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Shifting Sands, Unmoved Mountains? Relations between Armenia and Iran since the Second Karabakh War

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Abstract

This paper discusses the relations between the Republic of Armenia and the Islamic Republic of Iran across three inter-related dimensions: first, the presence of the prominent Armenian community in Iran; second, economic ties between the two countries; and third, the role of Tehran within regional political dynamics. It is the lattermost point which has seen substantial shifts since the end of the Second Karabakh War in 2020, especially with the shared perceived threats arising from the prospect of a 'Zangezur/Zangezur Corridor' connecting mainland Azerbaijan with its exclave of Nakhchivan/Nakhichevan. In this context, the foreign policy orientations in Yerevan mainly directed towards Moscow have been shattered as a result of the war and its aftermath. Relations with Tehran, by contrast, have remained steady, developing as one of many in a complex of factors both in Armenia's re-pivoting and the ongoing changes to geopolitical power structures in the South Caucasus.

Introduction

Historical and cultural relations between Armenian and Persian spaces stretch back into the ancient past. Armenian and Parthian realms were at times ruled by the same dynasties in antiquity. Records of overlaps in language and religion attest to shared cultural origins. With the adoption of Christianity among the Armenians and Islam among Persians, those overlaps became more frayed. All the same, for centuries many territories populated by Armenians continued to be ruled on and off by Persian empires, sustaining unbroken Armenian-Iranian interactions across political, commercial, and other spheres (Hovannisian, 2021).

For the purposes of this brief paper, recent relations between the modern states of the Republic of Armenia and the Islamic Republic of Iran will be discussed across three inter-related dimensions: the Armenian community in Iran, trade and other economic ties between the two countries, and, most consequentially, the role of Tehran within the conflicts in the South Caucasus. Following the outcome of the Second Karabakh War of 2020 and in the years that followed, Armenia's geopolitical orientation has been severely disrupted. Maintaining and developing ties with Tehran remains one of the few constants in Yerevan's foreign policy as it tries to navigate emerging changes to regional power dynamics in the South Caucasus.

The Iranian-Armenian Community

The Armenians living in Iran today trace their ancestry back through various routes. Many are descendants of the Armenian population displaced by Shah Abbas in 1604. Some also have great-grandparents from the Caucasus or the Ottoman Empire, having found refuge

in Tehran and elsewhere the country in the early decades of the 20th century. Some can claim more ancient, settled Armenian ancestry in territories that are today part of Iran.

The Armenian community of Iran participates in almost all spheres of life in the country: industry, small businesses and trade, arts and culture, education, sports. It displays features typical of the organised Armenian Diaspora around the world, maintaining churches, schools, publications, cultural institutions, athletic teams, and other spaces and activities mainly directed towards other Armenians. By the time of the Islamic Revolution, the population of Armenians in Iran was estimated to be as high as 270,000 (Amurian and Kasheff, [1986] 2011). Since the 1980s, there has been a marked emigration of the Iranian-Armenian population, particularly to Western countries, but also to Soviet and later independent Armenia. It is difficult to come to a precise number for Armenians living in Iran today. One scholar estimated it at around 40,000 in the mid-2010s (Barry, 2018, p. 250).

Besides the Iran-Iraq war of 1980–1988, fluctuations in the economy, and other sources of hardship, one reason for emigration is that the Iranian regime has maintained a heavy hand over social and cultural life in the country. However, the Iranian-Armenian community can claim a certain degree of privilege in this regard. Although the oversight and limitations imposed by the regime are not insignificant, the Armenians have official recognition as a community and enjoy relatively broad freedom of religious and cultural expression. Notably, similar opportunities are denied to other identities or minorities of Iran, such as the Azerbaijanis, Kurds, Baloch, and others (Iskandaryan, 2019;

Sawhney and Azad, 2020). One possible explanation for such an approach is that the Armenian community is not perceived by the Iranian government as posing any political threat. Unlike other communities and minority identities—such as the three noted above—the Islamic regime does not associate the Armenians of Iran with security issues in the country. The presence of an Armenian Diaspora in Iran serves instead as a catalyst to official relations between Tehran and Yerevan.

