other Gulf countries and producers, such as the United Arab Emirates and Kuwait. Indeed, non-Gulf energy producers in the Middle East, like Egypt, Sudan, Libya and Algeria, were also in China's sights. China's initial efforts to deepen its economic ties with oil-producing states was not only aimed at the Gulf, but also some second-tier producers. China's purpose was to establish smooth energy ties with the Gulf region oil producers. Hence, it maintained regular relations with Oman and Yemen, which were China's fourth and fifth largest oil suppliers respectively. Mutual foreign, trade and petrochemical ministerial visits between the sides continued, and Beijing signed investment and trade agreements with both countries. Moreover, the President of Yemen made an official visit to China in 1998.⁸

In September 2004, China and the Arab League (15 members) jointly advocated an action plan by announcing the establishment of a biennial forum on politics and economy. They also initiated the implementation of various programs for easing mutual market access, while promoting trade and investment cooperation, especially in the oil and gas sectors.⁹

Nevertheless, by the second half of the 1990s, Beijing had begun focusing its efforts mainly on three significant oil-rich countries in the Gulf region: Saudi Arabia, Iran, and Iraq. China aimed to access the key energy resources in the Middle East, therefore it basically concentrated on the countries that had influence on global energy markets. For China's energy strategists, no region could be compared to the Gulf region in terms of its priority. In June 1997, a consortium of China's energy companies and China North Industries Corporation (NORINCO) signed a 22-year production-sharing agreement with Saddam Hussein's Iraq to develop the country's oil fields. Although in the post-Saddam period the status of this agreement remained uncertain, nevertheless, Chinese companies expected to compete energetically for some opportunities, once the political and security environment in Iraq allowed foreign energy companies to work there. For instance, China's companies participated in the discovery and production of crude oil in Iraq. Meanwhile, as Chinese companies were waiting for the political situation in Iraq to cool down, they focused their efforts on accessing the energy

resources of other Middle Eastern countries. The oil of Saudi Arabia and Iran seemed especially promising and attractive.¹⁰

Beijing supported all the efforts of China's energy companies to win deals in the Gulf region and mutual official high-level visits were continuing. Besides energy cooperation, Sino-Gulf relations were developing in other spheres as well. Following up on its expanding network of energy deals with the region, China was gradually becoming a more significant exporter of manufactured goods and capital to the Gulf region. In 2002, by the time Hu Jintao became the General Secretary of China's Communist Party, Beijing adopted a 'going out' (走出去, *zou chu qu*) policy in accordance with its rising energy demands. The main purpose of this new policy was to encourage its national three major oil companies to set up certain and constant supplies abroad through purchasing equity shares in foreign markets, exploring and drilling for oil, as well as to construct new refineries. Beijing also initiated the construction of pipelines to Siberia and Central Asia.¹¹

Nevertheless, in spite of the 'greedy appetite' of China's factories and vehicles to gain more and more hydrocarbons, the possible cause of Beijing's adoption of the 'going out' strategy was the country's confusion about the coming war in Iraq, as well as the vagueness surrounding the US position towards China regarding armed struggle over Taiwan. Thus, the key demands of this strategy led Beijing to involve the Middle East more deeply, expanding relations with the energy-producing countries of the region. Chinese energy companies were pursuing deals in many regions, but the Gulf region along with its huge oil potential was crucially important for Beijing, thus the region gradually regained its significant status for China's calculations. During the first period, Chinese leaders hoped to meet China's growing demands for oil and gas with the help of geographically closer states, particularly Russia and Central Asian countries. As a result, these hopes have not yet been realized, and these countries could not replace the Gulf region. In general, the Middle East region provided about 60 percent of China's oil in 2005. Iran, Saudi Arabia, Oman, Yemen, and Sudan were the major suppliers. By 2010, the percentage of China's oil imports from the region grew to 80 percent.¹²

Since the oil-rich Middle East had become so significant for China, it started to implement various policies and approaches for sympathizing with these nations over their disturbing issues. Indeed, Beijing's such

⁸Ibid.

⁹Harry Hongyi Lai, "China's Oil Diplomacy: Is It a Global Security Threat?" *Third World Quarterly* Vol. 28 (3), 2007, 525.

¹⁰Leverett and Bader, "Managing China-U.S.," 190.

¹¹ Ibid, 193.

¹² Ibid, 194.

policies were intended to deepen energy relations with the region. Meanwhile, these efforts could imply little or cause very limited harm to China's global interests.¹³

The most illustrative example of this case is the Palestinian-Israeli conflict. In regard to its oil demands, needs, and sustainable supplies from the Middle East region, Beijing sympathized with the Arab world and supported the Palestinians. Furthermore, in 2003, at the request of Saudi Arabia, China made an announcement for stopping violence in the Middle East and called the parties to seek a peaceful resolution to the Arab-Israeli conflict. It criticized Israeli actions against Palestine, Syria, and Lebanon. China supported 'a land for peace' initiative, as well as the 'nuclear-free Middle East' principles. Thus, expanding multilateral ties with the Arab world became crucial for Chinese policymakers and strategists in accordance with Beijing's future energy calculations. China's 2003 stance on the Middle East was once again affirmed during the China-Arab League biennial forum on politics and economy in September 2004.¹⁴

Chinese economic drive made Beijing's foreign policymakers put forward some basic objectives regarding Sino-Arab relations. Overall, the main goals of Beijing's policy could be viewed as the following:

- Beijing's most important foreign policy objective was the international recognition of Communist China as the sole legitimate government. The acceptance of this fact by the Arabs was of particular importance for China;
- Use the potential of the Arab world as a significant revolutionary arena against the Western powers;
- Get Arab support for Communist China's policy and create better conditions for further development;
- Get Arab support for strengthening China's position among the Afro-Asian nations.¹⁵

Beijing's engagement and its energy-driven initiatives in the Middle East were generally well received. Simultaneously, China's steps were responded to positively by the two major Gulf players, Iran and Saudi Arabia. In the case of Iran, the strategic and political advantages of establishing closer ties with China seemed obvious. As Tehran came under increasing pressure over its nuclear activities, especially by

Western powers, the country tried to strengthen its cooperation with China. Iran relied heavily on this support, considering the fact that China is both a permanent member of the UN Security Council and the International Atomic Energy Agency (IAEA). Thus, cooperation with China could have helped Iran with its various issues in the international political arena.¹⁶

In contrast to Iran, Saudi Arabia's case was complicated. The Kingdom was a long-standing US ally, which immediately complicated Beijing's efforts to establish much-needed cooperative relations with Riyadh. However, the September 11 attacks in 2001 negatively affected US-Saudi relations. Following the attack, Saudi leaders were upset by anti-Saudi behavior in the US Congress, as well as the negative US public opinion regarding their government. Hence, this event had a negative impact on US-Saudi strategic partnerships. The Kingdom was also dismayed by the new Bush administration's Middle Eastern policy. Although a small improvement in bilateral relations was noticeable after the Bush-Abdullah meeting during the summit in Crawford, Texas in April 2005. The Kingdom's consternation regarding US policy did not completely disappear. Moreover, in September of the same year, Saudi Arabia's foreign minister Saud al Faisal publicly criticized the United States for its indifferent policy towards Iraq, thus allowing the country to be embroiled in civil war. Taking into consideration these concerns, the dynamics of the shifting attitude in Saudi Arabia's strategy towards its traditional partner the United States were becoming more evident. Consequently, the Kingdom turned its eyes towards Beijing, developing a more sustainable and strong relationship with China. Saudi Arabia's dramatic change in foreign policy strategy can be compared with Iran's case regarding these countries approaches towards the West on the one hand and China on the other. Similar to Iran, Saudi Arabia also started to encourage the expansion of Sino-Saudi relations, aiming to develop bilateral cooperation in various economic fields.

China prioritized the oil-rich Gulf region especially at the start of the 21st century. Beijing's purpose was to develop energy ties with all the countries in the region. However, its foreign policy objective towards expanding cooperative relations with the Gulf's economic giant Saudi Arabia seemed to be the most crucial issue for Chinese policymakers.¹⁷

¹³Lai, "China's Oil Diplomacy," 530.

¹⁴Ibid.

¹⁵Joseph E. Khalili, "Sino-Arab relations," *Asian Survey*, Vol. 8 (8), 1968, 679.

¹⁶Leverett and Bader, "Managing China-U.S.," 194.

¹⁷Ibid.

Beijing's diplomatic policy was working hard to maintain confidence in China's stability, counteracting US pressure in the region. Indeed, such efforts achieved their expected and significant results. The evidence of this statement was the establishment of Sino-Saudi diplomatic relations in July 1990.¹⁸

The Sino-Saudi 'Strategic Partnership'

Among all its energy partners in the region, China recognized Saudi Arabia's dominant and unique status among global oil producers. Consequently, Beijing continued its strategy to build closer ties with the Kingdom. Since the establishment of diplomatic ties in 1990, the two sides have expressed their willingness for cooperation, and exchanges within various spheres started taking place gradually. Along with other issues, the oil issue was becoming a frequently discussed topic in Sino-Saudi relations. Consequently, Saudi ministers were making visits to China each year from 1995 to 1998, as well as in 2004. The main purpose of their visits was to oversee Beijing's oil sector, finance, and trade. The crucial moment in Sino-Saudi relations took place in 1999. That year, China's then President Jiang Zemin visited Saudi Arabia to oversee the signing process of the petroleum cooperation memorandum between the two countries.¹⁹

The continuation of strong political ties, as well as economic exchanges, became significant in Sino-Saudi relations. As a result, Riyadh's share in Beijing's oil imports increased enormously, from 2 percent in 1995 to 17 percent in 2003, thus topping China's oil suppliers list. In the wake of the 9/11 attack, US-Saudi relations became strained. In 2004, the Kingdom's oil shipments to the United States decreased. China's oil imports from Saudi Arabia increased at the same time, and Sino-Saudi energy cooperation developed and expanded. In accordance with dynamically growing bilateral energy ties, China's oil giant, Sinopec, gained the rights to extract natural gas in the al-Khali Basin in Saudi Arabia.²⁰

Another crucial event in the Sino-Saudi relationship occurred in January 2006, when Saudi's King Abdullah bin Abdul-Aziz made a visit

to China in order to sign an agreement on economic cooperation. During this visit, Riyadh promised to help Beijing construct a strategic oil stockpile of about 100 million tons on China's Hainan Island, as well as a new refinery in Guangzhou, which involved the direct investment of approximately \$8 billion.²¹

