

## Policy Department External Policies

# THE CLOSED ARMENIA–TURKEY BORDER: ECONOMIC AND SOCIAL EFFECTS, INCLUDING THOSE ON THE PEOPLE; AND IMPLICATIONS FOR THE OVERALL SITUATION IN THE REGION

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## **Abstract**

The closure of the Turkish-Armenian border in April, 1993 has generated grave costs to Armenia. A re-opening of the border would benefit greatly Armenia's economy and society, even if some economic sectors may suffer from external competition. The opening would also favourably impact Armenia's political development and open the way to the county's full integration into the region. Turkey also loses significantly from the closure, while having much to gain from a policy reversal.

In particular the opening would yield significant benefits for the underdeveloped province of Kars, as well as raise the competitiveness of the port of Trabzon. A reopening of the border would also have beneficial effects on the wider region, including the South Caucasus, Russia, the Black Sea, Iran and Central Asia. The major gains would be in terms of economic efficiency, achieved by integration, reducing transit fees and opening new markets. Turkey's isolation of Armenia has alienated Yerevan further, disqualified Ankara's role in mediation efforts over Karabakh, and more complicated and imperiled Turkey's ties with Russia and the EU. The case for opening the border is strong, when viewed from all perspectives. How could this win-win situation be brought about in the face of interlocking and highly sensitive political problems? The EU could contribute greatly to incentivize and support these successive steps by making an effective use of its accession process with Turkey and the inclusion of Armenia in the European Neighbourhood Policy.

## Summary

- In April 1993 Turkey sealed its border with Armenia by closing the Doğu Kapı/Akhourian crossing and halting direct land communications between the two countries. The closure and the ensuing refusal to establish diplomatic relations with Armenia took place in view of the escalating conflict in Nagorno Karabakh between Armenia and Azerbaijan, and Armenia's ambivalence over the recognition of its common border with Turkey. The gravity of this ambivalence is magnified by the dispute over the recognition of the Armenian genocide, which Turkey fears could feed Armenian territorial claims over eastern Turkey.
- The closure has generated grave costs to Armenia. Landlocked, with its western (Turkish) and eastern (Azerbaijan) borders closed and connected to distant markets via expensive routes through Georgia and Iran, Armenia's development is heavily handicapped. A re-opening of the border would benefit greatly Armenia's economy and society, even if some economic sectors may suffer from external competition. The opening would also favourably impact Armenia's political development and open the way to the county's full integration into the region.
- Turkey also loses significantly from the closure, while having much to gain from a policy reversal. In terms of economics, Armenia could become a critical economic partner and market for Eastern Anatolia, by far the least developed region of Turkey. In particular the opening would yield significant benefits for the underdeveloped province of Kars, as well as raise the competitiveness of the port of Trabzon. More widely, the opening would enhance Turkey's role as a transport hub, transforming Anatolia into a crossroad of north-south and east-west trade. On a geopolitical level, Turkey's closed-door policy has failed to yield concrete results in Azerbaijan's favour in the Karabakh conflict. On the contrary, Turkey's isolation of Armenia has alienated Yerevan further, disqualified Ankara's role in mediation efforts over Karabakh, and more complicated and imperiled Turkey's ties with Russia and the EU.
- A reopening of the border would also have beneficial effects on the wider region, including the South Caucasus, Russia, the Black Sea, Iran and Central Asia. The major gains would be in terms of economic efficiency, achieved by integration, reducing transit fees and opening new markets. Greater energy security and diversification of routes would also be possible and mutually beneficial. Finally, the opening would greatly contribute to fostering an environment in which the de-escalation of ethnic pressures and the gradual demilitarization of the region would be feasible, contributing to long-term peace and stability in the wider region.
- The case for opening the border is strong, when viewed from all perspectives. How could this win-win situation be brought about in the face of interlocking and highly sensitive political problems?
  - A first step would require Turkey's unilateral opening of the border. Precisely because of the importance attributed by Ankara to the stability and security of its eastern frontiers, the opening of the border

would single-handedly contribute to this end. As the history of Europe teaches, the most stable borders are precisely those which have disappeared as a result of intense cross-border interactions.

- The opening would set the scene for the establishment of normal diplomatic relations between the two countries, in dire need precisely because of the legitimacy of Turkey's claims concerning the recognition of its eastern frontiers. The establishment of diplomatic relations would tackle first and foremost Armenia's official recognition of its common border with Turkey.
- This would be accompanied by the official promotion of cooperation programmes involving universities, public authorities, professional or trade associations, such as student exchanges, academic cooperation, cultural initiatives, business contacts and twinning programmes.
- Finally and most crucially, this process would set the scene to address the thorniest dimension of the dispute between Armenia and Turkey: that of history. The two governments should support a process of dialogue in which historians, as well as opinion leaders, journalists, political leaders and other civil society actors would share their views regarding what happened in 1915. At the same time it is of crucial importance that joint historical research avoids a narrow focus on the genocide question. Turks and Armenians share five centuries of common history. This common history must be rediscovered by uncovering new sources and providing new sources of information. The opening of a Turkish cultural centre in Armenia which would depict the Ottoman Empire and Turkey in a more realistic manner than the current 'Genocide Museum' would be an effective tool of cultural diplomacy.
- The EU could contribute greatly to incentivize and support these successive steps by making an effective use of its accession process with Turkey and the inclusion of Armenia in the European Neighbourhood Policy.
  - An EU contribution to the opening of the Turkish-Armenian border hinges on its credible commitment to Turkey's accession process. Provided this is in place and given that good neighbourly relations are part of the Copenhagen criteria, the EU could specify explicitly in its Accession Partnership with Turkey its expectation that the border be reopened and a process of normalization be launched.
  - Alongside this, the EU would have to insert relevant conditionalities in the ENP's priorities for action with Armenia. This would require EU insistence that Armenia officially recognizes its common frontier with Turkey as a spelt-out priority in the context of the ENP.
  - Beyond conditionality, the EU could also offer specific funding and assistance to foster reconciliation measures such as joint research projects, involving Turkish and Armenian institutions as well as projects researching the Turkish-Armenian common cultural heritage. EU pre-accession assistance to Turkey and the ENPI to Armenia could also focus on the rehabilitation of transport and tourist infrastructure in the Turkish-Armenian border area.

# Contents

1. Introduction .....	6
2. The closure of the border.....	6
1. <i>Historical background</i> .....	6
2. <i>The issues at stake</i> .....	7
3. Opportunity costs of the status quo and potential benefits from an opening .....	10
1. <i>Armenia's costs and potential benefits</i> .....	10
2. <i>Turkey's costs and potential benefits</i> .....	15
3. <i>Costs and potential benefits to the region</i> .....	20
4. Opening the border and launching a confidence-building process .....	25
1. <i>The first step in a long process: opening the border</i> .....	25
2. <i>A sine qua non: recognition of the common border</i> .....	25
3. <i>Cross-border initiatives</i> .....	26
4. <i>Confronting and depoliticizing the past</i> .....	26
5. <i>Rediscovering a common history and constructing a shared identity</i> .....	27
6. <i>Shared cultural heritage and tourism</i> .....	28
5. Turkish-Armenian border – straddling EU accession and neighbourhood policies.....	29
Map: The Turkish-Armenian Border Region.....	32
Bibliography.....	33

# 1. Introduction

The 325 km long Turkish-Armenian border starts near Lake Çıldır, and extends to Dilucu, near Iğdır, running southwards following the Aras River. Parallel to it runs the Kars-Iğdır road, flanked on both sides by Turkish and Armenian military zones. But this border is not simply a militarily patrolled “no-man’s” land. Between Digor and Tuzluca in particular, daily communication, exchange and assistance between Turkish and Armenian villagers and farmers is the norm. These basic facts point concomitantly to the serious costs generated by the current closure, as well as to the tangible gains to be reaped by all parties, instead, through cooperation. In this Policy Brief we assess the historical background and the issues at stake in the closure of the Turkish-Armenian border. In particular, we analyse the costs of the status quo and the potential benefits of an opening for Turkey, Armenia and the wider region. Finally we conclude by reflecting on how the EU, through its accession process with Turkey and its neighbourhood policy with Armenia could encourage the shift to a higher welfare equilibrium obtained by opening the border and normalizing Turkish-Armenian relations.

## 2. The closure of the border

### 1. Historical background

Historically the Turkish-Caucasian border, on the edge of the Russian and Ottoman Empires, was the site of battle and conflict (Allen and Muratoff 1953). The border however also experienced long periods of stability and coexistence. The 1921 Treaties of Moscow and Kars kept the Turkish-Caucasian border untouched for 70 years. This border crystallized further during the Cold War as it became part of the Iron Curtain and NATO’s south-eastern interface with the Soviet Union.<sup>1</sup> With the collapse of the USSR, Turkey lost its direct land connection with Russia. At the same time it rediscovered its Caucasian “near abroad”. Turkey ‘discovered’ its new neighbour Georgia with the opening of the Sarp/Sarpi border crossing in 1988, and the opening of a second crossing at Türkgözü in Posof/Vale in 1994. The opening of the Dilucu crossing in 1993 instead created links between Iğdır in Turkey and the Azeri exclave of Nakhichevan.