Furthermore, the Armenian presence in Iran is uniquely marked by the inclusion of three monasteries on the UNESCO World Heritage List since 2008.¹ That is to say, the government of the Islamic Republic itself applied to UNESCO in order to highlight the presence of material Armenian (indeed, Christian) cultural heritage on its territory. That is a rare indicator and a notable contrast with other states in the region which contain similar Armenian monuments, especially Turkey and Azerbaijan.

Armenia-Iran Commerce

Out of a total of around \$3 billion in exports in 2021, Armenia sent over \$60 million in products and services to Iran. The total exports from Iran in turn were valued at \$14 billion in 2021, including over \$400 million in products and services sent to Armenia that year. Both of those figures indicate a relatively small trade turnover. For Iran, Armenia is low in rankings compared to various Asian markets, especially China. Armenia's top trade partners, for its part, have long been Russia and various European countries, as well as China more recently. However, close to a tenth of Armenia's imports come from Iran—mainly oil and gas. Armenia's top export to Iran has been electricity. The energy component of Armenia-Iran economic relations is therefore quite significant. A gas for electricity exchange agreement, in place since 2009, was recently extended to 2030.²

Moreover, trade volumes between the two countries have steadily increased, particularly in recent years. The volume of trade between Armenia and Iran has grown from approximately \$400 million in 2020, to over \$450 million in 2021, and more than \$700 million in 2022. Both governments have moved to incentivise growth in economic ties.³

The presence of an Armenian community in Iran serves as a boost for economic ties, connecting business partners and serving as a ready means for the flow of capital and goods, among other things. There has also been an identifiable tourism component in the commercial ties between the two countries, particularly travellers from Iran who find an affordable, close by destination with few limitations on entry and—perhaps also an attraction—more liberal social and cultural norms. For some years in the 2010s, visiting Armenia during the Novruz holidays was a popular trend among Iranian travellers (Lazarian, 2016).

Transportation is perhaps the most important sphere of co-operation between the Armenian and Iranian economies. Both states face logistical challenges and issues with supply routes. Armenia's longest land borders—with Turkey and Azerbaijan—have remained closed since the early 1990s because of the conflict over Nagorno-Karabakh. Routes to and from Georgia and Iran are therefore lifelines for land-locked Armenia. Even though Iran has access to the sea, it faces its own hurdles due to sanctions as well as perceived security threats on its northern and western borders with Azerbaijan, Turkey, and Iraq, ranging from ongoing conflicts and separatist movements to strategic ties involving the North Atlantic Treaty Organization (NATO) or Israel, with its close and growing ties to Baku. In comparison, the route through Armenia provides a more secure connection with markets to the north and west.

At the same time, the so-called International North-South Transport Corridor, which aims to develop the infrastructure for supply routes across India, Russia, and Iran, presents its own political and logistical challenge. Nevertheless, Armenian officials have framed the route through the country (and onwards through Georgia) as a supplemental or even alternative Persian Gulf–Black Sea pathway (Chaudhury, 2023; Bonesh, 2023). Notably, Iranian companies have taken on the contract to refurbish and construct a 32-kilometre sections of the highway linking the two countries through southern Armenia.⁴

Geopolitics and Regional Dynamics

Trade routes are an important reason for the close attention Iran has paid to security in the South Caucasus,

1 'Armenian Monastic Ensembles of Iran', UNESCO, <https://whc.unesco.org/en/list/1262> (accessed 23 October 2023).

2 'Armenia, Iran agree to increase mutual gas and electricity supplies', Interfax, 10 August 2023, <https://interfax.com/newsroom/top-stories/93459/>; World Bank, World Integrated Trade Solution, <https://wits.worldbank.org/countrysnapshot/en/IRN> and <https://wits.worldbank.org/countrysnapshot/en/ARM>; The Observatory of Economic Complexity, country-to-country Iran–Armenia, <https://next.oec.world/en/profile/bilateral-country/irn/partner/arm> (accessed: 23 October 2023).