During the first period of bilateral cooperation, China's former President Jiang Zemin's visit to Saudi Arabia in 1999 can be viewed as an illustrative point of Beijing's efforts to develop ties in a true sense, while maintaining strategic partnership with Riyadh. Sino-Saudi relations entered a new promising phase since that time. During that trip, the leaders of China and Saudi Arabia signed an oil cooperation agreement, and, in the words of the Chinese President, that event inaugurated a 'strategic oil partnership' between the sides. By this agreement, apart from upstream oil exploration and production, the Kingdom opened its domestic oil and gas market to China. Subsequently, Beijing agreed to open its downstream sector (refining products from crude oil) to the Saudi national oil company, Saudi Aramco. Saudi oil helped China quickly expand its imports. Even though China's refining capability was not very suitable for Saudi heavy crudes, the Kingdom shifted some lighter crudes to the Chinese market with more advanced refining infrastructures from other customers. In 2002, Saudi Arabia became China's leading crude oil supplier. At the same time, much needed Saudi investments in joint ventures were taking place in China intent on expanding and developing the refining capacity of the country. Sino-Saudi cooperation was not only profitable for China- its effects were mutually beneficial. Especially after the 2000s, the Saudis found themselves in a very profitable position by supplying China's textile industry with petrochemical products. In 2004, China's Sinopec won one of the three opportunities for foreign energy firms to develop Saudi Arabia's non-associated gas resources. Natural gas was found in geologic formations, which did not contain crude oil.²²

Nevertheless, this deal had some possibly political motivations, because the economic benefits of this action for Sinopec remain unclear. The agreement could be characterized as apolitical deal between China and Saudi Arabia, forming good relations with the Kingdom in order to ensure Beijing's long-term energy needs, while China continued its

¹⁸ John Calabrese, "Peaceful or Dangerous Collaborators? China's Relations with the Gulf Countries," *Pacific Affairs*, University of British Columbia Vol. 65 (4), 1992-1993, 479.

¹⁹ Lai, "China's Oil Diplomacy," 523.

²⁰ Chictigj Bajpae, "China fuels energy Cold War," *Asian Times*, 2005. <http://www.atimes.com/atimes/China/GC02Ad07.html> (accessed July 7, 2019)

²¹ Lai, "China's Oil Diplomacy," 523.

²² Everett and Bader, "Managing China-U.S.," 191.

search for oil. This could have been welcomed by Saudi Arabia. Accordingly, Saudi Arabia's importance for China was rapidly increasing, while it became crucial for Beijing to use every possible opportunity for strengthening its ties with Riyadh, especially concerning the economic sector and energy cooperation. China was also deepening its export and investment ties with Saudi Arabia. From the period of 1995 to 2005, the annual volume of Saudi imports from China has constantly risen, in aggregate terms expanding approximately 600 percent over the last decade of the twentieth century. Moreover, Beijing's investments in the Kingdom have expanded significantly as well. In regard to Beijing's strategic calculations, the significance of developing Sino-Saudi trade and investment ties could simply mean that China was strengthening its efforts to establish itself in the Kingdom's calculations as a pleasant and desirable long-term customer for importing Saudi's oil. On the other hand, Saudi Arabia was a long-standing US ally in the region. Chinese leaders believed that by establishing closer ties with the Kingdom, they had an opportunity to force the United States to take China more seriously and accept its role as a global player. Indeed, energy cooperation was the most significant and rapidly developing aspect in regard to Sino-Saudi relations. China's Sinopec and Saudi's Aramco achievement in expanding mutual cooperation was especially important, increasing investments and oil production capacity. Only after China established its interest in increased Saudi production capacity did Saudi Aramco's investment budget greatly expand.²³

Saudi Arabia, in its cooperation with China, was gaining other benefits as well. Similar to the Iranians, Saudis also sought to develop their military capabilities. As China began to expand its role as a supplier of advanced military technology and weapons, the Kingdom hoped to use this opportunity. Taking into account oil-rich Saudi Arabia's strategic significance, China was surely eager to provide the Kingdom with its safe and advanced military technology. Saudi leaders were impressed by Beijing's impulse to protect the value of China's currency after the Asian financial crisis in 1997. Furthermore, after the September 11 attacks, the Saudis turned sharply towards China for collecting more oil revenues. The main reason was that after the attack, Washington became a less attractive destination for Riyadh's investments.²⁴

China's energy drive and the United States

In the 1990s, many Chinese were hoping that the country's relations with the United States could be transformed from a 'geopolitical alignment' into an economic partnership. These hopes were related to Beijing's much needed economic reforms and modernization programs. Washington's huge potential for providing China with capital, markets, advanced technology, and scientific know-how were viewed as significant opportunities.²⁵

Other significant issues were the US victory in the Gulf region and the global international transformation from a bipolar to a unipolar world centered on the United States, China's further steps in the strategically and economically significant Gulf region, and the possible developments of Sino-American regional collaboration. Finally, the most important issue was the policies and strategies China had to adopt while dealing with the only emerging superpower in the world, the United States.²⁶

Time changed things, and the Gulf region, together with its huge energy resources, started to attract China too much. While continuing to deepen its cooperative ties with the Gulf States, China was ready for even more direct competition with the United States to ensure its presence and influence there. Initially, Beijing passively accepted the US dominance in the region, but it was taking serious steps to participate in the control of vital energy resources, therefore posing critical challenges to US interests in the Gulf. Chinese leaders were doing everything they could to access oil and gas resources beyond China's borders. Hence, Beijing's search for oil in a true sense made it a new competitor for influence in the Middle East, especially when the oil-rich Gulf region became significantly attractive. China's involvement in the Middle East over this period expanded politically, economically, and strategically.²⁷

Thus, China's energy security policy and its search for oil 'found' the Middle East, making the country a new competitor to the United States for global influence in the region. China's growing 'oil appetite' could have generated China-US bilateral friction, while US strategic interests in the region were damaged. China's involvement in the Middle East and its drive for energy already could be viewed as the reason for

²³ Ibid, 193, 195.

²⁴ Ibid, 196.

²⁵ Alice Schuster, "A Scenario for the future: Communist China and the Middle East," *World Futures, The Journal of New Paradigm Research* 20 no. 3-4, 201.

²⁶ Harry Harding, "China's American Dilemma," *The Annals of the American Academy of Political and Social Science* Vol. 519 (1), China's Foreign Relations, 1992, 18.

²⁷ Leverett and Bader, "Managing China-U.S.," 187.

tension in China-US bilateral relations. Meanwhile, their views about the region were divergent as well. For example, Beijing was putting all its efforts to spread influence on Middle Eastern energy producers, while Washington was taking steps to impose sanctions on Sudan in regard to Darfur, as well as persuading the IAEA to refer Iran to the UN Security Council for violating its nonproliferation obligations. Besides, China's engagement in the region and its further cooperation with Iran could have provided Tehran a strategic counterbalance with the West, and it would have had a chance to challenge Western interests more affirmatively.²⁸

Nevertheless, China's quest for economic reforms, technological development and stable policy in the Middle East made its leaders realize the need for the normalization of Sino-American relations.²⁹

Beijing's energy quest in the Middle East could also weaken US-Saudi strategic cooperation in some aspects. For instance, Sino-Saudi financial cooperation could have ramifications on the international standing of the US dollar over time. Such an idea occurred between China and Saudi Arabia because of the fear of a sudden decline in the dollar's value. Thus, it is very possible that an idea was developing to informally cooperate to ensure their countries' financial stability. Eventually, further Sino-Saudi collaboration could pave the way for the Organization of Petroleum Exporting Countries (OPEC) to determine which payment for oil amongst the various currencies to choose from besides the US dollar. Indeed, such a development would have had a crucial impact on the status of the US dollar as the leading reserve currency in the world.³⁰

Thus, it was imperative for the United States and its policymakers to pay attention to this phenomenon, and to develop a strategy for managing such possible challenges. Step by step, China's growing influence in the Middle East became an obvious reality, and even the most desirable foreign policy objective of Washington could not exclude Beijing from the region. Furthermore, Beijing's foreign policy succeeded in continuing its economic drive to seek more and more energy resources in region. The Middle Eastern countries, especially the energy producers, were also developing various mechanisms for their further cooperation with Beijing without following any suggestions from the United States to ignore China. Thus, perhaps the smartest and potentially more successful

US Middle Eastern policy in accordance with its relations with China would be to cooperate rather than compete with Beijing. If so, China could gain a vital sense of energy security. Washington and Beijing would have shared interests in the region, and a possibility of a more stable Middle East could become a reality.

For ensuring energy security in the Middle East, US policymakers, while cooperating with China, should aim to develop two major goals and objectives:

- Washington should initiate more active cooperation with Beijing to help China reduce its huge demand for hydrocarbons. Indeed, the implementation of various policies and programs would be required for achieving such a result. The more China would be able to use alternative energy sources for generating power, like nuclear energy or coal, the less it will need to import oil from the Middle East.

- The United States should seek ways to persuade China that they would be better off relying more on foreign markets and less on personal and singular supply deals to fulfill its energy needs. US efforts regarding this issue were reflected in the dialogues with China's officials aiming to convince them to get involved in global energy markets and obtain equity oil deals.³¹

However, the US approach for persuading China to rely more on global energy markets seems unlikely to convince them. On the other hand, taking into account Washington-Beijing cooperation and energy security calculations in the Middle East, US diplomats had to work hard to guarantee that the United States was not seeking any military confrontation in the region and that it would keep sea lanes open to China from the Gulf. Washington also actively encouraged the US oil companies' cooperation and joint ventures with their Chinese counterparts, including upstream exploration and production. By encouraging such cooperation, Washington gave Beijing a sense of partnership, while ensuring energy security in the Middle East.

There are many possible scenarios regarding US-China relations and the prospects of bilateral cooperation in the Middle East, and no one should be excluded. In the worst-case scenario, the growing Chinese economy, with its drive for energy, would lead to the clash of interests between the two sides. This will inevitably threaten the goals of the US and 'already gained' achievements in the region. It will also arouse

²⁸ Ibid, 196.

²⁹ Alexander Neill, "China and the Middle East," *Adelphi Series*, Vol. 447 (8), 2014, 208.

³⁰ Leverett and Bader, "Managing China-U.S.," 197.

