



# RSC Monthly Closed Briefing

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## **Briefing Topics**

- Broader regional trends
- Domestic political developments in Armenia

# The South Caucasus



# A Fragile Region



# Broader Regional Trends

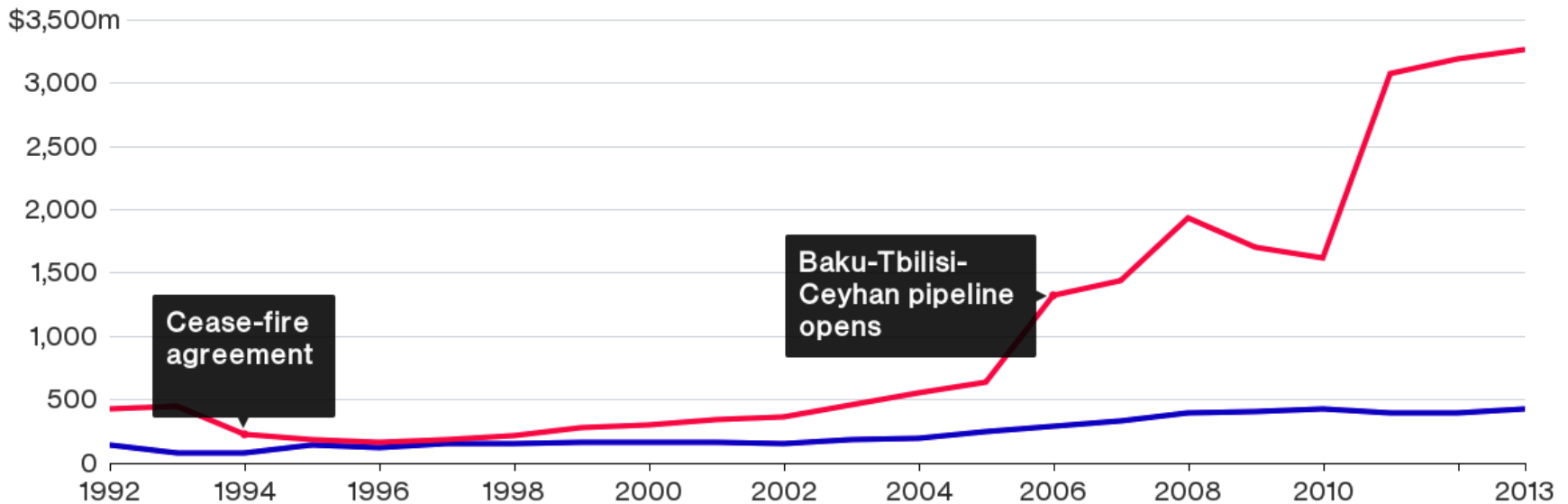
- Virtual “arms race” underway
- More aggressive force posture
- Steady escalation of ceasefire violations, including offensive probes of positions
- Expanded battlespace beyond Karabakh to include Armenian border areas
- Increased deployment of modern offensive weapons & rudimentary UAVs/drones

# Surges in Defense Spending: A “Race to the Bottom”

## Military Boost

Azeri defense spending surges more than 10-fold in decade

■ Armenia ■ Azerbaijan



Source: SIPRI  
Expenditure in constant 2011 U.S. dollars

Bloomberg

# Diplomacy under threat



# “Back to Basics” Diplomacy



# Supporting the peace process



## Our efforts

- Support Armenian policy- need for concessions over occupied territory
- Deepen diplomacy by expanding constituency for peace & reiterating incentives for settlement

# April 2016: The new landscape



# April 2016: What didn't happen



# April 2016: Implications for Azerbaijan

- Azerbaijan's first military victory
  - Limited campaign objectives
  - Succeeded in seizing & securing territory
- Effective domestic distraction from socio-economic crises
- Makes military option more attractive

# April 2016: Implications for Armenia

- Enhanced recognition of corruption as threat to national security
- Ended Armenia's "myth of invincibility"
- Shapes domestic political discourse & raises concerns in public opinion
- Endangers diplomacy & threatens peace process
- Urgent readiness & altered force posture

# April 2016: Broader Implications

- Russia as the only winner
  - Entrenches Moscow's primary role
  - Option of deploying Russian peacekeepers
- Georgia & Turkey in tenuous position
- Enhances risk or likelihood of renewed hostilities
  - But without element of surprise

# Armenia-Turkey “Normalization”

- Modified strategy: Focusing on implementing terms of the protocols, more gradual and limited
  - Border crossing points
  - Establishing diplomatic relations
- Managing the Azerbaijani factor

