

Armenia's Delicate Balancing Act: (In)Security in the Caucasus

POLICY BRIEF

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Summary: On December 4, Prime Minister Nicol Pashinyan claimed that Armenia [now considers itself outside](#) of the Russian-led mutual defence alliance, the [Collective Security Treaty Organization \(CSTO\)](#). His words continue Armenia's trajectory towards a multivector foreign and defence policy. Armenia looks increasingly to partners such as India, France and the United States. The country remains burdened, however, by Azerbaijan's occupation of Nagorno-Karabakh (Artsakh) and its continued claims on Armenian territory. Russia, Türkiye and Iran, all significantly more powerful states, hold their own regional interests. Armenia's location and efforts to maintain a fragile liberal democracy make it an important pivot point for regional stability. With its large Armenian diaspora, its new embassy in Yerevan and its relationships with countries involved in Armenia, Canada should play an important role in Armenian security. Stéphane Dion's [visit to Armenia](#) and meeting with Prime Minister Pashinyan on December 6 is a strong step in signaling Canada's support.

Background: Armenians remain angry that the Russian-led CSTO failed to intervene as Azerbaijani troops seized not only the self-declared state of Nagorno-Karabakh, supported by Armenia, but also [territory in Armenia proper](#) from 2020-2023. Over 100 000 displaced Armenians from Nagorno-Karabakh pose a significant and ongoing challenge for Armenia. The country's democratic government has withstood [protests](#) and domestic frustration at losses as it navigates a new and dynamic security environment. Even as Armenia seeks to negotiate a treaty to stabilize its borders with Azerbaijan, Azerbaijan's leader, Heydar Aliiev, openly refers to significant portions of Armenia as "[Western Azerbaijan](#)" and continues to shift terms for peace. Tensions are high over the [Zangezur Corridor](#), the strip of land in southern Armenia that links Azerbaijan to its exclave of Nakhchivan. A potential critical transit hub that could link Europe to China, through Türkiye and Central Asia, the corridor has drawn the interests of all major regional powers. Pashinyan has proposed developing this linkage as a central component of his "[Crossroads for Peace](#)" plan, which would place Armenia as a road, rail and energy hub for transcontinental trade. Azerbaijani military action to occupy the corridor and perhaps other parts of Armenia remains possible, however. Türkiye, Azerbaijan's main ally and guarantor, is supportive of Azerbaijan's designs for the Corridor, perhaps patrolled by Russian border troops, even as Iran has stepped up opposition. Complicated regional dynamics offer complex choices for Armenia.

Armenia's Security Pivot: Armenia has actively sought new security partners as Russia has proven an unreliable ally. Armenia's security relationship with the **United States** has increased since 2023. That year began joint military exercises, "[Eagle Partner](#)," which was significantly expanded in 2024. Kansas National Guard troops and rotational US military personnel in Europe worked with Armenian soldiers on interoperability and training through peacekeeping, cold weather and other exercises. The US has helped to refurbish Armenian military bases and has assisted on issues of logistics, training, cybersecurity and resource management. On December 5, 2024, Armenian Defence Minister Suren Papikyan met US Secretary of Defence Lloyd J. Austin at the Pentagon to [discuss the deepening strategic relationship](#). US military officials in Armenia have noted that despite some joint missions (including peacekeeping in

Kosovo), Armenia remains tied to CSTO organizational models. English language and developing a layering of strong non-commissioned officers have become points of training emphasis.

The United States has not become an arms supplier to Armenia. Armenia's membership in the Eurasian Economic Union, which includes Russia, [has led US officials to hesitate sharing military technology or dual-use goods](#). Armenia has turned to **India**, which has become its largest arms supplier. War on the Rocks estimates current contracts at [\\$1.5 billion](#), including artillery, surface-to-air missiles and anti-drone systems. Under a [defence cooperation agreement](#), India will also train Armenian forces. The two Ministers of Defence established a joint working group on issues of bilateral defence cooperation. Armenia's relationship with India has broadened in recent years; [over 20 000 Indian migrant labourers](#)—a number which is growing rapidly—work in Armenia, even as Armenians themselves seek work abroad in substantial numbers. This migration wave testifies to economic growth in Armenia; its GDP doubled from 2018-2024 to [\\$8500, over triple that of India](#).

