



საგარეო საკითხებისა და საერთაშორისო ურთიერთობების კვლევის ფონდი
GEORGIAN FOUNDATION FOR STRATEGIC AND INTERNATIONAL STUDIES

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**ARMENIA'S SOCIAL PROTEST
IN THE SUMMER OF 2015**

REVAZ GACHECHILADZE

EXPERT OPINION



2015



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Editor: Jeffrey Morski
Technical Editor: Artem Melik-Nubarov

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Mass protests taking place in late June-early July 2015 in the capital of the Republic of Armenia attracted wide media attention. Some newspapers, including those issued in Moscow, began featuring headlines such as “New Maydan – in Yerevan?” and “Anti-Russian Protests in Armenia,” among others.

There were ostensibly certain similarities with the events of 2013 in Kyiv. However, those with even the slightest knowledge of Armenia were skeptical of such far-reaching analogies.

The protest was generally social in nature with a certain tinge of politics.

Already last year, a degree of discontent with the government’s economic policies emerged, a factual outcome of which was a considerable devaluation of the Armenian dram, a price hike and an increase in unemployment. In reality, the triggers for these trends lay beyond, rather than within, the borders of the country.

The fact is that cash remittances from abroad, especially from the Russian Federation (which accounted, and continue to account, for approximately 80 percent of transfers) and less so from Ukraine (cash flows having sharply deteriorated due to the present arduous circumstances in the country), constitute a significant share of income for the Armenian population. In total, migrant workers transferred over USD 1.2 billion to Armenia in 2013 while in the following years, the amount of remittances decreased.

The 2010 census of the Russian population revealed over a million people of Armenian descent residing in the country. Given that the census was deficient – over 6 million persons did not indicate their nationality – the number of ethnic Armenians living in Russia is estimated at twice that of the recorded figure. A significant number are temporary labor migrants who virtually sustain family members remaining in their home countries via monthly remittances.

A census of the population held in the Republic of Armenia also in 2010 showed that the country was home to 2.9 million people,

300,000 less than the current estimate indicated, signifying that many more had traveled abroad than previously thought. The “punctual financial injections” of the labor migrants had somewhat mitigated the social background in Armenia from where “surplus labor” could enjoy visa-free travel to and work in the Russian Federation. Nevertheless, close to one-third of the population finds themselves below the poverty line.

As a result of the annexation of Crimea in 2014, international economic sanctions imposed on Russia dramatically impacted the economic situation in the country. Opportunities for migrant worker employment decreased, consequently reducing their income and remittance volume. This affected all former Soviet republics (including Georgia) from where many had gone to seek work in Russia.

The direct cause of the mass protests in Armenia was a decision rendered by the Public Services Regulatory Commission of the Republic of Armenia to raise electricity tariffs by nearly 17 percent as of 1 July 2015. The decision led to widespread public outrage since ordinary citizens logically concluded that a hike in electricity tariffs would precipitate a general increase in prices. It was presumed that fees for natural gas, received via Russia and used for domestic purposes, would also increase.

It is noteworthy that gas obtained from Iran is used solely for electricity generation: when plans for the construction of a gas pipeline from Iran were being drawn up, ArmRosGazprom, a subsidiary of the Russian Gazprom, insisted that the diameter of the pipe be established at only 700 mm in order to preclude Iranian competition with Russian gas. Thus, gas obtained from Iran is used to run thermal power plants and a considerable part of the generated energy is resupplied to Iran.

The amendment in the electricity tariffs took place at the request of CJSC Electric Networks of Armenia. The company holds a monopoly on the purchase and sale of electricity in the country. It was founded in 1997 and privatized in 2002, following the procurement of 100% of its shares by the British company, Midland Resources Holding, Ltd. In

June 2006, ownership of the CJSC was fully transferred to the Russian OJSC Inter RAO UES whose CEO is a Russian citizen. Equally noteworthy is the fact that the principal heights of the Armenian economy are held by Russian companies.

News of the impending rise in electricity tariffs in Armenia was followed by general public outrage. Tens of thousands of people spontaneously took to the streets and proceeded to blockade one of Yerevan's central thoroughfares, Baghramyan Avenue, at the instigation of mostly young people whose social solidarity can be considered a premise for the establishment of a future civil society.

The government's initial attempts to forcibly disperse the protesters and arrest up to 200 individuals elicited an even more vigorous protest. Thus, the pragmatic Armenian authorities opted for the only correct decision: to release the detainees and begin searching for a compromise.

Ultimately, President Serzh Sargsyan decreed to postpone the tariff amendment pending audit results for CJSC Electric Networks of Armenia. Until said results are published, the state has also assumed responsibility to reimburse the company for damages.

This development caused a rift among the protesters: some were satisfied with the compromise while others continued round-the-clock picketing, although their protest potential has diminished.

Meanwhile, as reported by the Yerevan newspaper, *Novoye Vremya*, on July 4, CJSC Electric Networks of Armenia launched a counter-attack by appealing to the courts to enforce electricity bill payment by Armenian industrial enterprises. For instance, the Nairit plant in Yerevan owes the CJSC AMD 1.2 billion (approximately GEL 60 million); moreover, among the company's debtors are Hrazdan Cement, Vanadzor Khimprom and other industrial plants which have utilized a total of over a billion AMD worth of electricity, the cost of which they have yet to cover.

Why was there a general sense of the protest carrying an anti-Russian sentiment?

Everyone can recall the sharp backlash on the part of the Armenian population against the massacre of an entire Armenian family by an intoxicated serviceman from a Russian military base in Gyumri earlier this year. Large-scale demonstrations were held throughout the country which, at times, truly conveyed anti-Russian undertones. Thus, given the fact that CJSC Electric Networks of Armenia is a Russian company, some are under the impression that the current protests similarly have an anti-Russian connotation. This impression could, perhaps, be close to reality; however, only partially: in any case, no anti-Russian sentiment can be detected at the surface.

The Armenian geopolitical code or, in other words, the consensus between the authorities and the people on foreign threats and resistance against them, implies that Armenia expects danger to emanate from the west and the east of its borders: the unresolved issue of Nagorno-Karabakh continuously poses the likelihood of a military conflict with Azerbaijan. Thus, Armenia views reliance on the Russian Federation, its “ally” – albeit one with utilitarian motives – as virtually the only option to tackle these threats. Armenia’s foreign policy alternatives are limited, a circumstance which the Kremlin maximizes on.

When, in September 2013, the Armenian government unexpectedly repurposed its three years’ worth of preparations for the EU Association Agreement into accession to the Eurasian Union, this was not a decision taken in Yerevan; but, on the contrary, its compulsory nature is easily discernible.

During the protest rallies, numerous Armenian flags were captured by TV broadcasters; however, no one waved either the EU, Russian or especially US and other banners.

It should also be noted that the political component of the protest is watered-down. Opposition parties have not participated in the organization of the mass demonstrations and, as far as is known, the participants of the rallies did not allow any of the party representatives near the manifestations.

Generally, the authority of political parties in Armenia is relatively low. Even the opposition parties in the Parliament are frequently rep-

resented by oligarchs who are much more concerned with their own business interests than those of the people. In this respect, Armenia is not much different from other former Soviet republics.

It is possible that the public protest in Armenia will give rise to new, young leaders whom we do not know at the moment.

As for the significance of the ongoing process in Armenia for Georgia – it is minimal. Naturally, we would prefer that our next-door neighbors live well and without social and economic problems: when one neighbor is in need, this ultimately results in difficulties for the other neighbor.

However, given the fact that the Armenian protests almost completely lack a geopolitical component, they are unlikely to have a direct impact on Georgia.