Yet Turkey did not embrace all its Caucasian neighbours. Turkey’s initially even-handed approach towards the Caucasus came to an end with the eruption of the conflict between Armenians and Azeris over the status of the autonomous region of Nagorno Karabakh in Azerbaijan, populated mostly by Armenians. With the outbreak of conflict in the winter of 1992, Turkey authorized the delivery through its territory of much-needed wheat and electricity to Armenia (as well as to Azerbaijan), passing through the Turkish-Armenian border crossing of Doğu Kapı/Akhourian. Yet the nascent ties between Ankara and Yerevan were truncated by two developments. The

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<sup>1</sup> The Turkish-Soviet border stretched over 619 km, of which 276 km is now with Georgia, 325 km with Armenia and 18 km with the Nakhichevan Autonomous Republic which is an exclave of Azerbaijan.

first relates precisely to the Turkish-Armenian border. While establishing diplomatic relations with Azerbaijan and Georgia in 1992, Turkey called for Armenia's official recognition of the 1921 Treaty of Kars and thus Yerevan's acceptance of Turkey's territorial integrity as a precondition for establishing diplomatic relations. Armenia refused to concede this official recognition, claiming there was no need for a new declaration, in so far as the Treaty had never been revoked by either side. The second development was the exacerbation of the Karabakh conflict between Armenia and Azerbaijan. In March 1993, Armenian forces launched an offensive to establish a second corridor between Armenia and Karabakh through the town of Kelbajar, north of Lachin, causing a new flood of Azeri refugees. On 3 April that year, the Turkish government retaliated by halting the supply of wheat across Turkish territory into Armenia and sealing the Turkish-Armenian border. After the official closure of the Doğu Kapı/Akhourian crossing between Turkey and Armenia in 1993, direct land communications between the two countries were severed and a proposal to open a second crossing at Alican/Makara, near Iğdır, was indefinitely postponed.

## **2. The issues at stake**

The Turkish-Armenian border has remained closed ever since. There are several factors feeding the current border impasse and thus complicating the prospects for its reopening.

### **The border and the Karabakh conflict**

Since April 1993, the first official reason underpinning Turkey's closure policy and its unwillingness to establish normal relations with Armenia is the 'frozen' conflict in Karabakh. Ankara, like Baku, views the war over Karabakh as primarily an international conflict opposing the Armenian and Azerbaijani republics, not as a civil war between Karabakh's Armenians and the Azeri government. Since the closure, Ankara repeatedly underlines that initiating talks over the normalization of relations with Armenia is contingent upon Yerevan's compliance with the principle of territorial integrity and its willingness to resolve the conflict. Turkey also claims that its closure policy will remain in place until a negotiated agreement between Armenia and Azerbaijan is reached and Armenian forces withdraw from occupied Azeri territory. Armenia replies that negotiations aiming to re-establish relations should begin without preconditions. It argues also that Turkey's demands concerning Karabakh relate to developments with a third country: Azerbaijan. The road between Yerevan and Ankara should not, in Armenian eyes, pass through Baku.

### **The border and the recognition of Turkey's eastern frontiers**

The border quagmire also has a bilateral Turkish-Armenian dimension to it. Armenia continues to be ambivalent over its recognition of its common border with Turkey. Turkey continues to demand an official acknowledgment that Armenia has no territorial claims on Turkey. In supporting its demands, Ankara points to Armenia's 1990 Declaration of Independence, which describes the Eastern part of Turkey, where most Armenians lived until 1915, as 'Western Armenia'; the Armenian Constitution's preamble, which makes specific references to the Declaration of Independence; and Article 13.2 of the Constitution, which depicts Mount Ağrı (Mount Ararat) – situated

in Turkey – in the Armenian coat of arms. Turkey insists that Armenia should officially renounce irredentism and specifically recognize the current Turkish-Armenian border. The occupation by Armenian troops of Azeri territory provides further evidence in Turkey's eyes of Yerevan's irredentist inclinations. Armenia instead continues to assert its acceptance of the border, and both its President and Foreign Minister have stated to the Turkish media that Armenia recognizes the Treaty of Kars and the current border between the two countries (Oskanian, 2006). Armenia asserts furthermore, that as an OSCE member state, it endorses the immutability of international borders and has inherited the obligations enshrined in the Treaty of Kars. Yerevan refrains from issuing a formal declaration regarding the status of the border, arguing that this should be part of the wider negotiations between the two states, not a precondition for negotiations. Finally Armenians argue that in view of the power imbalance between the two countries in military and economic terms, Turkish fears are fanciful at best.

### **The border and the genocide**

Related to all this, the border dispute is complicated further by the conflict over the recognition of the Armenian genocide. Since 1998, the Republic of Armenia, supported by the Armenian Diaspora, has made it a matter of state policy to strive for the international recognition of the events of 1915 as genocide.<sup>2</sup> Although Yerevan also consistently emphasizes that it does not consider genocide recognition as a condition for establishing relations with Turkey, its demands have raised concerns that it might nurture territorial claims on Turkey's Kars region and Surmalu district. These concerns are fuelled particularly by the debate amongst the Armenian Diaspora. Indeed the possibility of advancing territorial claims on Turkey when the time is 'ripe' remains embedded in Armenian public expectations and debate.<sup>3</sup> Hence, the talk about 'historical rights', i.e., rights that may be reclaimed should the geopolitical balance shift in Armenia's favour (Sassounian 2005).

### **The border and de facto economic relations between Turkey and Armenia**

Particularly since the turn of the century, Armenia has contested the legality of Turkey's closure, or as it is often described, its 'blockade' or 'embargo' on Armenia

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<sup>2</sup> The Declaration of Independence states that 'Aware of its historic responsibility for the destiny of the Armenian people engaged in the realization of the aspirations of all Armenians and the restoration of historical justice'; and in its Article 11, 'The Republic of Armenia stands in support of the task of achieving international recognition of the 1915 Genocide in Ottoman Turkey and Western Armenia'.

<sup>3</sup> The newspaper Yerkir in an editorial published on 22 July 2005 entitled 'Borders are Unstable' writes 'It should be noted that the borders in the Caucasus and Central Asia are rather unstable. Here is some statistics: the Russian (Armenian)- Turkish border "changed" frequently between 1914 and 1921. According to an agreement in 1915-1916, Ottoman Empire's eastern regions predominantly populated by Armenians, was to be divided between Russia and France; under the Yerznka truce in 1917, the Russian-Turkish demarcation line was determined, later the Kars region was put under Ottoman troops by the Brest-Litovsk treaty; under the 1918 Batum treaty, an Armenian-Turkish border was determined which later was changed under the Mudrus truce signed by the allies and Turks in the same year; under the 1920 Sevres treaty, Armenia acquired new borders, while later that year, under the Alexandropol treaty, the border was changed again. In 1921, new treaties were signed first in Moscow then in Kars, according to which the current border between Armenia and Turkey was determined. Ankara probably realizes the nature of the Moscow and Kars treaties'.

(Tavitian and Gültekin 2003).<sup>4</sup> Yerevan argues that Turkey's policies contravene the Kars Treaty,<sup>5</sup> the free trade provisions of the WTO,<sup>6</sup> the Millennium goals and other provisions in international law which refer to the need to guarantee access to the sea for landlocked countries. Turkey retorts that from the point of view of public international law, the closure cannot be qualified either as a blockade or as an embargo, both being terms with specific legal definitions and meanings. Ankara has indeed publicized the existing links between Turkey and Armenia precisely to refute these accusations. Turkey thus rejects all claims that it is imposing sanctions on Armenia. Turkey also repeatedly points to the existing links between the two countries. According to Armenia's Ministry of Foreign Affairs and its Ministry of Industry and Commerce, bilateral trade turnover amounts to \$70-150m per year while the IMF estimated bilateral trade turnover in 2005 at \$56m. There are some 20 Turkish-Armenian joint-ventures,<sup>7</sup> and Turkey is reportedly Armenia's seventh largest commercial partner, although export destinations are usually registered as lying in Georgia or Russia (Turkey is not mentioned as the country of origin – exports tend to originate from third-party firms). Turkey mainly exports foodstuffs and textiles to Armenia, and imports copper. Evidence of these de facto trade relations is the market in the popular 'Bangladesh' district near central Yerevan, known as Malatya Pazarı in view of the sheer amount of Turkish products on sale there.<sup>8</sup> Armenia's increase in purchasing power in the 2000s, its booming construction sector and the improvement of transit conditions through Georgia after the 'Rose Revolution' have all increased Turkish commercial interests in Armenia. Beyond trade, human contact between Turkey and Armenia is rising, as evidenced by the growth in bus companies shuttling between Istanbul and Yerevan, the air corridor between the two capitals opened in 1996 and the rise in the number of Armenian citizens working in Turkey. According to the data provided by Istanbul's Atatürk International Airport and the Turkish Anatolian agency, 11,000 Armenian citizens visited Turkey in 2003 (Mediamax 2004). The actual figure may well be much higher as many tourists and small businessmen travel to Turkey via Georgia.

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<sup>4</sup> For a presentation of the legal argument of the Armenian government see the communication presented by the Armenian delegation at the Council of Europe related to M. Hovhannissyan's written question No.398 to the Committee of Ministers concerning 'the blockade imposed by Turkey against Armenia'. October 2001.

<sup>5</sup> Article 7 of the Treaty of Kars stipulates that the sides are 'obliged to provide the openness of the border and free transport communication'.

<sup>6</sup> Armenia is a member of the WTO since January 2003. Article 2 of the WTO stipulates that parties have to ensure the 'freedom of transit across their territories for the traffic from or towards other Parties through the most appropriate roads for international traffic'.

<sup>7</sup> Companies with Turkish capital are however often represented by third country nationals.

<sup>8</sup> 'Market of Malatya'. Malatya is a town in eastern Anatolia.

### **3. Opportunity costs of the status quo and potential benefits from an opening**

This brief review of the history of the closure and the issues at stake reveals two striking facts. First, the intractability of the border question is caused by a complex entanglement of kin-ties (Turkey-Azerbaijan), ethno-political conflict (Karabakh), security fears (Turkey's territorial integrity) and historical injustices (the genocide). On the other hand, the growing commercial and social ties between the two countries highlight the unfrozen nature of the status quo, inexorably pushing towards *de facto* normalization. Taking the cue from these observations, the following sections delve into the opportunity costs of the status quo and the potential benefits for all parties involved of a policy reversal.