3 'Armenia, Iran Eye Increased Bilateral Trade', Azatutyun—RFE/RL Armenia, 9 November 2022, <https://www.azatutyun.am/a/32122272.html>; 'Armenian Minister Predicts \$1b Trade With Iran in Near Future', Financial Tribune, 11 February 2023, <https://financialtribune.com/articles/domestic-economy/117065/armenian-minister-predicts-1b-trade-with-iran-in-near-future> (accessed 23 October 2023).

4 'Iran, Armenia strengthen bilateral relations', Mehr News Agency, 24 October 2023 <https://en.mehrnews.com/news/207509/Iran-Armenia-strengthen-bilateral-relations> (accessed 24 October 2023).

particularly following the Second Karabakh War. As discussed elsewhere in this special issue, the prospect of a ‘Zangezour/Zangezour Corridor’⁵ connecting Azerbaijan with its exclave Nakhchivan/Nakhichevan through Armenian territory is perceived as a threat in Tehran and Yerevan. Any logistical arrangements with the potential to compromise the flow of goods across the Armenia-Iran border would not be viewed favourably by either government. For Armenia, granting extra-territorial rights to Azerbaijan would in addition be perceived as a further erosion of sovereignty following the aftermath of the war, which has included incursions by Azerbaijani forces and the ongoing occupation of some Armenian territory (Sarukhanyan, 2022). The prospects of further conflict have featured prominently in Armenian discourse since 2020, particularly the invasion and occupation by Azerbaijan of all or part of the province of Siunik/Syunik in southern Armenia, also referred to as Zangezour in Armenian, and Zangezour alone in Azerbaijani (DePencier, 2023).

Tehran also takes such a potential development seriously. Recognising Azerbaijani sovereignty over Nagorno-Karabakh, it nonetheless insists that all interstate borders in the region remain in effect. Among other actions, Iran has held military exercises in areas bordering Azerbaijan on multiple occasions in recent years (Shahbazov, 2023). Most significantly, Iran opened a consulate in Kapan, the provincial capital of Siunik, in October 2022. (It is not just the Islamic Republic taking such a step—both Russia and France have each publicly declared their intention to open a consulate in Kapan as well.) Yerevan in turn plans to open a consulate in Tabriz (Motamedi, 2022).

More generally, Armenia has included the ‘further development of special relations with Iran’ in its governmental programme for 2021–2026. Official visits at the highest levels—president, prime minister, foreign minister—have seen a marked increase in the past few years.⁶

Two recent developments reflect the expanded engagement of Iran with the South Caucasus and the readiness of Armenia to build relations with what has hitherto been the least active regional player. First, as early as March 2022, Tehran agreed to develop infrastructure through its territory for road, rail, and energy links between western parts of Azerbaijan proper and the exclave of Nakhchivan/Nakhichevan (Kaleji, 2022). The Turkish leadership likewise put forward the idea of

an alternative Zangezour Corridor through Iran bypassing Armenian territory in September 2023 (Akin, 2023). According to an Iranian member of parliament, it was Tehran’s proposal to undertake such a ‘Plan B’.⁷ In any case, transiting through Iran has long been an option for people and goods moving between Azerbaijan proper and Nakhchivan/Nakhichevan.

Second, on 23 October 2023, Iran hosted a meeting of foreign ministers as part of the ‘3+3’ format. First proposed in 2021, the intention is to bring together the three South Caucasus states and Russia, Turkey, and Iran on a single platform, framed in part as an alternative or counter to involvement by Western actors in the region. A peace agreement between Armenia and Azerbaijan was the main agenda item (Teslova, 2021).⁸ (‘3+3’ is in fact a misnomer as Georgia refuses to participate in such an arrangement, protesting Russia’s policies regarding Abkhazia and South Ossetia.)