³¹ Ibid, 198.

antagonism and mutually unwelcome behavior between the only superpower and the fastest growing economic power in the world. Thus, in order to avoid such a scenario, US policymakers need to develop new methods and elements of strategy for managing China's possible challenges in the Middle East.³²

China's oil diplomacy

Beijing's oil diplomacy, particularly its cooperation with Iran and Iraq in the Gulf region, did not upset Washington's fundamental interests. China's policy also did not cause a commotion or armed clashes in the South China Sea. Moreover, China forged joint efforts with its Asian neighbors in energy exploration, except for Japan.

Perhaps China's relatively 'gentle' oil diplomacy can be explained by its peaceful rise strategy, and also by the fact that oil imports are not considered to be the only source of energy consumption. In regard to international oil prices, many significant changes have taken place from the beginning of the 21st century compared to the prices during the second half of the 20th century. For instance, oil prices have increased from an average of \$13 per barrel from the period of 1950-2002, to over \$50 in 2004-2006. The rapidly growing economy of China stimulated huge demands for oil imports starting in the late 1990s. From 1997, the country was still self-sufficient in oil, but as the domestic oil production decreased and oil consumption increased, its dependence on net imports of oil rose dramatically, reaching nearly 40 percent in 2004. Beijing's consumption of crude oil started to rise significantly from nearly 88 million tons in 1980 reaching to 252 million in 2003 and from 293 million tons in 2004. Thus, accounting for one-third of the total oil consumption increase in the beginning of the 21st century, it became the second largest oil consumer in the world. Consequently, China's rapidly growing oil demands were followed by its oil imports. Beijing started to pay special attention to expanding its relations with oil-producer giants. For instance, in 2004, China's overall crude oil imports reached about 123 million tons, which was up by 35 percent comparing to its imports in 2003. The growing trend of China's energy needs along with its imports are shown in the following statistics (See Table 5.1).³³

³² Ibid.

³³ Lai, "China's Oil Diplomacy," 521.

Table 5.1:

The production, consumption and imports of crude oil by million tons

Year	Production	Consumption	Imports	Exports	Self-sufficiency ratio %
1980	106.0	87.6	0.4	13.3	113.9
1985	124.9	91.7	0.7	31.2	132.3
1990	138.3	114.9	2.8	24.9	119.0
1995	149.0	160.7	17.1	18.8	101.2
2000	162.6	230.1	70.3	10.3	73.0
2001	164.8	232.2	60.3	7.6	75.8
2002	168.9	245.7	69.4	7.2	73.1
2003	169.3	252	91.0	8.1	67.1
2004	175.5	292.7	122.7	5.5	60.0

Along with the expansion of China's auto and aviation markets, its fuel demands and huge needs for imported oil increased as well. Nearly one-third of its oil was consumed by cars. Moreover, since the Chinese government launched promotions of the car market as one of the main industries for the country's economic growth, this share was projected to increase to nearly 50 percent in 2020. A significant increase in Beijing's oil demand was becoming evident. Its huge energy needs could only be satisfied through overseas imports. China showed enthusiasm for securing its growing oil imports. China's President Hu Jintao's declaration in November 2003 illustrated that point. He announced that oil and finance had become two significant components of China's national economic security. Thus, in accordance with China's economic growth, oil was gradually becoming an increasingly important factor. Moreover, it was assuming a crucial role in Beijing's diplomacy and foreign policy objectives. Indeed, China's oil diplomacy was focused and closely related to the oil-rich Middle East region. In response to its growing oil demands, Beijing first initiated the expansion of its relations with the key oil producing countries in the Middle East attempting to increase the index of its oil imports. Not surprisingly, by the end of the 20th century, the main sources for China's oil imports were Southeast Asia and the Middle East. However, the Middle East's share in contrast with the Asia-Pacific region rose tremendously, reaching nearly 54 percent in 2000. At the same time, Southeast Asia's share declined to 15 percent. The main reason for this phenomenon was that Southeast Asia's rising oil demands made the region decrease its own exports (See Table 5.2).³⁴

³⁴ Ibid, 522.

Table 5.2

China's crude oil imports (%) by region from 1995 to 2003

Regions	1995	2000	2003
Middle East	45.4	53.6	51.3
Africa	10.8	24.0	24.4
Asia-Pacific	42.3	15.0	15.3
CIS (Russia and Kazakhstan)	0.2	3.1	7.2
Europe	2.1	3.6	1.8
South America	0	0	0.4

Since the mid-1990s, China together with its growing oil imports from the Middle East, adopted a special policy towards the region. Moreover, Beijing was implementing more active oil diplomacy in the Middle East in order to target the key oil producers (See Table 5.3).³⁵

Table 5.3

China's crude oil imports (%) by country from 1995 to 2003. The top suppliers are the Gulf states.

Country	1995	2000	2003	Rank, 2003
Saudi Arabia	2	8.2	16.8	1
Iran	5.4	10.0	13.8	2
Oman	21.4	22.3	10.3	4
Angola	5.9	12.3	11.2	3
Yemen	14.5	5.1	7.8	5
Sudan	0	4.7	6.9	6
Congo	0.1	2.1	4.1	8
Russia	0.2	2.1	5.8	7
Kazakhstan	0	1.0	1.3	14
Vietnam	4.4	4.5	3.9	9
Indonesia	30.9	6.5	3.7	10
Malaysia	3.5	1.1	2.2	11
Australia	0.4	1.6	2.0	12
Brunei	0	0.4	1.7	13
Norway	0	2.1	1.1	15

China's oil diplomacy was largely concentrated on the Middle East. The Gulf oil exporters were of great significance for Beijing in respect of its gradually growing economic and energy needs. As the statistics show, Beijing's overall crude oil imports merely from the

³⁵ Ibid, 523.

Middle East in 2000 reached nearly 54 percent. However, China's success in expanding its oil imports from the Middle East was facing problems as well. US dominance in the region especially after 9/11, as well as the region's frequent political instability was annoying Beijing. Consequently, China tried to put its eggs in more than one basket by setting its eyes on other oil-exporters. Beijing started to deepen its oil cooperation with other regions, while diversifying its import sources. It succeeded in its strategy to expand its oil relationship with Africa, particularly promoting ties with Angola, Sudan, Gabon, and the Democratic Republic of Congo (DRC). Even though China succeeded in increasing its oil imports from the Middle East and Africa regions, concerns about oil transportation became another disappointing factor. In fact, over 75 percent of Beijing's oil imports from the Middle East and Africa go through the Straits of Hormuz and Malacca, and as China lacks a blue-water navy, any hostile action by an external power or a terrorist attack could unavoidably shatter its oil routes. Thus, it continued to seek new large oil sources, expanding its energy ties with Russia. Since the 2000s, China's oil diplomacy turned crucially towards Russia and Central Asia, attempting to foster closer energy cooperation with them. Latin and North American oil seemed attractive to China as well, and it has stepped up its oil commerce with them in recent years. Beijing gave special significance to Venezuela, which was not only South America's largest oil producer, but also the fifth-largest oil exporter in the world.³⁶

China's oil diplomacy, along with its quest for imported crude oil, is affecting its relations with other nations, and the main points here are the following:

- Beijing is making every possible effort to strengthen and deepen its energy ties with both oil-producing and exporting nations;
- China can cooperate and compete with the countries having moderate dependence on imported crude oil such as the United States, India, and the Southeast Asian states;
- China can impulsively compete with the states heavily relying on imported oil, such as Japan.³⁷

China's oil diplomacy can be viewed as peaceful and it does not undermine other players' oil security. It is important to take into account two major factors:

³⁶ Ibid, 527.³⁷ Ibid, 529.

• First, although imported oil plays a crucial role in China's energy consumption, coal remains the top source for meeting the country's energy needs. For instance, in 2004, about two-thirds (67.7 percent) of China's energy consumption came from coal, 22.7 percent from oil, 7 percent from hydropower, and 2.6 percent from natural gas. About 40 percent of China's oil was imported in that year, accounting for only 9.1 percent of the country's total energy consumption. Thus, imported oil did not play major role in energy consumption. Domestically produced coal, oil, and hydropower along with imported oil helped the country satisfy its growing needs. In fact, large oil-producers did not cover a huge portion of Beijing's energy consumption. For example, in 2003, Iran supplied only 1 percent of China's total energy consumption. Hence, much of the fear and suspicion of Beijing's potential to destabilize international energy order or implement aggressive oil diplomacy are becoming unrealistic arguments;

• Second, regarding the country's political and economic rise, China's leadership takes great care to ease external fears as much as possible. During the presidency of Jiang Zemin, China represented itself as a "responsible great power," promoting peace, stability and prosperity in the world. Later, under Hu Jintao, China pursued a strategy of "peaceful rise," which was also called peaceful development. Moreover, Beijing's 'peaceful and responsible strategy' continued during the current President Xi Jinping's policy as well.³⁸

Conclusion

Now China is the world's second largest oil consuming country. Thus, Beijing's external quest for oil has generated much attention and global debates regarding this phenomena: can Beijing's rising energy demands destabilize the world order? While trying to find an answer to this question, it is very important to comprehend the situation around China's external initiatives for satisfying its domestic oil demands, as well as the possible influence of Beijing's oil diplomacy on global political stability.

Arguably, while continuing to deepen its cooperative ties with the Gulf States, China was ready even for direct competition with the United States for the influence. Although Chinese energy companies were pursuing deals in various regions, however, Gulf region's huge oil

potential remained crucially important for Beijing. Thus, we can conclude that the region could gradually gain a status of prior significance in China's calculations.

It is worth to mention that Beijing's foreign policy succeeded in continuation of its economic drive seeking more and more energy resources. The Middle Eastern countries, especially the energy producers were developing various mechanisms for their further cooperation with Beijing without following any suggestions from the West to ignore China. Thus, perhaps the smartest and potentially more successful US Middle Eastern policy in accordance with its relations with China would be an attempt to cooperate rather than compete with Beijing. If so, China could gain a vital sense of energy security. Washington and Beijing would have shared interests in the region, and a possibility to see more stable Middle East could become a reality.

The significance of development of Sino-Saudi trade and investment ties simply mean, that China achieved in its efforts to establish itself in the Kingdom's computations as pleasant and desirable long-term customer for importing Saudi's oil. On the other hand, Saudi Arabia was a long-standing US ally in the region, therefore Chinese leaders believed, that by establishing closer ties with the Kingdom they could have an opportunity to force the United States take China more seriously and accept its role as a global player.

Beijing has developed three major methods to satisfy its growing domestic oil demands: expanding overseas oil supplies from the region of the Middle East, diversifying its imports by cooperating with Russia, Central Asia, as well as reaching to Africa and Latin America, and finally implementing various programs for securing its oil transport routes. China's oil diplomacy along with its huge demands for imported-oil has a potential to strengthen its energy ties with oil-producers, meanwhile such a policy complicates its relations with other oil-importing countries.

