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Russian-Turkish rapprochement: Implications for Armenia

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The close nature of cooperation between Russia and Turkey started many years ago, and there were a number of bilateral agreements and statements which enhanced and deepened the strong, beneficial mutual ties between the two countries.



Turkey and Russia cooperate in many fields, such as economy, energy supply, tourism, and trade, etc. Russia is Turkey's main energy supplier. Turkey imports 98.8 percent of its natural gas consumption, with Russia accounting for 56 percent of these gas imports. Turkey's energy imports from Russia, including oil and natural gas, amounted to \$16.5 billion in 2014, which was around 30 percent of Turkey's total energy bill, 65 percent of total imports from Russia, and 2.1 percent of Turkey's GDP.

Russia is the 7th largest exports market for Turkey. In 2014, Turkey's exports to Russia accounted for 3.8 percent of total exports and 0.7 percent of Turkey's GDP. Foodstuffs made up 20 percent of total exports to Russia, with other major items including textiles, vehicles and machinery.

The Turkish tourism industry has strong ties with the Russian market. Tourists from Russia made up around 12.2 percent of the 37 million tourist arrivals

to Turkey in 2014, and spent an estimated \$3 billion or 0.3-0.4 percent of GDP. Russia was the 4th largest foreign direct investor in Turkey in 2014. Russian foreign direct investment in Turkey was around \$730 million or 0.1 percent of Turkey's GDP in 2014. These exclude property-related investments of Russian nationals, which are estimated at around \$400-450 million annually. In addition, there are several mega projects planned by Russia in Turkey, such as the Akkuyu nuclear plant, which is under construction, and the so-called Turkish stream pipeline, which is still in the initial planning stage.¹

After a Turkish fighter jet shot down a Russian warplane on its border with Syria on 24 November, a crisis erupted in relations between Russia and Turkey. The Turkish authorities immediately approached NATO for support, a move that reportedly infuriated Russian President Vladimir Putin, who called the downing of the plane "a stab in the back."

The Russian government then imposed economic sanctions that hit the Turkish trade, construction, and tourism sectors, hurting Turkey immensely. The cost of these sanctions to Turkey is estimated to exceed \$8 billion in 2016.

¹ Bilgic-Alpaslan, Idil, Bojan Markovic, Peter Tabak and Emir Zildzovic, "Economic implications of Russia's sanctions against Turkey," European Bank for Reconstruction and Development (EBRD), 7 December 2015. www.ebrd.com/news/2015/economic-implications-of-russias-sanctions-against-turkey.html#1yeC0ccjTeyYzXWv.99

The process of “normalization” that led to negotiations between the two countries was started in June 2016 with President Erdogan expressing regret to Putin for the downing of the Russian warplane. Presidents Putin and Erdogan then held a telephone conversation on 29 June which was described as “productive” by Russian and Turkish government officials. The 9 August meeting of the presidents of Turkey and Russia seems to mark a new stage of relations between these states.



For Armenia, we can emphasize the following: the crisis in relations between Russia and Turkey was in the interest for Armenia, due to the fact that Armenia is Russia’s only reliable partner in the region and should use that fact for strengthening Armenian national interests. Moreover, Armenia should be able to become a strategic region for transportation, the good example of that will be the international North–South Transport Corridor.

In the context of the Karabakh conflict, enhanced cooperation between Russia and Turkey will only damage and threaten the peace process and Russia may “close its eyes” to any new attempt by Azerbaijan to restart new military attacks against Karabakh. The situation in Armenia, and the recent two weeks of protests and instability from the hostage-taking episode in July, may encourage the Armenian authorities to be more flexible to avoid from pressure in the negotiations over Karabakh.



But there is a nuance. After the meeting with President Erdogan, Russian President Putin will meet with the Armenian president on 10 August.

We can only assume that the resumption of relations with Turkey is important for Russia and that the partnership with Turkey is more crucial, while for Russia, Armenia is a partner that will adopt any kind of decision forced on it by Russia. Here we outline a complicated situation for Armenia, which depends on Russia for security perspective, as a member of the Collective Security Treaty Organization (CSTO) and, from the economic perspective, as a member of the Russian-led Eurasian Economic Union (EEU). In its turn, Russia is a co-chairing state of the OSCE Minsk Group, which remains the only format for negotiations of the Karabakh conflict.

Thus, we can conclude, that the restart of the cooperation between Russia and Turkey are inevitable, because both countries share common interests and the years of experience of cooperation were beneficial for both. In this context, the interests of Armenia become secondary, which is a new challenge for national security. The Armenian authorities, in order to avoiding a new round of protests and demonstrations inside the country and the pressure from the outside, should conduct its policy based only on its national interest, which for the first step, requires the continued pursuit of the policy of “*complementarity*” in the economic sphere and to try to restore Karabakh’s full participation in the diplomatic negotiations.

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