#### **1. Armenia's costs and potential benefits**

The border closure is a significant obstacle to land communications to and from Armenia. Armenia borders on Azerbaijan, Georgia, Turkey and Iran. In addition to the closed border with Turkey, Armenia's eastern border with Azerbaijan is also closed, as a result of the conflict in Karabakh. Only its Georgian and Iranian borders can therefore be used for land communications with the rest of the world. This is all the more serious in that Armenia is a landlocked country, and its only practical access to the sea is also through Georgia and Iran. Landlocked, with two of its borders closed, connected to its distant markets via uncertain and expensive routes through Georgia and Iran, Armenia's development is thus heavily handicapped by the current closure. How heavily this burden weighs on its development is subject to diverging estimations. The Armenian-European Policy and Legal Advice Centre (AEPLAC) project has estimated that opening the border would contribute a one-off additional GNP growth over 5 years of 2.7%; in 2001, a World Bank study estimated the additional growth upward of 30% of GNP – premised however on a combined opening of Armenia's borders with both Azerbaijan and Turkey. A controlled re-opening of the border would undoubtedly benefit the country's economy and society greatly, impact favourably on its political development, and open the way to cross-border cooperation in the region.

##### *Trade, infrastructure and investment*

Armenia is cut off from its European, North American and South-East Asian markets. Access to Russia is constrained by topological factors (mountains) and Russian consumption centres are in any case situated far to the north of the country. As such, a large share of Armenia's potential trade is limited to its immediate neighbourhood: Georgia, Azerbaijan, the Central Caucasus, East and Southeast Anatolia and Northwest Iran. These markets amount to approximately 50 million consumers with a combined (PPP adjusted) GDP of \$100bn. While these may seem modest figures by EU standards, they are significant in comparison with Armenia's small economy. Armenia's (PPP adjusted) GDP is \$15.1bn (Beilock, 2001, 4-6; World Bank, 2007).

Yet Armenia cannot reap even these limited economic opportunities. Georgia, whose border with Armenia is open, represents no more than 2.4% of Armenia's external trade and ranks 12<sup>th</sup> amongst Armenia's trading partners. Trade with Turkey and Iran represents 2.5% and 4.2%, respectively, of Armenia's trade. In both cases, most trade takes place in major economic centres (Istanbul, Ankara or Tehran) and much less in border regions. Trade with Azerbaijan, through third countries, is more difficult than trade with Turkey, and even smaller in volume (Commission, 2007). Armenia's closed borders thus eliminate trade between Armenia and almost half of its immediate neighbourhood: Eastern Anatolia and Azerbaijan. The closure also severely limits Armenia's trade with the rest of its immediate neighbourhood – Georgia and North-Eastern Iran – in that the quickest route to major centres in Iran (e.g., Tabriz) passes through Turkish and Azeri (Nakhichevan) territory. An opening of the border would thus benefit Armenian trade with neighbouring areas in Turkey as well as in the rest of Armenia's immediate surroundings.

The closure significantly increases distances and thus raises transport costs. For example, the route from Yerevan to the Turkish border town of Iğdir is lengthened by a factor of 10 by the closed border, as traffic must transit through Georgia (Beilock, 2001; Beilock et al., 2007). It takes 14 hours to travel from the Armenian industrial city of Gyumri to Kars in Turkey despite a mere distance of 20km. Since the closure drastically limits trade with Armenia's neighbourhood, the country is forced to trade with more distant partners. The EU is its major trading partners, followed by Russia and the US (3<sup>rd</sup>), but also Israel (4<sup>th</sup>), Ukraine (5<sup>th</sup>) and Iran (6<sup>th</sup>) (European Commission, 2006a). However, the closure also substantially increases the cost of trading with these countries. In addition to reducing the overall volume of trade, the increase in distance and transport costs also has a trade distortion effect, in view of the greater negative impact on heavy goods (e.g., building stone) and goods with special transport requirements (flowers, meats or glass). Armenia is thus compelled to specialize only in the export of light products of high value such as diamonds, precious metals and jewellery, or information technologies.

The closure also raises Armenia's trade costs in other ways. First, Armenia suffers from Georgia's near monopoly over Armenia's access to the outside world. The Georgian border is by far Armenia's most important window to the outside world. Over 90% of Armenia's trade crosses Georgian territory. But transport through Georgia is disproportionately expensive. In 2001, transport from Yerevan to the Georgian port of Poti cost \$2,000, the equivalent of the cost of freight transport from New York to Seattle, given Georgia's near-monopoly situation in this market (Beilock, 2001). Transport through Georgia, furthermore is frequently disrupted by that country's disputes with Russia. The closure of land routes between Georgia and Russia, which have occurred repeatedly in recent years, effectively blocks Armenia's most important land communication with the rest of the world. Second, the border closure eliminates Armenia's ability to make use of Mediterranean seaports. Yet these are of far greater interest to Armenia than those in the Black Sea, as Black Sea ports do not allow for the use of ocean container carriers and thus imply significantly higher freight costs.<sup>9</sup>

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<sup>9</sup> For example the cost of freight from Poti to Marseille is \$700-800 per container, while Beirut to Marseille costs only \$100. In the latter case, ocean ships with large capacities are used, thus reducing cargo transportation costs.

Overall, distance, topology, poor infrastructure and monopolistic markets seriously constrain Armenia's access to the world and thus its external trade. A study conducted by the AEPLAC estimates transport costs on goods traded to and from Armenia at 20-25% of their nominal value. This is amongst the highest in the world, on a par with Mongolia, which is ten times more distant from the nearest coast than Armenia (Jrbashyan et al., 2007).

Obstacles to trade are not caused by the border closure alone. The absence of diplomatic and consular relations deprives Turkish businessmen operating in Armenia of the necessary support in case of a commercial dispute. Since there is no embargo decision against Armenia, legally speaking nothing prevents Armenian and Turkish companies from trading directly or Armenian companies from investing in Turkey, or even transporting goods to Turkey. However, Armenia is not listed in Turkish trade statistics (Turkstat, 2005) and especially larger Turkish companies active in Eurasia are reluctant to enter Armenia, fearing political retaliation. EU trade provisions have not been extended to Armenia, in spite of the Turkey-EU customs union. Of eligible EU trade partners, Armenia is the only one (together with Myanmar) to be excluded from the benefits of the Generalized System of Preferences under Turkish trade legislation (European Commission, 2006a).

An opening of the border and the normalization of relations would favour Armenian exports to Turkey more than imports from Turkey. As noted earlier, the IMF estimates the trade volume between the two countries at €56m in 2005 of which Turkish exports amount to €54m compared to a mere €2m of Armenian exports. Some studies have argued that an opening would allow Armenia's exports to Turkey to rise by a factor of 14,<sup>10</sup> while total imports from Turkey would increase by a factor of 2.6 (Baghranyan, 2007). Others have estimated that opening the border would allow total exports to increase by 17.7% against a 13% increase in imports (Jrbashyan, 2007). Others still have provided higher figures: in 2001 the World Bank suggested that Armenian exports could double if the country's borders with both Turkey and Azerbaijan were opened (Polyakov, 2001). The specific circumstances of the border opening would clearly play an important role in the exact rise in trade volumes. All studies concur however that Armenia's exports, particularly to Turkey, would benefit substantially from a normalization of relations between the two countries and the opening of the border.

Predicting which sectors could benefit and which instead may lose is far more difficult. Some suggest that Armenia's electricity exports to southeast Turkey would rise significantly, at least until the South East Anatolian (GAP) project is complete (Beilock et al., 2007, 2). Armenia's metal, textile and heavy-goods industries could also be possible winners, as well as its tourism industry (Beilock et al., 2007, 2; Ghazaryan, 1999; Foreign Ministry of Armenia, 2000). In terms of losers, prime candidates would be Armenian monopolies including oil and sugar, that currently maintain their market dominance in view of Armenia's limited access to the world and thus its insulation from potentially competitive importers. This rent economy not only represents an unnecessary burden on Armenia's economy by raising market

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<sup>10</sup> Considering the very small proportion of Armenia's exports to Turkey however, this would lead to an increase in Armenia's total exports by a mere 3.75%

prices, it also fuels tensions which can and often do have a direct impact on the political and economic situation in the country.

The border closure also implies that Armenia foregoes the benefits of acting as a hub or transit route for trade, either along a North-South axis (Russia-Iran-Turkey) or along an East-West axis (Turkey-Azerbaijan-Central Asia). The latter route has been identified by TRACECA as being key to transcontinental transport, and it is the only TRACECA rail-link connecting Turkey with the South Caucasus and Central Asia. Geography as well as the road and railway infrastructure inherited from the Soviet Union render Armenia an obvious hub in land and railway communications between Turkey, the Caucasus, Russia and Central Asia. The railway line that connects the entire region passes through the Armenian cities of Gyumri and Yerevan. Given that the stretches from Armenia to Turkey and Nakhichevan are blocked, this railway is only used for communications between Armenia, Georgia, and Russia to the north. Armenia is now a dead-end, and railways are estimated to operate at 15% of their capacity. The closure also impedes land communications across the region. To address this problem without opening the border with Armenia, Turkey, Georgia and Azerbaijan have agreed to construct a rail-line between Kars and Tbilisi connecting Turkey's railway network with the Tbilisi-Baku line, to be completed by the end of 2008. By circumventing Armenia, this new railway may lead some to think that regional communications can be restored without opening the border. However, not only Armenia, but also areas such as Nakhichevan (Azerbaijan), and Ağrı and Iğdir (Turkey) will suffer seriously from this development (see below).

Finally, the closure constrains Foreign Direct Investment (FDI) in Armenia, reducing the inflow of capital, production capacity and know-how in the country. FDI in Armenia is less than the country's growth rate would allow; notwithstanding the boost the Armenian Diaspora has already given to it (Banaian et al., 2007). Part of the explanation resides in conflict risk – the possibility that Armenia could fall back into military conflict with its neighbours. Market specialists have rated Armenia amongst the riskiest 10% of countries in the world, on a par with Ethiopia, Liberia and Israel (Banaian et al., 2007). It is estimated that a 30% reduction in conflict risk would lead to a 50% increase in FDI and a corresponding 3-4% increase in GDP (Banaian et al., 2007). This could be achieved through a normalization of Armenia's relations with both Turkey and Azerbaijan. In addition to constrained investment prospects, the closure and conflicts with Turkey and Azerbaijan have also led to a disproportionate role of the military in Armenia, with defence spending amounting to 15.5% of the state budget and 2.6% of GDP in 2004. This disproportionate investment in the military is an unnecessary burden on Armenia's economy. A reduction in military expenditure resulting from a normalization of relations with Azerbaijan and Turkey would allow for the reallocation of government expenditure towards education, health and other productive sectors.