Thus, in accordance with its huge energy needs China has striven to expand its overseas oil supplies. Beijing will simply continue its strategy of maximally strengthening its cooperation with the world's oil producers, meanwhile gaining as much oil as it is possible or still available.

China's leaders seemed to be aware and sensitive enough to comprehend completely the possible international reactions regarding Beijing's oil diplomacy. Consequently, they are initiating peaceful approaches for minimizing negative repercussions.

³⁸ Ibid, 534.

HYDRO-HEGEMONY IN ACTION: THE PROBLEM OF WATER IN THE ISRAEL- PALESTINIAN CONFLICT

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Abstract: The Israeli-Palestinian conflict has a long history. In this multilayered conflict, water has its own crucial role leading to the manifestation of hydro-hegemony. Access to adequate water resources has effectively perpetuated the Israeli-Palestinian conflict and continues to hinder any effort to establish a lasting peace between the two parties. Therefore, this article aims to reveal the reason behind the importance of water and the factors that lead to hydro-hegemony. It demonstrates that water is a highly politicized component of this conflict and serves as a tool for Israel to oppress and dominate Palestinians. However, it is important to note that all this is the result of the asymmetrical power distribution between the parties and the continuous efforts of one side to control the other.

Keywords: *hydro-hegemony, water issue, Israel, the Occupied Palestinian Territories, West Bank, Gaza, conflict.*

Introduction

In 2013, the United Nations reported that the Occupied Palestinian Territories (OPTs), particularly the Gaza Strip, will be uninhabitable by 2020. The main reason for this statement was the severe shortage of water in the region, as well as the excessive pollution, both of which had a devastating impact on health, agriculture and the overall vitality of the region.

A series of analyses have attempted to find the real cause of all this that has had such devastating consequences. There are indications that it is the result of deliberate Israeli actions. However, the questions of how water has become a part of the Israeli-Palestinian conflict, what its role is in the conflict's development and how Israel uses water to achieve its political goals remain open. There are arguments that all this is not only the result of Israel's unilateral actions but also the direct consequence of the water scarcity of the region. It is the most water-scarce region of the

Middle East, where 5% of the world's population lives and has less than 1% of the water resources.¹

The water dispute between Israel and Palestine is not merely an environmental conflict. From the beginning, the Israeli-Palestinian conflict was mainly over the two different nations' aspirations for self-determination and territorial sovereignty over the same area. Gradually, the dispute began incorporating other spectra as well. Thus, it is a many-fold dispute and is intertwined with history, ideological beliefs, topographic differences, as well as asymmetrical power relationships between them. First, some of the turning points connected with the problem of water will be chronologically presented in this article for a more comprehensive and profound understanding of the conflict. Then, water-related issues both considering regional circumstances and specific to the Israeli-Palestinian conflict will be discussed.

As mentioned above, this article seeks to reveal the role and importance of water in the Israeli-Palestinian conflict and to find an explanation for Israel's deliberate actions. Thus, after discussing the literature and the current main theories concerning the water issue in Israeli-Palestinian relations, the concept of hydro-hegemony will be debunked, as many scholars have determined that the reason for these actions is nothing more than an uneven distribution of power.

Historical Background

The Era of Zionist Aspirations and the Evolution of the Israeli-Palestinian Conflict

For decades, Arabs and Jews have struggled to live and control the area between the Jordan River and the Mediterranean Sea. At the end of the 19th century, modern political Zionism emerged. In the core of Zionist ideology, Palestine was viewed as a territory reserved for Jews, 'a land without people for a people without land'.² This was the main reason that after the emergence of political Zionism, illegal large-scale immigration waves (*aliyahs*) to Palestine began with great speed.

Irrigation was necessary for Jews to fertilize the Palestinian lands. It was also important for other countries in the region. Hence, the

¹Oded Eran, INSS, Gidon Bromberg and Giulia Giordano, *Israeli Water Diplomacy and National Security Concerns*. (Tel Aviv: EcoPeace Middle East, 2018): 5, http://ecopeaceme.org/wp-content/uploads/2018/01/Water_Diplomacy.pdf (accessed May 15, 2019).

²Alan George, "'Making the Desert Bloom': A Myth Examined," *Journal of Palestine Studies* 8, no. 2 (1979): 88.

attempts to change the flow of the Jordan River Basin and use it for their own interests were noticeable by the riparian states. For this purpose, several projects have been put forward by the third parties (Britain, the US) for sharing the basin among the riparian states and ensuring unified management of the Basin.³ However, it should be pointed out that none of these plans have been entirely implemented, leading to conflict among them over the water resources of the region.

1948-1967: The Failure of Unified Management of the Jordan River Basin

The year 1948 was decisive, as the state of Israel was founded on the basis of 'most of the British mandate Palestine'⁴ by the UN General Assembly Resolution 181.⁵ The following period from 1948-1967 was strained and crucial in Israeli-Palestinian relations, regarding the hydropolitical relations between them and among Arab states as well. Tense relations with their Arab neighbors continued and the failure to manage the Jordan River Basin cooperatively reinforced its unilateral development of it by separate riparian countries. Israel began building the National Water Carrier (NWC) in 1953 to divert water from the Sea of Galilee to the highly populated parts of the country, reaching even as far as the Negev. Despite the resistance from the neighboring riparian countries, Israel completed the construction of the NWC in 1964, starting from the north-western shore of Lake Tiberias.

To counteract the Israeli unilateral actions towards the diversion of the headwater of the Jordan River, Jordan and Syria proposed their own diversion plan. In such a water-related hostile environment, when each side strived to utilize the river for its own purposes, Israel's retaliation was not late, and it started to attack these projects by investing in extensive military potential and by launching large-scale air strikes in the direction of Syria. This, along with a number of other factors, reached its tipping point and led to the Six Day War of 1967.

1967-1993: The era of Israel's Domination

The Six-Day War was a turning point in the Middle East, which completely changed not only the political map of the region but also the hydropolitical map. The Israeli-Syrian border clashes, including the

clashes over water regarding the Sea of Galilee, were one of the main incentives for the war, which was waiting for a timely spark⁶. As a result, the achievements and losses were significant in terms of hydropolitics among the riparian states and the tendency of the competitive unilateral utilization of the Basin intensified. Capturing the Golan Heights, the West Bank, and Jerusalem, as well as the Sinai Peninsula,⁷ Israel controlled both the Upper Jordan River and the Lower Jordan River, as well as the Western, North Eastern and Eastern Aquifer Basins. The balance of power completely changed during the Six-Day War, more like the relationship between an occupier and the occupied. From 1967-1993, there were several other significant political events which created favorable conditions for strengthening Israeli domination and worsening the Palestinians' situation in the occupied territories and outside.

1993-present: Alleged Cooperation?

The 1990s were marked by the commencement of the peace process between Israel and Palestine (launched in Madrid in October 1991)⁸. In parallel with the peace process, bilateral agreements were signed between Israel and Jordan on the one hand, and Israel and Palestine on the other. However, no multilateral agreement was signed between the neighboring riparian states, and even these bilateral agreements were often violated, especially during political or natural crises.

In 1993, the Government of Israel and the PLO signed the 'Declaration of Principles on Interim Self-Government Arrangements' (Oslo I Accord) to prevent the exploitation of land and water resources by Israel in the West Bank and the Gaza Strip. The Declaration called for Palestinian self-government in the West Bank and Gaza, the withdrawal of the Israeli military from these territories, as well as the creation of the Palestinian Land and Water Authorities, in order to cooperate over the management of water resources.

From 1993-1995 period, the two sides sought to broaden the spectrum of cooperation, and, in 1995, the 'Israeli-Palestinian Interim Agreement on the West Bank and the Gaza Strip' (Oslo II Accord) was signed. Although the water issue was not resolved by this agreement, a number of compromises were made, including recognizing the

³ Arnon Soffer, *Rivers of Fire: The Conflict Over Water in the Middle East* (Oxford: Rowman & Littlefield, 1999).

⁴ Mark Zeitoun, *Power and Water in the Middle East: The Hidden Politics of the Palestinian-Israeli Water Conflict* (London: I.B. Tauris & Co Ltd, 2008), 66.

⁵ William L. Cleveland and Martin Bunton, *A History of the Modern Middle East* (Boulder: Westview Press, 2013).

⁶ Moshe Gat, "The Great Powers and the Water Dispute in the Middle East: A Prelude to the Six Day War," *Middle Eastern Studies* 41, no. 6 (2005): 911-935.

⁷ Caplan, *The Israel-Palestine Conflict*.

⁸ Ibid.

Palestinian water rights, and a joint administrative body was created, the Joint Water Committee (JWC), to coordinate the management of water resources.⁹

By the Oslo II Accord, the territory of the West Bank was divided into three areas: Area A, 18% of the West Bank, entirely under the Palestinian supervision; Area B, 21% of the territory of the West Bank, where the administrative control was given to Palestine, whereas the security of the territory was ensured by the Israeli military; and finally, Area C, 61% of the West Bank, including the rest of the non-intermittent part of the West Bank, under Israeli control both in terms of administrative and security supervision.¹⁰ Moreover, the territory of the Jordan Valley also fell under these three divisions: Areas A, B and C. Areas A and B consisted of only 8.4% of the Valley, and Area C consisted of the rest of the Valley, where any Palestinian action (the construction of wells, dams, etc.) was prohibited. It is noteworthy to mention that Area C was mainly comprised of agricultural fertile lands with abundant natural resources.¹¹

So far, the Israeli-Palestinian relations are strained and every attempt to resolve the conflict, including water related issues, has failed.

Water Scarcity and Water Security

A series of studies indicate that water scarcity and the resulting discrepancies can render conflict between states more likely. Thomas-Homer Dixon is one of the first scholars who has attempted to shed light on the link between resource, particularly water scarcity, and conflict. He hypothesizes the fact that there is a significant causation between resource scarcity and conflict, and that this environmental scarcity inevitably leads to protracted conflict.¹²

Given the permanent water problem in the Middle East, mainly due to its arid climate, water scarcity has its impact on the regional security dynamics, and for some regional countries, it is nothing more than an issue of survival.¹³ Furthermore, in the Middle East, where intrastate and inter-state hostilities are endemic, the management of water resources is

⁹ Israeli-Palestinian Interim Agreement on the West Bank and the Gaza Strip of 1995.

¹⁰ Cleveland and Bunton, *A History of the Modern Middle East*.