France has also proven an important ally and military supplier in Armenia's security pivot. Arms acquisitions have moved at a rapid pace, including the [CAESAR long-range self-propelled howitzer](#) that has proven effective against Russian forces in Ukraine. This purchase portends a broader military shift away from Russian/post-Soviet military material and standards, complementing new artillery systems from India. Other purchases include French Bastion armoured personnel carriers.

NATO plays a role in this Armenian pivot but its influence is hindered by the inclusion of Türkiye in the alliance and Armenia's preference for bilateral security relationships. Armenia participates in NATO peacekeeping in Kosovo and works with the organization through an [Individual Partnership Action Plan](#).

The **European Union** has operated a monitoring mission on the Armenian-Azerbaijani border since 2023, [easing tensions and reducing violent border encounters](#). **Canada** is [participating in this mission](#), which totals about 200 personnel. EU High Representative for Foreign Affairs and Security Policy, Kaja Kallas, after a December 4, 2024 meeting with Armenian Foreign Minister Ararat Mirzoyan, [wrote](#): "EU-Armenia cooperation is strengthening across all sectors, from security and resilience to democratic reforms."

Azerbaijan: Armenia's primary goal in this security pivot is to ward off future Azerbaijani aggression. Armenia has increased its defence budget by 20% in 2024 to \$1.7 billion, equivalent to [6% of its GDP](#). This amount will still be less than half of Azerbaijan's expenditures. Aliyev alternates between threatening Armenia with military action and criticizing its military expenditures. The two countries have opened peace negotiations and made progress on delimiting their shared northern border—Soviet-era frontier mapping allows for different interpretations. Talks have bogged down, however, over a dispute mechanism; Armenia prefers international involvement, which is [opposed by Azerbaijan](#). Whenever Armenians feel progress to a lasting peace has been made, Azerbaijan throws up other roadblocks—including demands that Armenia [alter its constitution to remove an implicit claim on Nagorno-Karabakh](#). Still, Pashinyan and Aliyev met briefly in Kazan during the October 2024 BRICS summit with [Pashinyan saying 90% of the agreement has been finalized](#).

As Armenia has pivoted towards the West—while still officially remaining a CSTO member—Azerbaijan, which is not in the CSTO, has pivoted to Russia. Putin traveled to Azerbaijan's capital of Baku in August 2024. As Armenia [joined the International Criminal Court](#) in 2024, the Russian leader would be unwelcome there. In this case, however, Putin's visit marks a show of [Russian weakness as much as strength](#). Azerbaijan's military victories depended on its alliance with Türkiye first and foremost and its actions led to the ejection of Russian peacekeepers in and around Nagorno-Karabakh.

Türkiye: Turkish President Erdoğan and Aliyev are firm proponents of the ["one nation, two states" slogan](#). Türkiye supplied critical weapons and offered unconditional support to Baku during its invasions of Nagorno-Karabakh and surrounding Armenian territory. Azerbaijan provides a critical outlet towards Turkish ambitions for closer relations with Turkic Central Asia and an [increased regional dominance](#). Azerbaijan has used this leverage well. It has worked to [freeze any potential thaw](#) between Türkiye and

Armenia, whose border remains closed despite multiple rounds of negotiations to, for example, open the frontier to third-party nationals. Türkiye restarted diplomatic talks with Armenia in Summer 2024, however, focused once more on [phased efforts](#) to normalize the border between the two countries.

Iran: Iran and Armenia enjoy close relations. The border remains open and trade between the two countries has tripled since 2021, [to \\$1 billion](#). For Iran, Armenia provides an outlet from the sanctions imposed on it. Armenia hopes to diversify its energy supplies, almost totally dependent now on Russia. The two countries signed [a natural gas deal in 2022 to double trade](#). Both countries are also linked by isolation from broader regional alliances. As Türkiye, Iran's main regional rival, is close to Azerbaijan, so Azerbaijan has excellent relations with Israel. In January 2023, Iran's ambassador to Armenia declared "[Armenia's security is Iran's security](#)." As Russian Foreign Minister Lavrov and Putin have expressed support for Azerbaijani access to the Zangezur Corridor, Iran has stepped up its opposition. An Azerbaijani-Turkish occupation, or Azerbaijan's proposal that [Russian Federal Security Service \(FSB\) border guards control the Corridor's road and rail connections](#), would seal off the Iran-Armenia border.