#### *Overall effect on the Armenian economy*

There is no question that opening the border would have an overall beneficial impact on Armenia's economic performance, even if some economic sectors could suffer from external competition. How much of a boost the economy would experience is difficult to predict. Within a year of the opening of the border, AEPLAC expects a modest 0.67% increase in GDP, generating an increase in real wage rate of 0.28% and the creation of around 1,500 jobs. Related knock-on effects include an increase in per

capita income of 0.50% and additional government revenue of 1.16% of current tax revenues (Jrbashyan et al., 2007). This would be a meaningful contribution to growth, even though Armenia cannot expect massive improvements in the short term. In the long term, expected benefits are far higher. AEPLAC's study estimates a 2.7% growth boost over 5 years, leading to an increase in disposable income (+1.62% per capita), domestic consumption (+1.02%) and government revenue (+3.5%) (Jrbashyan et al., 2007). Further studies suggest that there are enough complementarities between the Armenian and Turkish economies to expect that both will benefit from the exploitation of their respective comparative advantages (Kalaycioglu, 2007; Khanjian, 2007).

### *Societal and political development and cooperation*

Opening the Turkish-Armenian border would however have far reaching effects in Armenia that go beyond economic performance. The two countries have been separated since the 1920s. Armenia is a very small country, with a population of 3.2 million, while Turkey's population is 71 million. One can reasonably expect that Turkish human and cultural involvement in Armenia following the border opening would make a significant impact on Armenian society. Although Georgia and Armenia are of comparable size and both border on Turkey, 10 times more Georgians enter Turkey than Armenians. This is because of the practical difficulties of entering Turkey from Armenia, coupled with the prevailing prejudices and fears in Armenia towards Turkey. It is therefore reasonable to anticipate a substantial increase in emigration of Armenians to Turkey and more generally in human exchange between the two countries once the border is opened. This would be facilitated by the cultural affinities between the two peoples, particularly as many Armenians have their roots in Turkey (Derderian, 2007).

Increased human interaction is likely to promote understanding and awareness of each other's societies, including their cultural, social and ideological diversities. Today mutual ignorance is widespread. A 2005 opinion survey revealed that half of the respondents in Turkey did not know whether Armenia is a large or small country, 16.8% believed that most Armenians practice Judaism while 25.5% did not venture a guess (Kentel et al., 2004). The same survey also showed that while Armenian respondents had a better grasp of elementary facts about Turkey, more had strong negative prejudices towards Turkey than vice versa. The opening of the border and the establishment of diplomatic relations between the two countries would have a gradual but strong positive impact on public opinion in Armenia, by removing the most tangible sign of Turkish hostility towards Armenia. An open border would also create numerous opportunities for interpersonal engagement, communication, bonds and media coverage of issues lying beyond the conflict, thus educating Armenians about life in Turkey and vice versa.

Opening the border, finally, should create numerous opportunities for joint initiatives, particularly government-led ones. In addition to economic or infrastructure projects, combating organized crime and particularly human trafficking is a prime candidate for bilateral cooperation, given that Armenia remains an important source and transit route for the trafficking of women and girls to the Middle East, Turkey and elsewhere. Natural resources and the environment are also obvious fields for possible

cooperation, in view of the rich biodiversity in the region urgently in need of a concerted conservation effort and joint management initiatives.

## 2. Turkey's costs and potential benefits

While recognizing the State of Armenia as early as in 1992 and repeatedly declaring Armenia not to be an enemy, Turkey holds that the opening of the border, as well as the normalization of relations with Armenia, hinge upon Armenia's compliance with 'the principles of law and its willingness to solve problems with its neighbours'<sup>11</sup>. Armenia is perceived in Turkey as an aggressive state, which has isolated itself in view of its aggression towards its neighbour Azerbaijan and its instrumentalization of history vis-à-vis Turkey. Turkey considers the border closure and the diplomatic boycott on Armenia as the necessary 'stick' needed to shift Yerevan's stance with respect to the Karabakh conflict and the genocide issue. But what exactly is Turkey's cost-benefit calculation and could this be improved in Turkey's favour by a policy shift on the border question? While less immediately obvious than for Armenia, Turkey also loses significantly from the closure, while having much to gain from a policy reversal. The reason why this policy shift is not yet in sight is not because of Turkey's misperception of its costs and potential gains. As discussed above, the current impasse is fundamentally driven by highly politicized and securitized issues, which are thus less susceptible to change on the basis of a rational assessment of the economic, social and political status quo. Yet if one delves, as the sections below do, into a rational and detached assessment of the status quo and its possible reversal, Turkey's interests in a policy shift seem evident.

### *Revitalizing Eastern Anatolia*

Turkey's size and economic dynamism often induce observers to downplay the economic, social and wider political costs to Turkey of Ankara's closure policy towards Armenia. Indeed in PPP terms, Turkey's GDP is over 40 times that of Armenia,<sup>12</sup> and even with the opening of the border, Armenia would continue to represent a low percentage of Turkey's total foreign trade. Yet Armenia could also become a critical economic partner and market for Eastern Anatolia, by far the least developed region of Turkey. The share in the GDP of the Eastern Anatolian region is 4.14% and GDP per capita is TRY 841 while national GDP per capita is TRY 1837.<sup>13</sup> According to the socio-economic development index of the State Planning Organization, Muş and Ağrı are the least developed provinces in Turkey.<sup>14</sup> Underdevelopment and socio-economic inequalities in Turkey have not only hindered growth and development in the country, they have also caused and aggravated serious political problems in Turkey such as the Kurdish question.

Turkish authorities have so far refrained from assessing the costs of maintaining the closed border. National policy-makers consider the region's underdevelopment to be the result of its remoteness from the political and economic centre of the country (Kars is 1800 km away from Istanbul), coupled with the centre's neglect of the region's development. In Turkey's republican history, neglect has no doubt played a critical role in determining Turkey's socio-economic ills, and development

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<sup>11</sup> Statement of The President of the Republic of Turkey, Mr Sezer, 1 October 2003, Anadolu Agency

<sup>12</sup> Armenian National Statistical Service. Full reference?

<sup>13</sup> Data of the Turkish National Statistics Institute based on the census of 2000.

<sup>14</sup> State Planning Organization, Regional Development data. Full reference.

programmes have been and remain in dire need of effective implementation. However, moving beyond a narrow national framework, it is clear that focussing on the border question, far from acting as an unwanted diversion from real needs or isolating the east further from the centre, would act as a critical corollary to any serious development effort. The closure has had extremely strong negative repercussions on the economic, social and political development of eastern Turkey, in particular for the cities of Kars, Iğdır and Trabzon.

For decades, Kars was a gateway to the Caucasus and the Soviet Union because of its railway connection, and its cultural and historical proximity to the region. The city is situated 70 km away from the border crossing of Doğu Kapı, formerly an official border crossing between Turkey and the Soviet Union. Despite problems of compatibility between the Turkish and Soviet railway networks, the opening of the border and the construction of the railway network allowed traders in Kars to export goods to the Soviet Union during the Cold War. In the early 1990s, goods began to flow between the province of Kars and the young Republic of Armenia. Daily railway connections allowed Armenian businessmen to travel to Kars relatively easily. However, the closure of the Doğu Kapı border crossing soon thereafter condemned Kars to isolation. Currently, there are only five exporters in Kars.<sup>15</sup> The dramatic shrinking of exports from Kars induced the local customs department and the Union of Exporters of the Eastern Anatolian Region to be transferred to Erzurum. In addition, Ardahan and Iğdır have been removed from the administrative territory of the Kars province and granted the status of separate provinces. Both Ardahan and Iğdır gained a further competitive edge over Kars with the opening of the Posof/Vale border crossing, which allowed Ardahan to become a gateway to Georgia, and the Dilucu border crossing, which linked Iğdır to Nakhichevan. Thus the closure of the border with Armenia has generated a deep sense of isolation and neglect in Kars. For the local authorities, the rationale behind the closure of the border is hard to see, especially given that Istanbul and the Black Sea Coast are fully authorized to maintain economic and human relations with Armenia through aid transport and transit through Georgia. In this regard, many local politicians from Kars argue that the Black Sea lobby in Turkey supports the closure of the Doğu Kapı crossing in order to reap extra rent, create inefficiencies and exacerbate political tensions within Turkey itself.<sup>16</sup>

The re-opening of the Doğu Kapı/Akhourian border crossing would yield significant benefits for the local population in the underdeveloped province of Kars. The municipality of Kars has strived to develop relations with Armenia by establishing more cross-border contacts. Indeed, the Association of Industrialists and Businessmen in Kars (KARSİAD), the Chamber of Commerce and Industry and the Union of Tradesmen and Artisans have repeatedly presented the benefits of the re-opening of the border to national authorities. In addition, a group of businessmen from Kars has established a Caucasian business association based in the city. The association, named the Caucasian Association of Businessmen and Industrialists (KAFSIAD), is designed to strengthen business links between Eastern Anatolia and the South Caucasian

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<sup>15</sup> Data provided by the Undersecretariat of the Prime Minister for Foreign Trade of Turkey. According to the data of 2000, exports per capita are \$7 in Kars, \$84 in the Eastern Anatolian Region, and \$2249 on a national level.

<sup>16</sup> Selma Simsek Bektas (2006) 'Kars Mayor: a Wave of Immigration May Begin', *Turkish Daily News*, 16 October.

countries. All this points to the serious costs incurred by the status quo inducing private citizen initiatives to move towards a higher-welfare equilibrium.