¹¹ Eran Feitelson, "The Ebb and Flow of Arab-Israeli Water Conflicts: Are Past Confrontations Likely to Resurface?," *Water Policy* 2, no. 4-5 (2000): 343-363.

¹² Thomas Homer-Dixon, "Environmental Scarcities and Violent Conflict: Evidence from Cases," *International Security* 19, no. 1 (1994): 5-40.

¹³ Jan Selby, "The Geopolitics of Water in the Middle East: Fantasies and Realities," *Third World Quarterly* 26, no. 2 (2005): 329-349.

inclined to become a 'political weapon' in the hands of the states. In this case, the scarcity of water may be not only because of the arid climate in the region but also the result of deliberate and intentional actions of the states.¹⁴

The Israeli-Palestinian conflict completely fits in this context. In addition to regional water scarcity, water serves as a 'political weapon' for Israel to achieve its political goals and to dominate the Palestinians. The question of how Israel uses water to serve its political goals will be discussed later in the text. However, now it is worth mentioning that water scarcity played a decisive role in determining the security-related policies of both countries. The natural scarcity of water, coupled with population growth, climate change, as well as other socio-economic and political factors also contribute to the exacerbation of the conflict.

The Symbolism of Water

Some researchers have tried to emphasize the direct linkage of both Israeli and Palestinian aspirations towards water with the correlation of religious and Zionist ideology on the one hand, and cultural norms, on the other. It is worth mentioning the significance and vital nature of water as a natural resource which is noted both in the Quran (the holy book of Islam) and Sharia (Islamic religious law), as well as in the Tanakh or Old Testament (Hebrew Bible) and Halakhah (Jewish law).

Significantly, in the Old Testament, the word 'water' (*mayim* - מַיִם) is mentioned about 580 times, while the indirect applications of the word, such as rivers, rain, wells, are larger in number.¹⁵ For Jews, water has been connected to heaven as a means of spiritual purification and cleansing given by God's grace. The connection expressed in the Hebrew language, where the word for heaven is 'shamayim' (שָׁמַיִם), composed of the words sham (שָׁמַ) and mayim (מַיִם), literally "source of water," is also significant.

In the Bible, Jews are presented as farmers and their primary duty is to fertilize the infertile land or the desert. Hence, agriculture and farming have deep roots in the Bible. Given modern Zionist ideology's reference to the Old Testament, water, irrigation, and agriculture have retained their importance for modern Jews as well. Respectively, modern

¹⁴ James A. Winnefeld and Mary E. Morris, *Where Environmental Concerns and Security Strategies Meet: Green Conflict in Asia and the Middle East* (Santa Monica, CA: Rand, 1994).

¹⁵ Hillel, *Rivers of Eden*.

Zionist ideology, as the foundation of the Israeli state within the territory of Palestine, has greatly influenced Israel's policies aimed at agriculture and water development.¹⁶

Wessels notes that the aspirations of the State of Israel to control water resources also have political motives. The early Jewish authorities strove to cultivate the land so that in the future the transmission of land to Arabs would become difficult or even impossible. Thus, the cultivation and the transformation of the land were vital for the security of the newly emerging state.¹⁷

In addition, as Jews were accustomed to living in more water-abundant places previously, immigrating to the Levant's harsh conditions was difficult for them to adapt to. Thus, at any cost, they sought to transform the land by promoting agriculture and planting lush vegetation. Over time, all these became the inseparable part of their unity and national identity in general.¹⁸

According to Arab culture, the Arabs have come from the desert, and for them is also of vital importance. This is one of the reasons why water is one of the major themes in the Quran. Although the Quran is shorter than the Bible, the word 'water' (*ma'* - ماء) occurs about 60 times, in addition to numerous indirect applications of it (rivers, seas, rain, fountains, etc.).¹⁹

Expressions such as "all living things (organisms) are made from water" alike, (Surah Al-Abnya 21:30) are often repeated in the Quran, which indicates the symbolism of water as the beginning of life. According to the Quran, the Throne of Allah is also on the waters (Surah 11:9), from where he sends rain to the earth, to human beings, for sowing seeds and growing crops (Surah 32:27). It is also stated that water is a gift or mercy from Allah, and therefore it should be honored and respected (Surah 15:22).

Likewise, for Palestinians, water is an essential tool for agriculture. Prior to the foundation of the Israeli state in the Palestinian territories, the Palestinian population was mainly engaged in agriculture, and farming

was their way of living. Water was needed to care for their basic needs properly. Hence, they prayed and dedicated songs and rituals on the water. Indeed, water had a vital role for the survival of the Palestinians.²⁰ However, as the Israeli-Palestinian conflict erupted, water acquired a more symbolic significance for the Palestinians with the connotation of dominance over them and Israel's continuous 'theft' of water. This will be discussed later in the text.

Water as a Tool of Domination

The role of water in the Israeli-Palestinian conflict should be viewed not only as a chemical element or a natural resource, but it should be also examined to reveal the various interests of stakeholders on water resources. This means that the water issue in the Israeli-Palestinian conflict has both natural-geographical and political prerequisites. A large number of researchers mention the idea that 'water shortages are not so much a function of nature as of politics' in Israeli-Palestinian relations²¹ and that Israel uses water as an instrument to dominate and discriminate against Palestinians. Going further, some authors describe Israel's unilateral actions towards Palestinians as 'water Nakba' (disaster, catastrophe).²²

The Six-Day War of 1967 and the occupation of the West Bank, the Gaza Strip, and the Golan Heights, completely changed the course of the conflict. As a result, the main players contending for control of natural resources changed. Israel controlled all of the water resources in historic Palestine, including the surface water in the West Bank, and the aquifers in both the West Bank and the Gaza Strip.

Control was followed by pressure from Israel. In addition to political and economic pressures, Israel's repressive actions also manifested themselves in the social, legal, and all aspects of the Palestinians' lives. The use of military force by the Israeli authorities further aggravated the situation and gave Israel the opportunity to freely formulate its policies towards the use and exploitation of water resources. As a result, these policies were accompanied by the prohibition of

¹⁶ Clive Lipchin, "Water, Agriculture and Zionism: Exploring the Interface Between Policy and Ideology," in *Integrated Water Resources Management and Security in the Middle East*, ed. Lipchin et al. (Dordrecht: Springer, 2007), 251-267.

¹⁷ Josepha Ivanka Wessels, "Playing the Game": Identity and Perception-of-the-other in Water Cooperation in the Jordan River Basin," *Hydrological Sciences Journal* 61, no. 7 (2016): 1323-1337.

¹⁸ Ibid.

¹⁹ Hillel, *Rivers of Eden*.

²⁰ Miriam R. Lowi, *Water and Power: The Politics of a Scarce Resource in the Jordan River Basin* (Cambridge: Cambridge University Press, 1995).

²¹ Ralph H. Salmi, "Water, the Red Line: The Independence of Palestinian and Israeli Water Resources," *Studies in Conflict and Terrorism* 20, no. 1 (1997): 51.

²² Zayneb al-Shalalfah, Fiona Napier and Eurig Scandrett, "Water Nakba in Palestine: Sustainable Development Goal 6 versus Israeli Hydro-hegemony," *Local Environment* 23, no. 1 (2017): 117-124.

Palestinians from accessing water, and they were allowed only use water *for the bare minimum of domestic requirements*.²³

According to the review of the literature, the following groups of Israeli discriminatory policies in the OPTs can be identified: the application of military orders, strong control over drilling new wells or pumping, water prices, violations of agreements and their irreversible consequences on agriculture, health, and the conflict as a whole.

First, about 2,000 Israeli military orders and proclamations issued mainly after the Six-Day War included explicit discriminatory elements and absolute control over water resources.²⁴ They defined that all the water resources of the occupied territories should be state-property and subject to the absolute control of Israeli authorities. These military orders also defined the development of water resources by Israel.²⁵

Second, Israel's discriminatory actions are displayed by rigid control over drilling new wells and pumping more water, as well as the prohibition of the construction of distribution reservoirs. These restrictions are aimed at allowing most of the groundwater resources to serve Israeli residents and settlers.²⁶ Occasionally, Israeli wells are being drilled so close to the Palestinian wells and so deep, that the groundwater is being fully utilized by Israeli settlements. Moreover, restrictions are also imposed on the maintenance and repair of Palestinian wells and pipes, which often lead to the accumulation of sludge within the pipes, wearing them out. Any renovation required Israel's permission.

The situation is different in the case of Israel, as it is allowed digging wells to 400-600 meters, while in case of Palestine they cannot exceed 60-110 meters. Using advanced technologies in the pumping, Israeli water policies are more efficient and largely surpass Palestinian pumping and water management as a whole.²⁷

Third, the imbalance of power is also reflected in the price of water. Unlike Israel, where the Ministry of Agriculture defines water prices, this function is given to the Israeli Civil Administration for

Palestinians, which is the main Israeli governing body in the West Bank and subordinate to the Israeli military. It is established that the Palestinians should pay for the full cost of water, and Israeli settlers are entitled to the subsidized water prices of the World Zionist Organization (WZO).²⁸

Fourth, a number of researchers have also discussed the water issue in the Israeli-Palestinian conflict in terms of the violation of some international laws (International Water Law; the Hague Regulations of 1907; the Fourth Geneva Convention of 1949; the United Nations Security Council (UNSC) Resolutions 446, 465; the United Nations General Assembly (UNGA) Resolutions 1803 (XVII), 3171 (XXVIII), etc).

The review of the literature shows that the severe consequences of Israel's discriminatory agricultural policies are enormous. According to Selby, any step or initiative in the field of agricultural production, irrigation, or specific crop cultivation requires the permission of the Israeli authorities through licenses or quotas.²⁹ Since agriculture is the cornerstone of the Palestinian economy, it has a significant impact on the livelihood of the population. Overall, a limited amount of water, along with land confiscation and the Israeli government's restrictions in the agricultural sector greatly hinder Palestinian agricultural production.

Continuous land confiscation by Israeli settlers contributes to the deteriorating situation of water. Israel's unilateral policies and the exclusive opportunities given to the settlers lead to numerous encroachments on the Palestinian population's rights. Schiff and Ya'Ari argue that Israel's actions are nothing more than pure 'theft' of water from the residents.³⁰ The reason behind these actions of Israel underlined in the literature is sometimes linked to a larger project aimed at the 'collective punishment' of Palestinians,³¹ by driving them out and ultimately ethnically cleansing the region.³²

Almost the same problems related to water can be found in the Gaza Strip. It can even be said that the situation is even worse, which is mainly due to the arid climate, lack of water resources in general, the Israeli blockade on all sides and its deliberate actions against the population, as well as the unprecedented population growth in the Gaza Strip.