Conclusion

This paper briefly examined the relations between Armenia and Iran across three dimensions.

Economic ties remain relatively small-scale for both countries. For neither is the other a major trade partner, although energy links are significant. Both Yerevan and Tehran are pushing to boost commercial activity, already on the upswing in recent years. The development and maintenance of transportation infrastructure is the main priority in this regard. Any compromise on connections between Armenia and Iran via a Zangezour Corridor imposed by Azerbaijan (and Turkey) remains the most pressing concern for both Yerevan and Tehran. Meanwhile, the existence and maintenance of an identifiable Armenian community in Iran acts as a living link between the two countries, with largely positive outcomes.

For Armenia, the greatest challenge lies in navigating its still-unclear geopolitical orientation following the Second Karabakh War. Most consequentially, long-standing security ties with the Kremlin have been heavily eroded in recent years. For decades, Yerevan has relied on Moscow for arms supplies and has maintained robust bilateral security connections. Armenia’s borders with Turkey and Iran are guarded by Russian troops. Russia maintains military facilities in Armenia, including a base in the city of Gyumri and an airfield in Yerevan. Armenia is a member of the Collective Security Treaty

5 ‘Zangezour’ is the transliteration more strictly in keeping with classical Armenian orthography.

6 Ministry of Foreign Affairs of Armenia, Bilateral Relations: Iran, 1 August 2023, <https://www.mfa.am/en/bilateral-relations/ir> (accessed 23 October 2023).

7 ‘Azerbaijan to back down on proposed Zangezour corridor: Iranian MP’, Tehran Times, 30 September 2023, <https://www.tehrantimes.com/news/489598/Azerbaijan-to-back-down-on-proposed-Zangezour-corridor-Iranian> (accessed 23 October 2023).

8 ‘Iran hosts Armenia-Azerbaijan talks, Russia says main issue resolved in Nagorno-Karabakh’, Reuters, 23 October 2023, <https://www.reuters.com/world/russias-lavrov-visit-tehran-monday-ria-2023-10-22> (accessed 24 October 2023).

Organisation (CSTO), which brings together six countries of the former USSR in an alliance akin to NATO, with a common defence clause.

However, although economic and cultural ties with Moscow remain strong—indeed, also due to the substantial Armenian population in Russia—there have been tensions in the relationship since 2020. Yerevan perceives a lack of response from Moscow to its security threats from Azerbaijan. Many episodes of violence across its borders did not trigger bilateral or CSTO defence mechanisms. The more liberal leaders in government in Yerevan following mass protests in 2018, the full-scale war in Ukraine since early 2022, as well as the ineffectiveness of the Russian peacekeepers in Nagorno-Karabakh in 2023 add their own complications to the relationship (Atasuntsev, 2023; Mgdesyian, 2023).

Armenia's policy since the 1990s has been to balance among the major geopolitical actors, while tilting in Russia's favour. Such positioning has skewed since

2020. Yerevan has broadened and deepened its relations with the West. Looking at the same time to Iran for richer areas of partnership may, then, give some pause to Washington or Brussels. At the end of the day, however, Western actors have limited reach in the region and cannot offer too much in the way of security guarantees—although the presence of EU border monitors and agreements between Yerevan and Paris for acquiring French defensive weaponry have recently become components to that dynamic.

If Tehran manages some success in mitigating perceived Zangezur Corridor threats—especially through greater economic ties with Yerevan—and if the '3+3' platform proves a viable space for productive discussions, including measurable involvement on the part of Iran, Armenia may find good reason to continue including the Islamic Republic in its pursuit of a new balance in its foreign policy orientation.

About the Author

Nareg Seferian completed his doctoral studies at the School of Public and International Affairs, Virginia Tech, in 2023. He has taught at the American University of Armenia (2013-2016) and Virginia Tech (2019-2023). His published writings are available at naregseferian.com.

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