Internal Challenges: Armenia has accomplished an impressive security pivot despite internal challenges. Of the over 100 000 ethnic Armenian refugees from Nagorno-Karabakh, [less than 5 000](#) have become Armenian citizens. More have left the country, mostly for Russia. Substantial numbers hold to their Karabakh identity. They seek to return and find challenges in integration to Armenia. Poverty rates in the country have modestly declined over time but remain high, at [23.7% of the population](#), even as the economy grows. The psychological toll over the loss of Nagorno-Karabakh and the thousands of soldiers killed in the 2020 war is compounded by the painful realization that some type of peace agreement with Azerbaijan, which retains a more powerful military, backed by Türkiye, perpetrator of the [Armenian genocide](#) in 1915-6— is needed for stability. Opposition to dealing with these countries remains significant. Armenian opposition leaders [demand](#) the return of Armenian prisoners of war held by Azerbaijan and the right to return, in peace and security, of Nagorno-Karabakh refugees.

Russia: Armenia remains heavily dependent on Russia. Russia supplies more than [90% of its natural gas and all the uranium for its one nuclear power plant](#). Trade with Russia [has more than tripled](#) since 2022, helped by large numbers of Russians who fled the country to protest or avoid the war on Ukraine. Many of these self-styled "relokanty" were IT workers. Armenian diaspora in Russia number [2.5-3 million](#), equal to the country's entire population. Russia maintains a military base in Armenia's second largest city, Gyumri, which borders Türkiye. This dependence persists even as Russia's image in Armenia has rapidly declined—from 2019-2023, Armenians who see Russia as their most important political partner went from [88 to 34 percent](#). Despite Pashinyan's words, Armenia has not formally left the CSTO and remains a member of the Russian-led Eurasian Economic Union.

Sustaining Armenia's Security Pivot: Conclusions/ Recommendations

Western countries, including Canada, have a unique window to aid Armenia as it seeks to build a strong, democratic state in the volatile Caucasus neighborhood.

- **Assist Armenia in Reducing Dependence on Russia**
 - Work with Armenia to boost sources of alternate energy supplies. Infrastructure already exists to for increased Iranian gas imports, though prices will be higher. Aid Armenia in building transport and energy infrastructure not dependent on Russian ownership. Prepare Armenia to defend against Russian cyber-attacks or subversion efforts. Russia might well work to sabotage any peace deals, exploiting Armenian frustration at concessions to countries that have done it significant past harm.
- **Support Armenia as an important mediator between Iran and the West**
 - The West and Iran have certain common regional interests. These can form a bridge to reduce tensions. It can also keep dialogue open where disagreements exist.

- Intensify training and equipping of Armenian border and military forces
 - Continue to work on interoperability with NATO/Western systems, language training, military management and border control. Canada can focus on mountain and cold weather training as well as disaster response. Ensure that Armenia has sufficient military strength, including US-made defensive weapons, to counter outside threats,.
- Facilitate negotiations between Armenia, Azerbaijan and Türkiye
 - Azerbaijan is the EU's [fourth largest supplier](#) of natural gas. The EU can use its purchasing power and work with other Western countries, including Canada, to support negotiations. On December 5, Kaja Kallas met with Azerbaijani foreign minister Jeyhun Bayramov. As NATO allies to Türkiye, Canada and the US can play mediating roles. Türkiye should be encouraged to work towards a border deal regardless of progress of negotiations between Armenia and Azerbaijan.
- Work with regional governments to develop Prime Minister's Pashinyan's Crossroads for Peace plan as an alternative to current tensions over the Zangezur Corridor
 - International coordination to develop the Zangezur Corridor as part of Armenia will have [significant trade benefits for all regional powers](#). This route's importance increases as Georgia, key to the "middle corridor" that connects Europe and Asia, descends into government violence and turns to Russia.
- Assess the Impact of the Middle Eastern conflict and the Collapse of the Assad Regime on Armenia and the region
 - About 30 000 Armenians are in Syria and 100 000 in Lebanon. Western countries can assist Armenia with these diasporas as part of a broader humanitarian effort
 - Will the end of Assad's regime and potential loss of its military bases affect Russia's foreign policy, including its military base in Armenia?

Armenia is the only functioning liberal, democratic state in the Caucasus, given the Georgian government's [electoral manipulation](#) and use of extralegal methods to [savagely beat](#) peaceful protestors. Western countries have a strong interest in ensuring a stable, democratic Armenia to counter further Russian regional control and prevent a potential broader conflict that might involve Türkiye, Azerbaijan and Iran. Armenia can be a foundation for regional security. Canada can work with its US and European allies to assist Armenia's efforts to execute its security pivot.