²³ Salmi, "Water, the Red Line," 37.

²⁴ Jad E. Isaac and Jane Hilal, "Palestinian Landscape and the Israeli-Palestinian Conflict," *International Journal of Environmental Studies* 68, no. 4 (2011): 413-429.

²⁵ World Bank, 2009, *Assessment of Restrictions on Palestinian Water Sector Development*. Washington, DC, USA: The World Bank Publications, <https://siteresources.worldbank.org/INTWESTBANKGAZA/Resources/WaterRestrictionsReport18Apr2009.pdf> (accessed March 21, 2019).

²⁶ Amnesty International, 2009, *Troubled Waters: Palestinians Denied Fair Access to Water*. United Kingdom: International Secretariat, AI Publications.

²⁷ World Bank, 2009, *Assessment of Restrictions*.

²⁸ Ibid.

²⁹ Selby, "The Geopolitics of Water in the Middle East," 121-138.

³⁰ Zeev Schiff and Ehud Ya'Ari, *Intifada: The Palestinian Uprising - Israel's Third Front* (New York, 1990).

³¹ Salmi, "Water, the Red Line," 15-65.

³² Al-Shalafeh, Napier and Scandrett, "Water Nakba in Palestine," 117-124.

In the Gaza Strip, water is contaminated with a variety of dangerous chemicals, fertilizers, chlorides, and nitrates. Such conditions are the cause of a number of diseases, such as kidney diseases, typhoid, giardia (sis), cholera and dysentery, as well as high rates of neonatal (deaths four weeks after birth) and infant mortality (deaths up to one year). Moreover, according to the UN OCHA report of 2013, 96% of the groundwater is not appropriate for human consumption. Non-appropriate sewage treatment facilities have led to the pollution of the Mediterranean Sea by Gaza. The contamination of the Sea harms the fishing industry of the Gaza Strip, which is the one of primary ways of living in Gaza, as approximately 35,000 people are engaged in it and make it their livelihood.³³

The Water Issue from the Israeli Perspective

There is a lack of studies regarding Israeli perspective towards this issue, and there are few responses to the Palestinian allegations. Looking at the water issue in the Israeli-Palestinian conflict through the lens of realism, Godlewski argues that living in the anarchic world and having the primary purpose of survival often leads to security protection at any cost. The same applies to the Israeli case. As it is mainly surrounded by adversaries and is the only non-Arab state in the region, its primary goal is to maintain the security and balance of power of the region. Thus, it can be argued that Israel's continuous seizure of water and land are directly related to its goal of survival and security. Additionally, the displeasure coming from the occupied territories towards the Israeli continuous exploitation of land and resources increases Israel's objective of surviving in such a hostile environment.³⁴

Besides, as Tal argues after the construction of the NWC, when Israel succeeded in developing its water policy to some extent by creating a water infrastructure and network system, there was a fear that the Arab neighboring countries could attack these systems (in other words they served as strategic targets for the Arab states), thus destroying Israel's water infrastructure and causing considerable damage to Israel's viability in general. This was another reason for Israel to strengthen its water

³³UN OCHA, 2013.

https://www.ochaopt.org/sites/default/files/ocha_opt_gaza_ara_factsheet_july_2013_engli sh.pdf (accessed April 16, 2019).

³⁴ Andrew Godlewski, "Damming" the Peace Process: Water Politics and its Impact on the Israeli-Palestinian Conflict," *Journal of Muslim Minority Affairs* 30, no. 2 (2010): 153-166.

system, develop it, and establish control of the new water resources, even in the OPTs.³⁵

Methodology and Research Design

This article seeks to answer the following research questions:

– What is the role of water in the Israeli-Palestinian conflict and how does Israel use the water for achieving its political aspirations?

– Is the concept of hydro-hegemony applicable to Israeli-Palestinian water relations?

Accordingly, the hypotheses to be tested are the following:

– In the Israeli-Palestinian conflict, water plays an important role and it serves as a tool for Israel to discriminate against and oppress the Palestinians.

– Taking into consideration the asymmetrical power relationships in the Israeli-Palestinian conflict, Israel's actions can be best qualified as hydro-hegemonic.

To answer the foregoing questions, an exploratory research design was chosen. Furthermore, secondary data was collected and both qualitative and quantitative methods were applied. Theoretically, to answer the first question, the analysis heavily relied on the literature review. To verify the validity of the theories put forth and see the asymmetrical allocation of water resources, quantitative data was examined from the reports of the World Bank, the Palestinian Central Bureau of Statistics (PCBS), the Palestinian Water Authority (PWA), and the Israeli Water Authority (IWA). With regards to the official data released by Israel, it should be noted that they are limited, and sometimes they do not have access. To answer the second research question and to get more insight into the asymmetrical power distribution between the parties, a comparison of relative power was conducted.

Hydro-hegemony as a Conceptual Framework

Hydro-hegemony can be applied to this study as a useful conceptual framework. The concept has been developed and widely used by a number of researchers working with the London Water Research Group. Among them, the roles of Zeitoun and Warner are significant. They defined hydro-hegemony as '*hegemony at the river basin level*,

³⁵Alon Tal, "The Evolution of Israeli Water Management: The Elusive Search for Environmental Security," in *Water Security in the Middle East: Essays in Scientific and Social Cooperation*, ed. Cahlan (London: Anthem Press, an imprint of Wimbledon Publishing, 2017): 125-144.

achieved through water resource control strategies such as resource capture, integration and containment'.³⁶ Strategies can be in the form of pressure or coercion by applying hard power, different treaties, and agreements by applying bargaining or ideational powers, etc., which can be handily manipulated especially in weak institutional contexts.

Similarly, Wessels defines hydro-hegemony as a concept used in political science, as well as in international relations and water studies, which describes one or two powers having a hegemonic role over the control of water resources ('power over' dimension), and contrasts it to the equitable distribution and management of water between the riparian states. He associates it with the colonial mentality, when more militarized and powerful actors exploit natural resources by violating human rights and damage those who are directly dependent on these resources.³⁷

It should be emphasized that many researchers attach great importance to the role of power in hegemonic actions and attribute such developments in Israeli-Palestinian relations to the asymmetrical distribution of power. For instance, trying to get deeper insight into the concept of hydro-hegemony, Zeitoun adopts three types of power³⁸ identified by the political and social theorist Steven Lukes, which are hard power, bargaining power, and ideational power.³⁹ The latter two can be considered as two dimensions of soft power developed by Joseph Nye. In other words, hard power is the ability to influence on others through force or coercion (mostly material power), which can be measured by the economic and military capabilities of the state or, in terms of geographical positioning, the state's favorable location (riparian position, namely upstream or downstream). On the contrary, bargaining and ideational powers can be achieved through attraction and/or persuasion (immaterial power),⁴⁰ which is difficult and sometimes impossible to measure. Going forward, it should be noted that a state or political entity is considered a hegemon when it is dominant in all three dimensions of power.

³⁶ Mark Zeitoun and Jeroen Warner, "Hydro-hegemony – a Framework for Analysis of Trans-boundary Water Conflicts," *Water Policy* 8 (2006): 435.

³⁷ Josepha Ivanka Wessels, "Challenging Hydro-hegemony: Hydro-politics and Local Resistance in the Golan Heights and the Palestinian Territories," *International Journal of Environmental Studies* 72, no. 4 (2015): 601-623.

³⁸ Zeitoun, *Power and Water in the Middle East*.

³⁹ Steven Lukes, "Power and the Battle for Hearts and Minds," *Millennium – Journal of International Studies* 33, no. 3 (2005): 477-493.

⁴⁰ Joseph Nye, *Soft power: The Means to Success in World Politics* (New York: Public Affairs, 2004).

In addition to asymmetrical power and hegemonic interaction, Zeitoun and Warner offer three pillars of hydro-hegemony, including riparian position (upstream/downstream), power (all three dimensions of power mentioned above), and exploitation potential (technical capacity). It is argued that if the state is in the upstream position, technically it has more water and can dam it, in this way preventing the flow of water into the downstream country. The second and third pillars of the framework of hydro-hegemony are crucial because even if the state is on the top of a river, if it does not have the sufficient amount of money to build dams and does not know how to build them, the upstream position will not help. Namely, the state does not just need favorable geography, but it also needs exploitation potential.⁴¹

All this becomes more complicated when talking about the environment, particularly natural resources, as it is fraught with risks and uncertainties (lack of conflict resolution mechanisms, distrust between riparian states, etc.). The rational management of transboundary natural resources requires cooperation between the parties, otherwise 'the tragedy of commons' may occur. In addition, political uncertainty entails the independent actions of the hegemon which are qualified as 'unilateral environmentalism' in order 'to protect [themselves] unilaterally from transboundary spillover effects'.⁴² If there is a (political) conflict between the riparian states, the situation of 'environmental unilateralism' is exacerbated by leading to more independent actions and the unilateral framing of issues by the hegemon, as in the Israeli-Palestinian conflict.

Data Analysis

The Jordan River Basin

The Jordan River Basin, with an area of approximately 18,500 square kilometers and length of 250 kilometers, borders Jordan (40%), Israel (37%), Syria (10%), the West Bank (9%), and Lebanon (only 4%). The river originates from the convergence of three headwaters, the Dan River, the Baniyas River, and the Hasbani River, and their convergence point is located 5 km south of Israel's northern border. It joins Lake Tiberias, flowing through the Hula Valley. From Lake Tiberias the Lower Jordan River outflows and, joining the Yarmouk River, flows southward

⁴¹Zeitoun and Warner, "Hydro-hegemony – a Framework for Analysis of Trans-boundary Water Conflicts."