### **The case of Doğu Metal**

The Doğu Metal factory, specialized in metallurgy, is the most important employer of the industrial zone of Kars. The factory employs and offers training to 100 workers. Doğu Metal owns production units in Bursa. 80% of exports are destined for Russia and Central Asia. The shipments are done through maritime connection. Doğu Metal's decision to invest in Kars dates back to 1998. The prospect of opening the Turkish-Armenian border had motivated Doğu Metal's investment decision. The firm was planning to export its products from Kars to Russia and Central Asia directly by railway, without an intermediary exporter firm located in the Marmara or the Aegean regions. However, this has not been possible and currently products are sent by truck to Istanbul or Adana where Doğu Metal exports through major firms such as PilSa of the Sabancı Group. The company has nevertheless managed to increase its productivity: in 1998, production amounted to 7 million pieces per year, in 2001 it rose to 2 million pieces per month. With the opening of the Doğu Kapı crossing, the transport costs are expected to decrease by a factor of 5. Doğu Metal would like to import copper from Armenia and is looking for a supplier there.

The opening of the border would also have a positive impact on the development of Trabzon in eastern Turkey. The development of Trabzon has been tightly linked to the activities of its port. The port, built in 1905, transformed the city into a trade centre. After its renovation in 1954, it became the biggest Turkish port in the Eastern Black Sea region, but it was not until 1989 that the opening of the border crossing with Georgia created a new window of opportunity for the city. The number of export companies rose from 3 in 1989 to 400 in 1995. However, the port does not have a well-developed hinterland, and has been negatively affected by its remoteness from the country's centres of production and the poor infrastructure of Eastern Anatolia.

Contacts with Armenia were also established in the early 1990s. The majority of Turkish businessmen involved in Armenia are originally from the Black Sea region. Road transportation companies connecting Armenia to the outside world are mainly based in Trabzon or in Hopa. Indeed, with the closure of the Turkish-Armenian border, Turkey is connected to the Caucasus only through the Black Sea region, rendering Trabzon a key transportation hub. This notwithstanding, local officials and the business community of Trabzon have actively advocated the establishment of a direct trade relationship with Armenia. This is because the opening to Georgia through the Sarpi border crossing does not allow the port of Trabzon to realize its full potential. As such, road transporters pay special attention to the opening of the Alican/Magara border gate between Iğdir and Yerevan and Trabzon is located at 450 km from Iğdir. The opening of a direct Anatolia-Armenia connection would thus provide the port of Trabzon with an economic hinterland and allow the city to compete with Georgian ports (Poti, Batumi) which offer a railway connection and have attracted important investments. The Trabzon-Erzurum-Iğdir-Yerevan road axis carries the potential to transform Trabzon into a regional transit port.

### *Turkey as a transport hub*

The current closure seriously impedes Turkey's role as a transport hub linking Europe and the Mediterranean to the Caucasus and Central Asia. This is because transport links between Turkey and Azerbaijan cannot transit through the South Caucasus because one of the roads is blocked and the other route (through Georgia) is not commercially attractive. Hence, the Iranian option remains the most cost-effective one. Instead, the opening of the Turkey-Armenian border would transform Anatolia into a crossroads of north-south and east-west trade, enhancing Turkey's economic ties and interests in the Caucasus-Caspian regions. Running in parallel to the energy corridor between the Caspian and Turkey, the establishment of a transport corridor through the Caucasus to Turkey is of utmost importance. It would boost the integration of production and distribution networks, and could lead to the implementation of regional projects, further enhancing the process of sub-regional integration. In this respect, Turkey's integration into the EU's TRACECA programme would be welcome, in so far as the planned Anatolian-Caucasus-Caspian route represents a cost-effective, commercially viable and strategically beneficial east-west railway.

### *Turkey's geopolitical interests*

As discussed at the outset, Ankara's decision to sever its direct links with Armenia was largely driven by its desire to buttress its kin-state Azerbaijan during the Karabakh war. The border has remained closed since then and Turkey has linked its reopening to the resolution of the Nagorno-Karabakh conflict. Turkish-Azeri relations underpin Turkey's policy choice. Ankara has remained firm on its position largely because Azerbaijan has pressed Turkey to bolster its bargaining strength by weakening that of Armenia through its isolation on both its eastern (Azeri) and western (Turkish) flanks.

Most Azeris would consider any Turkish U-turn in this respect as tantamount to betrayal. When for example, Turkish Prime Minister Recep Tayyip Erdoğan, on an official visit to the US in January 2004, hinted that the border may be re-opened 'if the friendly initiatives of Turkey were reciprocated', Azeri President Ilham Aliyev immediately responded: 'if Turkey were to open its doors to Armenia, Azerbaijan will lose an important lever in finding a solution to the conflict.(...) Turkey is a great and powerful nation and I am sure that Turkey will withstand the pressures... The Turkish-Azerbaijani brotherhood is above everything' (Agayev 2004). Likewise, Azeri Parliament Speaker Murtuz Alasgarov, claiming that 'if Turkey opens the border with Armenia, it will deal a blow not only to Azerbaijani-Turkish friendship but also to the entire Turkic world'.<sup>17</sup> In other words, if and when Turkish actors have publicly considered a policy shift, Azerbaijan has successfully stricken moral and nationalist chords in Ankara, warning of the devastating blow this would have on Turkey's kin and ally.

Yet, these arguments, touching upon existential identity and security considerations make economic arguments in favour of the border opening pale into insignificance. Emblematic in this respect is a statement by former President Süleyman Demirel arguing that 'Turkey cannot take the risk of displeasing her Azeri brothers in order to allow a few individuals to make some profit.' Beyond touching upon emotions and

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<sup>17</sup> Trend News Agency report, April, 6th, 2004.

kin-ties, Azerbaijan has also used its energy leverage on Turkey to dissuade a Turkish about-turn. Baku has in fact supported the Baku-Tbilisi-Ceyhan oilpipeline in exchange for Turkey's guarantee of Azeri security. This has been openly acknowledged by several Turkish commentators,<sup>18</sup> while others have admitted that 'Turkish policy towards the region has become hostage to security relations with Azerbaijan' (Aras 2000).

However it is highly debatable whether Turkey's closed-door policy towards Armenia has actually strengthened the Azeri position in the conflict over the last 12 years. Armenia has not withdrawn from Azeri territory, which it occupies in breach of international law and UN Security Council resolutions. On the contrary, Turkey's isolation of Armenia has alienated Yerevan further, fuelling siege mentalities and hardening Armenian positions on the Karabakh conflict. Moreover, Turkey's policy has limited Ankara's potential influence on Armenia. While being a permanent member of the Minsk group and supporting its work, poor Turkish-Armenian relations have hindered Turkey's prospects of playing an active mediating role in the Karabakh conflict.<sup>19</sup> This has clearly been to the detriment of Azerbaijan, which has repeatedly requested Turkey's involvement in the Minsk Group, possibly as a co-chair to counterbalance Russia's pro-Armenian position. In view of Turkey's stance however, the Minsk Group co-chairs have been reluctant to bring Ankara into the fold, displaying greater openness to Iran's involvement.<sup>20</sup>

Broadening out, the conflict between Azerbaijan (supported by Turkey) and Armenia has also complicated Turkish-Russian relations – relations which, particularly in the fields of energy and commerce, are of great importance to Turkey, and which, especially under the AKP government, Turkey has striven to approach with a high sense of pragmatism. The sealed Turkish-Armenian border lies on the frontline of divergent Turkish and Russian interests, and Nakhichevan is the place where the two countries came closest to the brink of war in the early 1990s. In other words, while in some respects Turkey has striven to develop a business-like relationship with Putin's Russia, in other respects, Turkey's position, including its border policy towards Armenia, has fed into a revival of Great Game dynamics, in which Turkey, in alliance with Ukraine, Azerbaijan and Georgia, is seen as pitted against Russia, Armenia and Iran.

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<sup>18</sup> Sami Kohen, *Milliyet*, 9 September 1997, "Elbet kardeslik, ama...". The columnist of the Turkish newspaper *Milliyet* in his paper entitled "brotherhood of course, but..." explains that 'from the Turkish perspective, the need to take into account the sensitivity of Baku and to accept its Caucasus policy, is not only a matter of solidarity based on brotherhood but also a necessity in terms of interests.. The increasing importance of Caspian oil will ensure major gains for Turkey in the production and transit transportation; in this context Turkey cannot take the risk to turn its back to Azerbaijan'.

<sup>19</sup> For example, Daniel Fried, US Assistant Secretary of State for European and Eurasian Affairs, asked at a press conference in Ankara about Turkey's contribution to the peace process in Nagorno-Karabakh, answered by highlighting the importance of normalizing Turkish-Armenian relations ('Remarks by Daniel Fried Assistant Secretary of State for European and Eurasian Affairs Following Meetings at The Ministry of Foreign Affairs', March, 16th 2006, Ankara. Press release of the US embassy in Ankara [http://ankara.usembassy.gov/statement\\_031606.html](http://ankara.usembassy.gov/statement_031606.html))

<sup>20</sup> After the visit of the mediators to Baku in May 2001, on behalf of his colleagues the Russian cochairman of the OSCE Minsk Group said that Iran was a 'major regional power and a real settlement of the Nagorno-Karabakh problem was unlikely to be achieved without taking into account its interests'. Zerkalo, 23 May 2001, Baku.

The Turkish-Armenian standoff has also complicated Turkey's much-sought EU bid. Ankara has traditionally argued its case for membership by relying on geopolitical and security arguments. These, while of crucial importance, have by and large not significantly shifted European public opinion in favour of Turkey (Tocci 2007b). In order to shift domestic views in the EU, Ankara will have to find allies and friends within the Union to help lobby its case for membership. Currently opposition to Turkey's EU membership prevails, particularly in member states like France. The state of Turkish-Armenian relations has bolstered the case of the 'no' camp in France and beyond, while inducing the shift to that camp of important European constituencies such as the Armenian Diaspora. The government of Turkey can and should use this historic moment in its relations with the EU to reach out to the Armenian Diaspora in the European Union. This is particularly important in so far as the Diaspora is politically diverse and the more moderate segments within it could, under appropriate circumstances, be persuaded of the need and benefits of Turkey's accession. Beyond engaging with the Diaspora, opening the border with Armenia and normalizing relations with it would no doubt win over important European constituencies in favour of Turkey's accession process.

