
Armenia deepens ties with embattled Iran.

Emil Danielyan
EurasiaNet, NY

28/7/2006

Armenia is deepening what it regards as a strategic relationship with neighboring Iran despite mounting international concern over the Iranian nuclear program and widespread speculation about potential US military action against Tehran. The two countries' governments have agreed in particular to press ahead with the implementation of more multimillion-dollar energy projects in addition to the ongoing construction of a pipeline that will pump Iranian natural gas to Armenia.

The agreements were announced during and after Armenian President Robert Kocharian's early July visit to Tehran, which officials said gave a further boost to bilateral cooperation. Kocharian's Iranian counterpart, Mahmoud Ahmadinejad, reaffirmed the Islamic Republic's commitment to maintaining close ties with Armenia. "The Islamic Republic of Iran welcomes and supports the development of ties with Armenia in various areas, particularly in energy as well as transportation, sports, and tourism," Iranian media quoted Ahmadinejad as saying after talks with Kocharian. "I hope the Armenian president's trip to Iran would serve as an important step toward the development of all-out ties between the two countries."

Kocharian, for his part, reportedly welcomed "noticeable progress" in the development of those ties and said they must be followed up by "new steps." Some of those steps are presumably contained in several agreements signed during his trip. The most important of them envisages the construction of a third power transmission line that will connect the Armenian and Iranian power grids. Work on the \$90 million project is expected to start later this year and take up to three years.

The 312-kilometer-long line is meant to allow for a substantial increase in Armenian electricity supplies to Iran that officials say will follow the completion of the gas pipeline slated for the end of this year. Yerevan had borrowed \$34 million from Tehran to finance the construction of the first 40-kilometer Armenian section of the pipeline and will repay the loan with power supplies. The Iranian Mehr news agency reported on July 17 that the two sides also plan to start building a large hydroelectric plant next year on the Arax River marking the Armenian-Iranian border.

In addition, the Armenian government is currently building a second, bigger highway leading to the Iranian border in the hope of boosting trade with Iran. In 2005, Armenia's trade with Iran totaled a modest \$105 million. The European Union, by comparison, accounted for more than a third of Armenia's \$2.6 billion external trade in 2005.

Commerce with Iran proved vital for Armenia's economic survival during the early 1990s, however, when the conflicts in the breakaway enclave of Nagorno-Karabakh and elsewhere in the South Caucasus all but cut off the country from the outside world. Unlike Turkey, the Islamic Republic did not close its border with its Christian neighbor out of solidarity with Muslim Azerbaijan. Observers believe that by supporting Yerevan, Tehran has sought to limit Turkish presence in the region and contain separatist sentiment among Iran's sizeable ethnic Azeri minority.

"We are building multi-faceted relations with our neighbor and friend Armenia," Iranian Foreign Minister Manouchehr Mottaki said during a visit to Yerevan in February. "We are trying to ensure that they have a regional significance."

Having a warm rapport with Iran has always been a matter of virtual national consensus in Armenia. Many politicians and ordinary people see it as a way of mitigating the effects of the continuing Azerbaijani and Turkish blockades. "Given this geopolitical environment, Armenia has the legitimate right to cooperate with Iran for ensuring its security," Stepan Safarian of the Armenian Center for National and International Studies, a Yerevan-based think-tank, told EurasiaNet. "Besides, Armenia has an energy surplus and its only major export market at present is Iran," he said. "So there is also a lot of economic interest involved."

Not surprisingly, the United States, an equally important partner of Armenia, has followed Armenian-Iranian cooperation with unease. But while openly voicing its opposition to the Iran-Armenia pipeline, the US administration seems to be acquiescing to this and other Armenian-Iranian energy projects. "The United States is very sympathetic to Armenia's efforts to diversify sources of energy," Washington's outgoing ambassador to Yerevan, John Evans, said earlier this year. He also argued that "up to now" the Armenian government has not breached long-standing US sanctions against Iran.

The fact that Kocharian chose to meet Ahmadinejad amidst Tehran's intensifying nuclear standoff with the West suggests that Armenia is not under strong US pressure to freeze ties with the Iranian regime. Yerevan also makes no secret of its strong opposition to any US military campaign against Iran. "There are hardly any political circles in Armenia that believe the dispute over Iran's nuclear program must be resolved by military means," said analyst Safarian.

The Americans may well be happy with the recent controversial settlement of Armenia's gas dispute with Russia, which is widely seen as a setback for Armenian-Iranian energy cooperation. Under the deal cut last April, the Kocharian administration agreed to hand over a large thermal power plant in the central town of Hrazdan to Russia in exchange for a temporary increase (until 2009) in the price of Russian natural gas delivered to Armenia. Yerevan had pledged late last year to place the incomplete but modern facility under Iranian control. There were reports that Russia's state-run Gazprom monopoly will also gain ownership of the Armenian section of the gas pipeline from Iran as part of the settlement. Gazprom initially confirmed these reports, but later refuted them, as did the Armenian government.

Still, Gazprom's deputy chairman, Aleksandr Ryazanov, announced on June 29 that the Russian giant intends to buy the pipeline, a conduit which was supposed to end the Russian monopoly on gas supplies to Armenia. The Russians had already made sure that the pipeline's diameter is not large enough to allow Iran to export gas to Georgia and other countries through Armenian territory. Analysts believe Ahmadinejad and Kocharian discussed the issue during their July 6 meeting in Tehran. However, neither leader commented on it afterwards.

Editor's Note: Emil Danielyan is a Yerevan-based journalist and political analyst.