⁴²Itay Fischhendler, Shlomi Dinar and David Katz, "The Politics of Unilateral Environmentalism: Cooperation and Conflict over Water Management along the Israeli-Palestinian Border," *Global Environmental Politics* 11, no. 1 (2011): 39

and borders Israel and the West Bank from the west, Jordan from the east, and flows into the Dead Sea. This region, starting from the spot of the convergence of the Yarmouk and Jordan Rivers and ending in the Dead Sea, is known as the Jordan Valley.⁴³

The climate is mostly arid, and the average precipitation rate is 380 mm throughout the Jordan River Basin. Despite being arid, the most fertile land of the basin extends to the eastern and western banks of the Lower Jordan River, falling in the territories of Jordan and the West Bank, respectively.⁴⁴

The main water resources in Israel and the OPTs are surface water, groundwater aquifers, and non-conventional water sources (e.g. reused wastewater). The Jordan River, which is the main surface water supply, is a relatively stable source of water and serves as the main source of supply for Israel. In addition, four aquifers are vital for Israel and the OPTs, including the Mountain or Western Aquifer, the North-eastern Aquifer, and the Eastern Aquifer in the West Bank, as well as the Coastal Aquifer in the Gaza Strip.⁴⁵

As mentioned above, Israel is considered the main utilizer of the Jordan River, and due to its actions, a number of reports show that the flow of the Jordan River has declined over time, becoming 30 MCM/y from 1.400 MCM/y.⁴⁶ According to the PWA, the major cause of such a substantial decrease is the state of Israel itself and its NWC, as well as the dams that Israel constructs in the upper part of the river. Another problem is the runoff of untreated wastewater from Israeli settlers, which further complicates the utilization of the water. In addition to Israel's intentional acts, the flow of the river has decreased due to the climatic conditions of the region as a whole, which is the result of high evaporation rates of the region.⁴⁷

⁴³ Lowi, *Water and Power*.

⁴⁴ World Bank, 2009, *Assessment of Restrictions*.

⁴⁵ The Palestinian Water Authority, 2013. *Status Report of Water Resources in the Occupied State of Palestine – 2012*, <http://www.pwa.ps/userfiles/file/%D8%AA%D9%82%D8%A7%D8%B1%D9%8A%D8%B1/%D8%AA%D8%B5%D9%86%D9%8A%D9%81%201/WR%20STATUS%20Report-final%20draft%202014-04-01.pdf> (accessed May 3, 2019).

⁴⁶ World Bank, 2018. *Securing Water for Development in West Bank and Gaza*. World Bank, Washington, DC. <http://documents.worldbank.org/curated/en/736571530044615402/pdf/WP-P157979-Securing-Water-for-Development-in-West-Bank-and-Gaza-PUBLIC.pdf> (accessed May 4, 2019).

⁴⁷ PWA, 2013. *Status Report of Water Resources in the Occupied State of Palestine*.

The Groundwater Resources

The main sources of fresh water in the region are the four groundwater aquifers mentioned above. **The Western or Mountain Aquifer** is the most important shared aquifer between Israel and the OPTs. Generally, the annual yield (recharge) of the aquifer is approximately 362-400 MCM/y. It should be noted that Israel heavily exploits the Aquifer (340-430 MCM/y), leaving only about 38 MCM/y for Palestinian consumption.⁴⁸

The other groundwater aquifer is **the North-eastern Aquifer**, which, even though is located in the territory of the West Bank, is heavily utilized by Israel. Thus, the annual sustainable yield of the Aquifer is around 100-145 MCM/y. Israel exploits about 103 MCM/y, and the Palestinians about 21 MCM/y.

Finally, the third groundwater aquifer in the West Bank is **the Eastern Aquifer**, with an annual yield of 145-185 MCM/y. The Israelis exploit 50 MCM/y from the wells and 100 MCM/y from the Dead Sea springs, while the Palestinians use 53 MCM/y from the springs and wells together.

Table 1 shows the distribution of the groundwater resources between Israel and the Palestinian Authority (PA) defined by the Oslo II Agreement and their real consumption. It is revealed that Israel's continuous exploitation of the aquifers has led to the uneven utilization of the shared groundwater resources, with the Palestinians utilizing 14% and the Israelis 86%.

Table 1: "Shared" groundwater allocation between Israel and the PA according to the Oslo II Accord and the utilization in 2011 by Israel and in 2016 by the PA.

Use	Oslo agreement (MCM/y)				Utilization 2011 (Israel) and 2016 (PA) (MCM/y)			
	WAB	NEAB	EAB	Total	WAB	NEAB	EAB	Total
Israel	340	103	40	483	411	103	150	664
Palestinian Authority	22	42	54	118	38.7	21.7	53.6	113.4
Additional Quantity for Palestinians	–	–	78	78	–	–	0	0
Development	–	–	–	–	–	–	–	–
Base in total	362	145	172	–	449.7	124.7	203.6	–

Adapted from World Bank 2018

* WAB – Western Aquifer Basin
 NEAB – North-eastern Aquifer Basin
 EAB – Eastern Aquifer Basin

** This data is the latest, as for Israel data is not available since 2011, and for the OPT in the West Bank since 2016.

⁴⁸ World Bank, 2018. *Securing Water for Development in West Bank and Gaza*.

Lowi argues that the most crucial reason for the establishment of Israeli settlements mainly in the West Bank is conditioned by the relatively abundant water resources, particularly the groundwater resources of the territory.⁴⁹ Looking at the map of the distribution of the settlements, it can be seen that these settlements are located directly near the aquifers, seizing the most arable and fertile lands from the local Palestinian residents. Besides having immediate access to the groundwater resources, they are able to easily change the flow of water, thereby forcing the dependence of the Palestinians. Thus, these arguments justify the uneven allocation of aquifer water resources between the Israelis and Palestinians.

In the Gaza Strip, the only fresh water source is the **Coastal Aquifer**. The annual sustainable yield of the aquifer is only 55-60 MCM/y in Gaza, while it is about 450 MCM/y in Israel. By 2017, the utilization of the Coastal Aquifer by Palestinians was estimated to be 185 MCM/y,⁵⁰ which is almost four times more than the annual recharge rate. This is mainly due to the growing demand of the local population.⁵¹

Well Abstraction

Generally, there are 383 wells in the West Bank belonging to all three aquifers. However, 119 out of these wells are not subject to pumping, and there is a necessity of rehabilitation for future pumping. The annual well abstraction rate is about 65.6 MCM/y, of which 33.5 MCM/y is for domestic use and 32 MCM/y for agricultural purposes. The number of Israeli wells in the West Bank is 39, and the annual abstraction rate of these wells is about 54 MCM/y. Israel has 500 wells belonging to the Western Aquifer in its territory, as a result of which the abstraction rate of the aquifer is more than its annual recharge rate (sustainable yield). Therefore, there is a water level decline, which greatly affects the Palestinians.⁵²

In the Gaza Strip, the annual abstraction volume is 92.8 MCM/y for domestic use, and 86 MCM/y for agricultural purposes. Thus, the total volume of abstraction is 178.8 MCM/y, which means that this is three

times more than the annual recharge rate, leading to the water deficit in the Aquifer.⁵³

Treated wastewater reuse

In the West Bank, wastewater disposal takes place either by being connected to the piped sewage networks or via on-site household cesspits (septic tanks or ditches). It should be pointed out that wastewater treatment facilities are deployed only in certain localities. Thus, only 31% of the population is connected to the wastewater treatment network system, and the rest relies on cesspits. Moreover, most facilities are worn out, which often causes leakages and spillages contaminating surrounding areas. Although about 31% of the families are connected to the wastewater treatment network system in the West Bank, there is currently only one operating wastewater treatment plant, which manages to treat less than 3% of the total sewage.

In the Gaza Strip, there are three wastewater treatment plants (WWTP) (BeitLahia, Gaza, and Rafah) and one wastewater collection pond (Khan Yunis). Accordingly, the number of households connected to the wastewater treatment network is higher compared to the West Bank. Here, about two-thirds of the population (72%) is connected to the wastewater treatment network system, and the rest regulates its wastewater collection at the cesspools (vaults or open drains). Even though approximately 72% of the Gaza Strip's households' waste is treated, the quality of the treated water is fairly low compared to the international standards and contains a large amount of organic loading. Thus, the outflow of this treated water is a severe hazard to the groundwater resources, the Mediterranean Sea, and public health in general, and the reuse of the treated water for domestic purposes can be dangerous.⁵⁴

Desalinated water

Israel manages to overcome its water scarcities through desalination. However, currently, desalination is still behind in the OPTs. In the West Bank, it is generally not implemented, and in the Gaza Strip, it is implemented on a small-scale.

⁴⁹ Lowi, *Water and Power*.

⁵⁰ The Palestinian Water Authority, 2018. *Gaza Water Status Report 2017*, https://reliefweb.int/sites/reliefweb.int/files/resources/gaza_water_resources_status_report_2017.pdf (accessed May 3, 2019).

⁵¹ Fanack Water, 2017. *Water Resources*, <https://water.fanack.com/palestine/water-resources/> (accessed May 4, 2019).

⁵² PWA, 2013. *Status Report of Water Resources in the Occupied State of Palestine*.

⁵³ PWA, 2018. *Gaza Water Status Report 2017*.

⁵⁴ Palestinian Central Bureau of Statistics, 2009. *السلطنة للإحصاء المركزي بالقطاع الفلسطيني - Water Statistics in the Palestinian Territory*, <http://www.pCBS.gov.ps/Downloads/book1596.pdf> (accessed April 28, 2019).

It should be pointed out that certain steps are being taken in this respect to build a central large-scale desalination plant in the Gaza Strip, to increase the quality of potable water and overcome the humanitarian crisis. On March 20, 2018, Brussels hosted the international donor Pledging Conference co-chaired by the European Commission, led by the EU Commissioner for European Neighborhood Policy and Enlargement Negotiations, Johannes Hahn, and the PA, as well as by the Palestinian Prime Minister, Rami Hamdallah, in partnership with a number of international institutions, including the European Investment Bank (EIB), the Union for Mediterranean (UfM), the Islamic Development Bank (IDB), and the World Bank to construct the desalination plant in the Gaza Strip. This project aims to meet the demands of about 2 million of Gaza's population. In total, the construction of the desalination plant costs approximately 562.3 million EUR to ensure 55 MCM/y of clean drinking water, of which there have been pledges of 456 million EUR during the conference, and 77.1 million EUR only by the European Union (EU).⁵⁵

Although, it is still too early to assess this project and how much it will justify the expectations, it should be noted that if it is implemented this will be an important contribution for improving the water situation in the Gaza Strip.

*Purchased water from Mekorot*⁵⁶

The OPTs, notably the West Bank, heavily complement their water demands by purchasing water from Israel. Although the OPTs are thus able to some extent bypass the Israeli restrictions on drilling new wells or pumping from the wells, in the long run this becomes another tool of pressure in the hands of Israel against the OPTs. As of 2016, the PWA imported approximately 79 MCM water from Mekorot, for the future, in the framework of the Red-Dead Sea conveyance project⁵⁷, agreeing to

⁵⁵ European Commission, 2018, *Hope for Gaza: EU creates broad international coalition to provide drinking water to 2 million people in Gaza*. Brussels, Belgium, https://ec.europa.eu/neighborhood-enlargement/news_corner/news/hope-gaza-eu-creates-broad-international-coalition-provide-drinking-water-2-million_en (accessed May 6, 2019).