### **3. Costs and potential benefits to the region**

The costs of the border closure and the potential benefits of its reopening go well beyond Armenia and Turkey. Repercussions of the status quo and its possible change in terms of the management of flows (people, goods, energy) and identity formation are felt throughout the wider region, including the South Caucasus, Russia, the Black Sea, Iran and Central Asia. The major gains from the opening of the Turkish-Armenian border and the normalization of relations would be in terms of economic efficiency, achieved through integration, reducing transit fees and opening new markets. Energy and transport infrastructure development should take into consideration inclusiveness and interoperability, between EU, South Caucasian, Turkish, Black Sea, Russian and Iranian led projects. Greater energy security in the neighbourhood and diversification of routes would be possible and mutually beneficial. Currently, the major threats to energy security derive principally from the persistence of the Karabakh conflict, coupled with the risks of a military strike against Iran, rather than, strictly speaking, the Turkish-Armenian border closure. Yet the opening of that border would greatly contribute to fostering an environment in which the de-escalation of ethnic pressures and the gradual demilitarization of the region would be possible, contributing to long-term peace and stability in the wider region.

#### *The South Caucasus*

The demise of the Soviet Union and the eruption of conflicts have seriously imperilled the tasks of national consolidation, state development and achievement of economic viability in the wider Caucasian region. Conflicts and closures have led to the formation of identities based on perceptions of threat, enmity, mistrust and victimization (Freire and Simão, 2007). This has entrenched isolation and dependence on patron states and reduced incentives for conflict resolution.

The wider Caucasus region forms a security complex, with the Karabakh conflict resting at its heart, and shaping alignments and relations between different actors

(Cornell, et al., p.6). As noted above, Turkey's closed border policy has neither helped Azerbaijan in the Karabakh conflict, nor has it induced Armenians to withdraw from Azeri territory, which they occupy in breach of international law and UN Security Council resolutions. On the contrary, border openings and the establishment of official trade relations between Turkey, Azerbaijan and Armenia could help thaw the conflict. Azerbaijan has an evident interest in developing leverage on the situation in Karabakh. It is well placed to do so by encouraging regional economic cooperation and inducing the population of Karabakh to look eastward. In other words, rather than using closures and economic pressure as a source of leverage, openings and the ensuing economic cooperation are far more likely to encourage a political agreement by fostering mutual interests, interdependence and trust. In addition, the opening of the border also holds the potential to shape Russia's involvement in the Karabakh conflict, raising its incentives to push for a peaceful resolution of the conflict. By opening the border and developing an alternative transit route from Turkey through Armenia towards Russia, Russian interests in conflict resolution in the region could be greatly enhanced (Gültekin, 2004, 29).

The South Caucasian security complex has also deeply affected trade and economic performance (Polyakov, 2001), and has influenced transport facilities linking the South Caucasus to Central Asia, the Middle East and Europe (Molnar and Ojala, 2003). The Caucasus, once a hub of communications, has become a cul-de-sac with the breakdown of traditional transportation routes in view of conflicts and closures. To remedy this fact, alternative projects have been developed. The routes of the Baku-Tbilisi-Ceyhan (BTC) and Baku-Tbilisi-Erzurum (BTE) oil and gas pipelines and the Baku-Tbilisi-Kars railroad project are all determined by the current conflicts and border closures. Armenia and Nakhichevan are the prime losers from these alternative transport and communication lines. Nakhichevan in particular, once at the intersection of east-west and north-south trade in the Russian Empire, now is a deadend: the exclave leans on Turkey for survival and has become a centre for smuggling into Iran. More generally, these alternative transport projects, and in particular the planned Baku-Kars railway, are problematic in so far as they are grounded on an acceptance of the fragmented status quo in the region, risking to crystallize it further.

Instead, the restoration of former transport links holds the potential of mitigating existing tensions. Broadly speaking, the Turkish-Armenian route is the most efficient east-west connection, while the Turkish-Georgian route is the most efficient north-south link. Armenia also provides the best access to Azerbaijan, and Georgia provides the best access to southern Russia. In particular, the rehabilitation of the Kars-Gyumri railway system, operational up until 1992, would be far more beneficial than the planned Baku-Kars railway. This is not only because Armenia and Nakhichevan are excluded from the current project, but more generally because rehabilitation of the traditional railway system would be less costly and more efficient. The Transcaucasian railway system was built during the Russian empire and subsequently upgraded during the Soviet era. It consists of 32 railways, for a total length of 145,000 km that at the time carried 55% of all passengers and 25% of all commodities transported across the Soviet Union. The eastern Anatolia railway system, running from Sarımakış to Kars, also dates back to the Russian period and is connected to the Russian/Soviet network through Armenia (Akyaka-Gyumri), providing Turkey with access to the Caucasus, Russia and Central Asia. Armenia is the hub of this regional railway network. Gyumri is also linked to other railways, including the Yerevan-Julfa-

Baku line that runs through Nakhichevan along the Iranian border, and the Yerevan-Sevan-Dilian-Gazakh-Baku line

Unsurprisingly, alternative projects underway are not in line with the EU-supported TRACECA and INOGATE projects, nor the recommendations of the High Level Group chaired by Loyola de Palacio on the “Extension of the major trans-European transport axes to the neighbouring countries and regions”. The new TRACECA map, approved in December 2001 in Tbilisi, integrates the railway connection between the Turkish city of Kars and the Armenian city of Gyumri in the TRACECA transport corridor. The action plan for the 2002-2004 period included the rehabilitation of the container terminal at the Gyumri railway station. The connection of the Turkish, Armenian and Azerbaijani railway systems would guarantee in fact the most favourable east-west transport corridor between the Caspian basin and world markets and in particular ensure a viable connection between the Caspian Sea, southeastern Europe and the Mediterranean. The sea-rail combined transport route linking Anatolia and the Caspian basin is also the most cost-effective route, as Turkish ports are cheaper than Georgian ones. Consequently, the Samsun-Kars-Yerevan-Baku route, which is more competitive than the Poti-Tbilisi-Baku route, would ensure an important linkage for intra-regional transportation around the Black Sea.

Beyond economics, transport and communications, the closures have also had serious societal and human regional repercussions. Ineffective border control, economic decline, corruption, and conflicts make the wider Caucasus an ideal route for illegal activities. Drug trafficking from Afghanistan to Europe has sharply increased since 2001 and the South Caucasus is at the heart of all three major routes.<sup>21</sup> Human trafficking and illegal migration, trafficking of nuclear materials and small arms have also been detected in the region (Rios, 2006; Zaitseva, 2002). Cooperation in the framework of the Southern-Caucasus Anti-drug Programme of the United Nations (SCAD) should be coordinated more effectively with Turkey, Iran and Russia in order to extend control to the common border between Armenia and Turkey. This would only be meaningful in a context of open borders.

### *Russia and the Black Sea*

Russia is the former imperial power in the South Caucasus and remains the main actor in the region. Russian military presence in the Caucasus includes ‘peacekeepers’ and military bases, soon to be concentrated exclusively in Armenia.<sup>22</sup> This military presence is considered by Armenians as a necessary price to pay for security, particularly in the face of fears of aggression from Turkey and a new flare-up of the conflict with Azerbaijan. Russia is also the main energy supplier to the South Caucasus. The gas pipeline running from the Russian city of Astrakhan in the Caspian region through Georgia is Armenia’s main source of gas. An alternative pipeline linking the Iranian city of Tabriz to Yerevan was however inaugurated in 2007, breaking Armenia’s energy isolation, although it does not reach Georgia. Russian energy also reaches Turkey, through the Blue Stream gas line crossing the Black Sea,

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<sup>21</sup> The major drug routes from Afghanistan are the Southern route via Pakistan, Iran and further by sea and air; the Western route via Turkey and the Balkans, and the Northern route via Central Asia and Russia. For more information see UNODC (2006).

<sup>22</sup> Russia is in the process of withdrawing from the Batumi and Akhalkalaki bases in Georgia, and in 1993 it evacuated its entire military staff from Azerbaijan.

and bilateral relations between Moscow and Ankara have been deepened through a business-like approach under President Putin and Prime Minister Erdoğan, despite the ongoing Nagorno-Karabakh conflict.<sup>23</sup>

Russian interests in changing the status quo are unclear. By managing the no-peace-no-war stalemate, Russia continues to act as the key security provider, particularly to Armenia. This would change if relations between Yerevan and Ankara were normalized, as Armenia could be inclined to reduce the Russian presence on its territory. But the strong economic, political and military influence that Moscow exerts over Armenia is likely to remain until the Karabakh conflict is settled.

The opening of the border would raise the prospects for greater integration of the South Caucasus into the Black Sea area and the EU. This would reduce the importance of the CIS and Russia in the region, even if these countries are set to remain the most important markets for the Caucasus. Diversification of relations towards both east and west would also mean greater stability and development regionally, also helping Russia normalize its relations with the South Caucasus and improving the development prospects for its North Caucasus provinces.

More broadly, the Black Sea region is a focal point of intersecting security-related challenges including migration, energy, trafficking and organized crime, environmental degradation and conflict (Tassinari, 2006, 1). The challenges stemming from this region have raised the importance of the wider Black Sea-Caspian Sea region on the EU's strategic agenda (Commission 2007). The current border closures present and aggravate security challenges and the difficulty in tackling them effectively. Furthermore, the integration and development of a pan-European transport system hinges on the construction of a highway ring around the Black Sea, and in order to link the three South Caucasus countries to these infrastructures, the closed Armenian-Turkish border must be reopened. The BTC pipeline has increased interdependence between the Caspian, the Black Sea and the Mediterranean. Normalization of trade relations in the South Caucasus and some level of economic integration would thus enhance the role of the Black Sea and Caucasus countries as entry points to EU, Russian and the Middle Eastern markets.