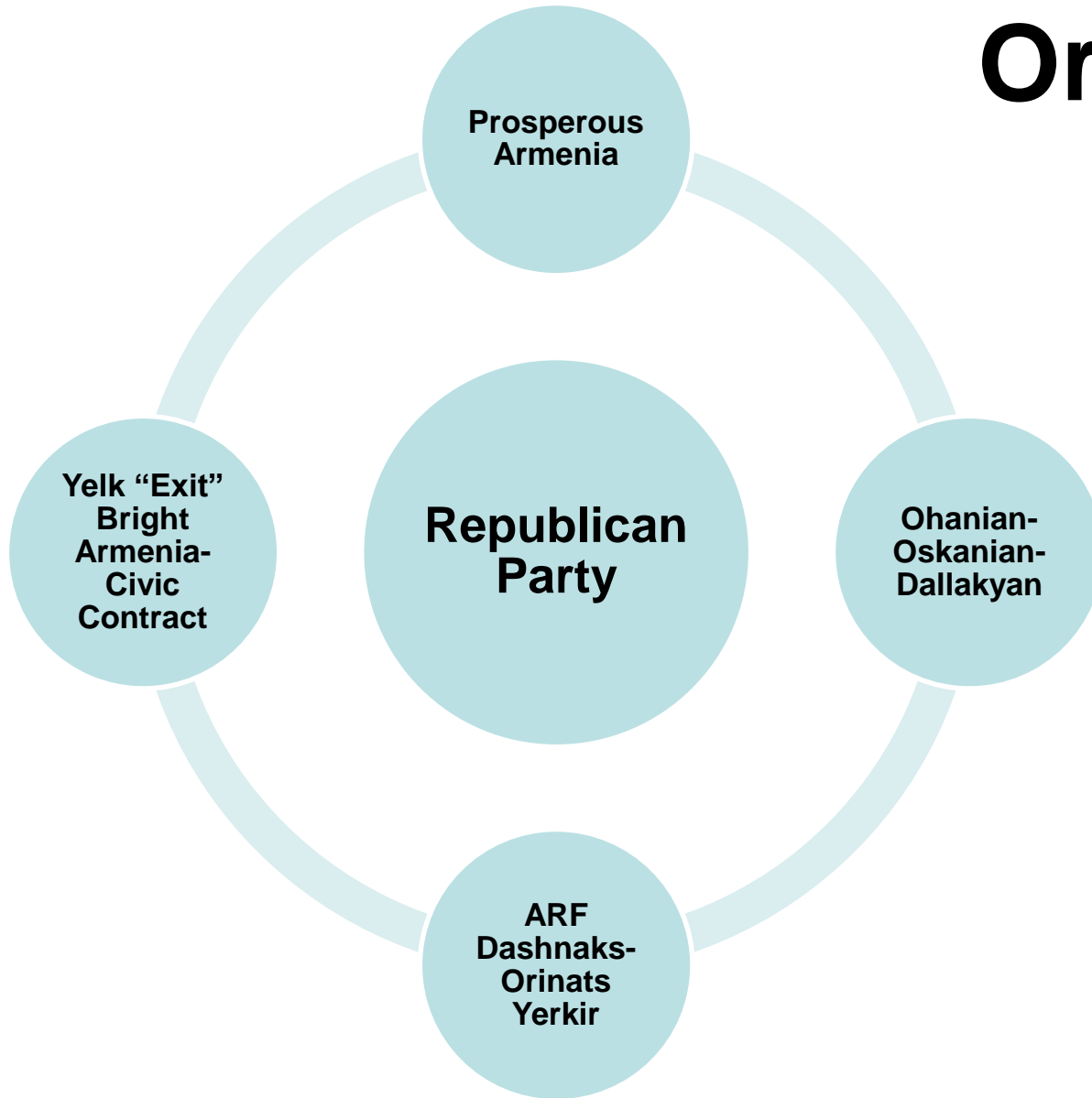
# Armenia-Turkey: “The New Context”

- Restoration of Turkey-Russian relations
- Turkey-Israel “normalization”
- April 2016: Nagorno-Karabakh
- Regional re-engagement
- The promise of a rare foreign policy success
- Post-coup implications
- Turkey’s pivot Eastward

# Domestic Political Developments

- A new political system
  - December 2015 constitutional referendum
  - Moving to a parliamentary form of governance
- The new political landscape
  - The emergence of new opposition: real (Bright Armenia & Civic Contract) & nominal
  - The creation of an overly supportive (pro-government) opposition coalition

# The Political Orbit



# Turning Point or Tipping Point

- April 2017 election
  - *Turning point*: the election may be more free but significantly less fair
  - *Tipping point*: the failure to recognize the risk of unrest in response to tainted elections is dangerous & destabilizing
- New political wildcards
  - The role of the prime minister
- The outlook for April 2017

# Conclusion