⁵⁶ Mekorot is the Israeli national water company since its foundation in 1937. The government-owned corporation is mainly engaged in water management and desalination, as well as it provides about 90% of Israeli drinking water.

⁵⁷ The planned Red-Dead Sea Conveyance or the Two Seas Canal project is a water pipeline connecting the Red Sea to the Dead Sea. The project aims at providing potable water to Israel, the OPTs, and Jordan. The canal lies entirely in the territory of Jordan, and the first phase of the construction of the canal will be launched in 2021.

increase the import to 32 MCM, and later on another 34 MCM. Overall, the PWA is obliged to purchase about 145 MCM of water from Mekorot.

Indeed, the PWA, unable to pay for this purchased water, accumulates large amounts of debt to Mekorot. According to the World Bank, in 2017, the amount of debt was 335 million USD, which Israel deducts from the taxes collected from the Palestinians on behalf of the PA. Furthermore, the amount of this deduction from taxes has increased by 10% as of 2017.⁵⁸

Hydro-hegemony in the Israeli-Palestinian Shared Water Resources

As already noted in the conceptual framework of hydro-hegemony, the asymmetrical power distribution is a decisive factor to interpret Israel's established supremacy over the Palestinians in all spheres. Additionally, as it can be seen from the above discussion, the established 'order of things' between two parties is the result of continuous efforts of one side to increase its supremacy over the other. Thus, Israeli-Palestinian mutual relations over the shared water resources, both surface water and groundwater resources, and the maintenance of that rule for a long time, may conform to the framework of hydro-hegemony. It should be noted that the lingering water issue constantly exacerbates the conflict between them and the lack of compromise over this issue leads to a stalemate. In this case, understanding the asymmetry of power is essential.

Relative hard power asymmetry

First of all, it should be noted that the asymmetry of power in Israeli-Palestinian relations is clearly seen in the economic sector. Comparing the gross domestic product (GDP) per capita of the two countries in 2017, which is the latest data available for both Israel, the West bank and Gaza, it can be seen that Israel dominates Palestine. In 2017, Israel's GDP per capita was 40,270 US dollars,⁵⁹ while the West Bank and Gaza's GDP per capita was about 3,094 US dollars.⁶⁰

Israel's supremacy is also evident in its military, which is composed of well-trained personnel and is also larger than the Palestinian

⁵⁸ World Bank, 2018. *Securing Water for Development in West Bank and Gaza: 4-5*.

⁵⁹ World Bank, 2017. *GDP per capita of Israel*. <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=IL> (accessed May 11, 2019).

⁶⁰ World Bank, 2017. *GDP per capita of the West Bank and the Gaza Strip*. <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=PS> (accessed May 11, 2019).

military forces. Israel's military strength depends on over an estimated 615,000 military personnel, 595 aircrafts, out of which 146 helicopters, 2,760 combat tanks, 65 naval assets,⁶¹ whereas Palestinian military strength depends on small, poorly trained armed groups created after the Oslo II Accord.⁶²

Due to a high level of education, Israel succeeds in having an industrialized economy, which allows them to invest a large amount of human capital in water resource development. The evidence of this is the fact that by developing new technologies (energy-efficient desalination plants that turn seawater and brackish water into freshwater; sustainable and cost-effective wastewater systems, etc.) Israel is able to increase the water supply and reduce water demand in its country.⁶³ As Booky Oren, the chairman and CEO at Booky Oren Global Water Technologies, states, 'Israel has turned to be a water-independent country in 2013, based on a variety of innovative technological water solutions'.⁶⁴ However, it should be noted that the development of the water sector technologies also require significant investments. In 2017, the total amount of investments in this sector has reached 236,000,000 US dollars.

The only aspect where the two sides have comparatively identical footing of hard power is their position on water resources. On the one hand, Israel is in the downstream position over the West Bank's aquifer basin and on the other hand, it is upstream over the Coastal Aquifer in the Gaza Strip. Regarding its position on the Jordan River, Israel is downstream from Lebanon and Syria and upstream to the West Bank. Nevertheless, the supremacy of power again leans toward the Israeli side, as due to its technologies, as well as due to the settlements in the West Bank, it is able to overcome its somewhat unfavorable position.

Relative bargaining power asymmetry

As it has already been pointed out, bargaining power is associated more with having or acquiring legitimacy in a relationship. Referring to the Oslo II Accord, it can be seen that formally, both Israel and Palestine

⁶¹ Global Firepower, 2019. *Israel Military Strength*, https://www.globalfirepower.com/country-military-strength-detail.asp?country_id=israel#overview (accessed May 15, 2019).

⁶² Zeitoun, *Power and Water in the Middle East*.

⁶³ Israeli Water Authority, 2009. *The Issue of Water between Israel and the Palestinians*, <http://siteresources.worldbank.org/INTWESTBANKGAZA/Resources/IsraelWaterAuthorityresponse.pdf> (accessed April 28, 2019).

⁶⁴ Start-Up Nation Central (2019). *Watertech Brief*, <https://www.startupnationcentral.org/sector/watertech/> (accessed May 15, 2019).

were given equality in terms of the number of representatives, opportunities, and obligations. Similarly, due to the International Water Law, both sides were given equal right, that is the Palestinians' compliance with the principle of "no significant harm" and Israel's conformity to the principle of "equal and reasonable utilization" of water resources.⁶⁵ However, the gap here between theory and reality should be highlighted.

Although the JWC was initially called upon to coordinate Israeli-Palestinian water relations over shared water resources and to bring about cooperation between them, the asymmetry is so significant that it is not a way of "cooperation." Perhaps it can be called "asymmetric cooperation," if such a thing is possible. Thus, the Palestinians, by signing the Oslo II Agreement and agreeing to its terms, entered into the game conforming to the rules of the game determined by Israel (see Tables 2 and 3).

Table 2: Applications to the JWC from 1995-2008

Project type	Palestinian	Israel
Wells	188	3
Water supply network	394	108
Wastewater	20	24
Total	602	135

Adopted from Selby (2013)

Table 3: Approval rate (%) of the applications by the JWC from 1995-2008

Project type	Palestinian	Israeli
Wells	30-56	100
Water supply network	50-80	100
Wastewater	58	96

Adopted from Selby (2013)

Relative ideational power asymmetry

Supremacy in the ideational or discursive power context should be added to all the above-mentioned asymmetries, which, as already mentioned, is an essential component to have influence and to avoid explicit confrontation. Israel has managed to create a number of narratives to some extent justify its actions. The Israeli narratives are important tools to hide the realities on the ground.

In a nutshell, the stories created by Israel, which it has applied, can be presented as follows. First, Israel is a dry country, and it needs more water to meet its population's needs. Second, as a result of constant

⁶⁵ Jan Selby, "Cooperation, Domination and Colonisation: The Israeli-Palestinian Joint Water Committee," *Water Alternatives* 6, no. 1 (2013): 1-24.

dryness and drought, the water sector heavily suffers. Third, it is not the Palestinians' right to have certain authority over water resources in the OPTs, but it is a result of Israel's benevolence towards the Palestinians.

Conclusion

Generally, three types of crises related to water in the region of Middle East have been identified: the lack of quantity, the lack of quality, and the lack of equity. It is clear that the abovementioned water-related problems can be the result of both environmental and natural circumstances, as well as the result of intentional actions. In this regard, the Israeli-Palestinian conflict is unique, as it includes all the aforementioned issues simultaneously.

The research question posed at the beginning of this article was aimed at revealing the role of water in the Israeli-Palestinian conflict. It is clear that water plays a decisive role both in terms of the protraction of the Israeli-Palestinian conflict and well as in its ultimate reconciliation. Indeed, the continuous disputes over water, as well as constant Israeli discriminative operations connected with other issues, such as high population growth in the OPTs, the harsh conditions of the region, as well as Israeli illegal land confiscations, hinder any positive movement on the path to reconciliation and the establishment of a final peace between two parties in general. Water is a "highly politicized" factor in the Israeli-Palestinian conflict, and it serves as a tool in the hands of Israel to achieve its far-reaching goals, such as the gradual expulsion of the Palestinians from these territories.

The well-established Israeli hydro-hegemony over the Palestinians cannot be denied. Its supremacy in terms of economy, military, technology, education level, as well as creating successful perceptions amongst others allows it to override the Palestinians and gradually increase its supremacy by dictating the rules of the game.

In sum, it should be pointed out that from the discussion above, it becomes clear that the UN warning of 2013 should be taken into consideration seriously, because as a result of Israel's actions there are grave violations of human rights, irreversible health consequences, serious economic, social, political problems, and last but not least constant deadlock regarding the resolution of the conflict.

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**WORKSHOP DEDICATED TO THE CONTEMPORARY
EURASIA JOURNAL PUBLISHED BY THE INSTITUTE OF
ORIENTAL STUDIES OF NAS RA**

November 29, 2019

On November 29, 2019, the Institute of Oriental Studies of NAS RA held a workshop dedicated to the journal, Contemporary Eurasia, which has been published since 2012. The chief editor of Contemporary Eurasia, director of IOS Ruben Safrastyan spoke on the establishment of this publication and described the crucial political developments in different regions of Eurasia that prompted the publishing of the journal. He summarized the work that had been done in previous years, the editorial policy, and cooperation with renowned scholars in the field.

Welcomed speeches were delivered by Yuri Suvaryan, Academician-Secretary of the Department of Armenology and Social Sciences of NAS RA, Armen Yeganyan, head of Policy Planning Department of MFA, Armen Voskanyan, acting head of Department of Diaspora of the Office of Security Council of RA. The distinguished guests stressed the importance of publishing this journal, which aims to promote a platform for studies concerning different regions, states and people of Eurasia from the perspective of international relations, geopolitics, identity, religion, and history.

The members of the editorial board of Contemporary Eurasia spoke on the topics of studies published in the volumes of the journal since 2012 and plans for the future. In particular, they summarized main research focuses, attitudes and trends in the articles concerning various fields in the Arab countries, Iran, Turkey, Caucasus, East Asia and other regions of the continent.

Contemporary Eurasia is a peer reviewed journal published twice a year. The journal welcomes theoretical and empirical contributions discussing the emerging role of Eurasia in the global geopolitics. Contemporary Eurasia publishes reviewed research articles, book reviews and conference, round-table reports.

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