#### *Iran and Central Asia*

Iran is part of the wider Caucasian region in cultural, religious, ethnic, linguistic, and security terms. After the break-up of the Soviet Union, Iran acted as a mediator in the Nagorno Karabakh and Tajik conflicts, both out of fear of spillover effects in its own territory and wishing to act as a committed peace partner. Iran hosts a large Azeri minority (between 20 and 35 million) in the north-western part of the country on the border with Azerbaijan, which creates separatist pressures and instability linked to the Karabakh conflict (Yunus, 2006). Iran also enjoys good relations with Armenia and has sought to use its support for Yerevan as a way to exert pressure on Azerbaijan. However, the international concern over Iran's nuclear programme and the possibility of war there has added tension and instability in the region, pressuring Teheran to review its policies towards the South Caucasus.

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<sup>23</sup> In November 2001, both countries signed an Action Plan for Cooperation in Eurasia at the UN General Assembly, inspired by their common Eurasian character

Beyond its enmeshment in the South Caucasus security paradigm, Iran is also crucial in terms of transport and communication. Iran provides a critical land connection for Armenia, and the pipeline inaugurated in March 2007 between the two countries has finally broken Armenia's exclusive dependence on Russian energy. Iran is also a crucial route for Turkish goods travelling through Iran to Azerbaijan and Central Asia, and it provides a land connection between mainland Azerbaijan and Nakhichevan. In terms of road transport, although the opening of the border crossing at Sarp/Batumi (Georgia) has offered a new transport corridor linking Turkey with the Caucasus, Caspian and Central Asia, Turkey's transit through Iran into Central Asia and the Far East remains the most effective route. Iranians also pass through Turkey to reach Europe, since a visa-free regime is in place between the two countries, and travelling to Turkey remains affordable for most Iranians. This has given rise to a large tourist business but also to illegal migration, smuggling and trafficking along these routes. On a darker note, the Iranian-Turkish border operates as one of the main drug routes from Afghanistan to Western Europe and the Iranian-Azeri border as an important route towards Russia (Ibragimov, 2003; Ismailzade, 2006). Nuclear materials and small weapons have also travelled across the Caucasus towards Iran and Turkey.

Iran's involvement in the region has made Tehran a key supporter of regional integration. It is sponsoring the construction of a rail link from the city of Mashad to the Turkmen rail system linking Central Asia and Russia to Iran, as well as the integration of Iranian electric grids with those in Turkmenistan and Armenia. Former attempts at economic integration in the region such as the Economic Cooperation Organisation (ECO), or the Organisation of the Caspian Littoral States (OCLS) are important experiences from which to learn and on which to build to further integrate the Wider Caucasian region (Maleki, 2005, 74-75). Hence, Iran's close relations with Armenia, its interdependence with Azerbaijan and its wish to maintain good bilateral relations both with Turkey and Russia, make it a crucial actor in future regional integration dynamics, and, as such, a principal supporter of the normalization of Turkish-Armenian relations.

Central Asian states represent an increasing source of energy for Europe, and Turkish influence in these Turkic states could become an important asset in the EU's latest attempt to develop a strategy towards the region (Council of the EU, 2007). Turkey's approach to Central Asia, much like that of Iran, is based on cultural and political rather than military relations, but it has been the business sector which, stimulated by former President Turgut Özal, has taken the lead in these relations, developing valuable markets for Turkish products in Central Asia. Nevertheless, Turkey did not succeed in generating a deep sense of Turkic solidarity in Central Asia in the post-Soviet period largely in view of the pragmatism and jealously guarded sovereignty of the Central Asian leaders. Likewise, Azerbaijan's call for support from its Turkic-brother countries in its conflict with Armenia has had little echo in Central Asia. Hence, whereas in the face of rising competition for Central Asian energy amongst Russian, Chinese and European investors, Europeans could be strengthened by Turkish and Azeri diplomacy, there seems to be little scope for acts of solidarity regarding issues such as the Karabakh conflict or the Turkish-Armenian border in Turkic Central Asia. On the contrary, the opening of the Turkish-Armenian border would notably improve the logistics between Turkey and Central Asia and future Turkish-Armenian business partnerships could prove highly profitable in the region

given that Armenians are well introduced in business and political circles in most of the Central Asian Republics.

#### **4. Opening the border and launching a confidence-building process**

The current closure not only harms Armenia and Turkey, it also hinders the prospects for conflict resolution and development in the Caucasus, as well as cooperation and integration in the wider region. More specifically, not only has Turkey acted against its developmental, commercial and geopolitical interests, but also, while harming Armenia, Ankara's closure policy has failed to induce a positive shift in Armenia's stance on the Karabakh conflict. Hence, turning back to the issues underpinning the closure, it appears that, setting aside the Karabakh conflict, Turkey's only legitimate concern relates to Armenia's recognition of its eastern border, a concern complicated by the genocide question. How can this dilemma be resolved? How can the border be opened, leading the way to normalization, while concomitantly assuring of the inviolability of Turkey's eastern frontiers?

##### ***1. The first step in a long process: opening the border***

Both Turkey and Armenia are in reality equally aware of the need to protect their common border, not least in view of the reciprocal security fears in both countries. While, some voices in Armenia and particularly the Diaspora may advance territorial claims on eastern Turkey based on 'historical justice' arguments, these claims, to the extent to which they are credible, can receive support in Armenia only in view of a highly securitized context there, securitization driven by the standoff with Turkey and Azerbaijan. Yet, paradoxically, it is precisely these reciprocal fears that are impeding the opening of the border, despite the fact that an immediate opening would increase security on both sides and consolidate the stability and permanence of the border, discrediting revisionist voices in Armenia and the Diaspora. Threat perceptions stemming from the closed border and the unknown 'other' would slowly disappear through trade and human interactions. As the history of Europe teaches us, the most stable borders are precisely those which have disappeared as a result of intense cross-border interactions. In other words, it is only through an opening that Turkey can assure the stability of its eastern frontiers. Daily interactions across a 'normalized' border would act as a far greater assurance to Turkey than any declaration Armenia may issue on the matter.

##### ***2. A sine qua non in Turkey-Armenian relations: the recognition of the common border***

This is not to say that the opening of the border makes official statements irrelevant. On the contrary, the opening and the ensuing surge in communications and interactions would create a propitious environment in which to handle sensitive issues in a constructive manner and could thus lead to a full normalization of relations. The opening would set the scene for the establishment of normal diplomatic relations, direly needed precisely because of the panoply of issues at stake and the legitimacy of Turkey's claims concerning the recognition of its eastern frontiers. So far Turkey has attempted to pressure Armenia into recognition through fifteen years of closure. It has

not worked. It is high time that Ankara tries a different track, opening the border and establishing normal diplomatic relations intended to tackle first and foremost the border question itself. Turkey would enjoy far greater bargaining power in this relationship, given its far superior political, economic, military and geopolitical standing with respect to Armenia. Moreover, considering the statements repeatedly made by Armenian leaders, Yerevan can be expected to deliver a formal statement recognizing the border and agree to amend its Constitution. The border opening and the establishment of diplomatic ties would also bolster Turkey's stance in the eyes of the international community and, provided Ankara plays its cards effectively, could also soften Armenian rigidities and rejectionisms concerning the Karabakh conflict

### ***3. Cross-border initiatives***

There are surprisingly few links of any kind between Armenia and Turkey today. There are no cooperation programmes involving universities, local or other public authorities, professional or trade associations. It should become a matter of priority to develop programmes between such institutions, such as regular student exchanges, academic cooperation, cultural initiatives, business contacts and exchanges and contacts between local authorities. These initiatives would provide opportunities for mutually beneficial exchange and contacts between Turkish and Armenian citizens, helping to make the case in both countries for normalized relations.

### ***4. Confronting and depoliticizing the past***

Turkey has stressed that the border will not be opened automatically as a result of a peace agreement between Armenia and Azerbaijan, but will depend on the development of the bilateral Turkish-Armenian relationship and the resolution of the genocide issue. The politicization of the genocide issue under Kocharian and through the active involvement of the Armenian Diaspora has in fact hampered the normalization process by inducing Turkey to make the resolution of the question a *sine qua non* for normalization. Yet in doing so Turkey has arguably acted against its own interests. It is precisely the existence of such a problem and Turkey's keen interest in resolving it that makes the establishment of diplomatic relations an utmost priority, providing both countries with a formal avenue to tackle the issue head-on. The opening of the border and the establishment of diplomatic relations would in fact make it possible to address the other dimensions of the conflict between Armenia and Turkey. Precisely because the border quagmire is poisoned by history, it is of crucial importance that Turkey and Armenia directly confront their dispute over genocide recognition.

An official dialogue on the genocide issue between the two governments could help avoid further politicization of the question, rendering it, as well as several other issues in the bilateral relationship more amenable to solution. The two governments should undertake to support a process of dialogue, inspired by other experiences of transitional justice,<sup>24</sup> in which historians, as well as opinion leaders, journalists, political leaders and other civil society actors in both countries share their views and experiences regarding what happened in 1915, in order to reach a less conflictual

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<sup>24</sup> See for example the work undertaken by the Franco-German group of historians who recently published a joint history book for schools. <http://news.bbc.co.uk/1/hi/world/europe/4972922.stm>

understanding of the circumstances surrounding the disappearance of Anatolian Armenians. It is of crucial importance that this group enjoys the full backing of the two states. Without it, the effort would lack legitimacy, credibility and thus effectiveness in the eyes of the public. Worse still it could serve to poison the bilateral relationship further.

### ***5. Rediscovering a common history and constructing a shared identity***

It is equally important that the joint historical research avoid a narrow focus on the genocide question. Turks and Armenians share five centuries of common history, which the nationalist narratives constructed in the 20<sup>th</sup> century have almost entirely erased from memory on both sides of the border. Armenians were an important and visible part of the Ottoman Empire's economic and cultural life and they prospered in the Ottoman Empire until the last decades of the 19<sup>th</sup> Century; Istanbul was the main cultural centre for Armenians at a time when Yerevan was a small trading post. Past events must be seen in the context of a far longer period of history. Just as most Turks visiting the Genocide Museum in Yerevan would be troubled by the manner in which the Ottoman Empire is depicted in snapshot fashion as a homogenously murderous entity, similarly, Armenian visitors to Turkey would be troubled to find that most Armenian traces in Turkey have been destroyed or renamed. On both sides, five centuries of commercial, social and political interaction seem to have been erased.

To counter the effects of 90 years of conflicting narratives, research and education about Turkey in Armenia, and about Armenia in Turkey – currently virtually non-existent – should be developed as a matter of priority. In particular, to gain a better understanding of the events of the last years of the Empire, it is of crucial importance that new primary sources dating from that period and earlier are uncovered and researched, that Armenian and Turkish sources are translated into the other language as well as into English, especially those in the archives of the Istanbul Patriarchate which were transferred to Jerusalem in 1916-1918 (Mesrob II 20006). The opening of a Turkish cultural centre in Armenia which would depict the Ottoman Empire and Turkey in a realistic manner unlike the current 'Genocide Museum' would be a highly effective tool of cultural diplomacy.

A more nuanced and contextualized approach to the history of the Ottoman period is also imperative to encourage reconciliation and give back to both Turks and Armenians a larger share of their collective identities. Improving mutual knowledge and rediscovering a shared past would foster reconciliation by eroding stereotypes and enemy images of the other. Literature and architecture act as powerful testimonials of the common Turkish-Armenian past. The Armenian contribution to Ottoman art and architecture is as striking as it is hidden, while Turkish language literature in Armenian script would provide a fascinating field of historical investigation. Evidence of the latent interest in both communities in rediscovering their shared past was the record number of visitors who attended the exhibition in Istanbul in 2005 on the Armenians in the Ottoman Empire in the early 20<sup>th</sup> century. Thus joint studies by Turkish and Armenian academics should be encouraged. This could be done first by promoting the study of Ottoman, Armenian and Turkish languages and literature in Turkish and Armenian universities. In particular the Turkology departments at the Yerevan State University and the Oriental Studies Institute need to be supported through new teaching and research materials and the establishment of student and

scholar exchange programmes. Second, incentives should be given to academic institutions to establish collaborative research programmes. Here international funding could greatly help induce such joint research activities. This already happens between Armenia and Azerbaijan, where Western NGOs have financed joint research projects between the two countries. It should be extended to Turkey and Armenia as well.

Rediscovering a common past need not occur only through state-to-state initiatives. Of the 70 million people in Turkey, 70,000 are citizens of Armenian origin. There are also approximately 30,000 Armenians who have immigrated into Turkey. Supporting the cultural revival of Armenians in Turkey today would act as a powerful signal of the Turkish-Armenian common past, identity and peaceful coexistence. This would require the protection and restoration of the Armenian historical heritage in Turkey. In this respect, the Ministry of Tourism and Culture's project launched in May 2005 (with a budget of approximately \$1.5m) to restore the Armenian Church of the Holy Cross on Akdamar Island in Lake Van is a positive step, in spite of difficulties and controversies. Future restoration projects most notably in the Armenian site of Ani in Turkey carried out in cooperation with Armenian counterparts would also further contribute to normalization.

## ***6. Shared cultural heritage and tourism***

Promoting reconciliation by fostering of Turkey's Armenian heritage would also boost Turkey's tourism sector, which, while burgeoning and representing an important source of income for the western part of the country, remain highly underdeveloped in the east. Tourism in fact has been developing steadily in Armenia over the last few years. With economic development, Armenian demand for international travel has also gradually increased. Travel agencies have improved their services and some have started to offer packages to Turkey, mainly to Istanbul and Antalya. It is likely that Armenians from both Armenia and the Diaspora – as well as others – would be interested in visiting the eastern part of Turkey. An example of this was the success of the 'pilgrimage' organized by the Turkish-Armenian Business Development Council (TABDC) in cooperation with the Diocese of the Armenian Church of America in 2001, which brought about 150 US Armenians to Turkey. This potential remains untapped in view of the absence of adequate tourist facilities in the region as well as the poor state of the historical sites there. In particular restoring the site of Ani and encouraging visits to Mount Ağrı (Ararat), located on the border, would provide excellent grounds for creating and promoting joint tourism packages. This would boost economic development in both Armenia and the eastern part of Turkey. For example, according to TABDC, during the 2001 pilgrimage, nearly 1 million USD were spent in 10 days. If 50,000 of the 6 million Diaspora Armenians were to visit Turkey and Armenia for two weeks spending approximately \$200 per day, this would inject \$150m into the local economies of the two countries.<sup>25</sup> It would also help eradicate groundless fears and facilitate dialogue and knowledge between the two societies.

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<sup>25</sup> Calculations of the Turkish-Armenian Business Development Council, [www.tabdc.org](http://www.tabdc.org)

## **5. The Turkish-Armenian border – straddling EU accession and neighbourhood policies**

The EU considers conflict resolution and good neighbourly relations as one of its prime foreign policy objectives. It calls for all accession candidates to resolve outstanding difficulties with their neighbours before acceding to the EU. Good neighbourly relations are also a key goal of the European Neighbourhood Policy. Turkey is in the accession process, while Armenia (and Azerbaijan) is included in the ENP. This creates an evident potential role for the EU as well as a set of limitations.

Beginning with the limitations, the principal one derives from the fact that third party intervention in conflict resolution is more effective when the third party in question enjoys similar degrees of influence on all parties (Tocci 2007a, Chapter 8). In the case of EU-Turkey-Armenia relations, this is not the case at first sight. The EU accession process entails a far deeper framework for contractual relations than the ENP. In the accession process the EU offers the most valuable carrot it disposes of, i.e., full membership; in return for which it demands respect for specific conditions and obligations, including, *inter alia*, good neighbourly relations. In the case of the ENP, particularly in relation to South Caucasus countries, the EU has refrained so far from offering prospects for a deep free trade agreement, for visa facilitation (except recently to Georgia) and more generally for effective inclusion of these countries into the single market framework. The limited benefits on offer have also meant that the EU has been far more cautious in the context of the ENP (compared to the accession process) in making use of its policies of conditionality. While political priorities have been set out, they have been articulated rather vaguely and have not been directly tied to the delivery of EU-related benefits. In other words, whereas Turkey's EU accession process offers clear scope for EU incentives and conditionalities regarding the Turkey-Armenian border opening, the scope for EU influence on Armenia regarding official recognition of Turkey's eastern frontiers is far more limited.

The second limitation derives from the uncertainty of Turkey's accession process. For EU membership conditions and conditionalities to be effective, there must be a degree of trust and dependable expectations between the EU and the candidate country. More specifically, the candidate country must feel confident that so long as it complies, it can reasonably expect the EU to deliver of the promised benefit of membership. Uncertainty surrounding the end-point of the accession process infinitely reduces the perceived value of the benefit. If membership is projected into a distant and highly uncertain future, its perceived value is inevitably reduced in the eyes of the candidate country, thereby undermining the candidate's incentives to comply with accession conditionalities in the short and medium terms. Why should a candidate country comply if it believes that its compliance will not bring it any closer to the goal of membership? Likewise, if the candidate country mistrusts the EU's intentions to proceed in goodwill with the accession process, then it will tend to view EU conditions as devious attempts to fend its membership ambitions away. Conditions and conditionalities in turn lose their perceived legitimacy and credibility and are not taken seriously by the candidate country. In other words, the setbacks in Turkey's accession process since the opening of negotiations in 2005, including the suspension of negotiations on eight chapters in December 2006 and the manifest rejection of

member states such as Austria and France under the leadership of Nicolas Sarkozy of Turkey's membership ambitions all seriously diminish the Union's ability to induce reform in Turkey, including on the Armenian dossier. More specifically, member state initiatives such as France's decision to hold a referendum on Turkey's future accession, or, coming closer to our object of investigation, criminalizing the denial of the Armenian genocide can only reduce the credibility of the EU, and as such limit the EU's effectiveness in promoting Turkish-Armenian normalization and reconciliation.

An EU contribution to the opening of the Turkish-Armenian border hinges on its credible commitment to Turkey's accession process. Without it, conditions and conditionalities regarding Armenia (or any other politically sensitive matter) could well backfire. Currently, the EU's 2006 Accession Partnership document only vaguely mentions Turkey's short-term priority of contributing to the peaceful settlement of disputes, through 'efforts to resolve any outstanding border disputes...in accordance with the UN Charter including if necessary jurisdiction of the International Court of Justice' (clearly tailored to the Aegean question) and by 'address(ing) any sources of friction with neighbours; and refrain(ing) from any action which could negatively affect the process of peaceful settlement of border disputes' (also tailored to Armenia) (Council of the EU 2006). As good neighbourly relations are part and parcel of the Copenhagen criteria, the EU could certainly specify explicitly its expectation that the border be reopened and a process of normalization launched. Linked to this, the EU should also insist that Turkey's obligations under the customs union agreement are respected.

Good neighbourly relations, however, require good will on both sides. As mentioned above, the elements of a comprehensive deal would entail Armenia's recognition of Turkey's borders and territorial integrity, alongside the opening of the border and the normalization of Turkey-Armenia relations, and this would involve addressing the burden of history. Armenia's inclusion in the ENP – even though this policy is not comparable to the accession process, as noted above – does offer the scope for greater EU influence on the border question on the Armenian side as well. Moreover, its ties to Russia notwithstanding, Armenia's geographical location, its economic isolation and its size make it value its relations with the EU highly. In this respect, although the EU enjoys a higher degree of potential influence on Turkey than on Armenia, in practice, given Armenia's vulnerable position, it is arguably as dependent on close and deepening ties to the EU as Turkey. The priorities for action in the current ENP Action Plan for Armenia do not include any reference to recognition of Turkey's eastern border. The Action Plan only mentions the need to 'address the issue of Turkish-Armenian relations in the context of the movement of goods and people and regional cooperation and development' (Commission 2006c, 32). Naturally if the EU were to upgrade its border-related conditionalities in the framework of a credible accession process with Turkey, the same would have to hold true in the ENP's priorities for action with Armenia. All the more so if and when the EU effectively upgrades its presence and actions in the South Caucasus, offering South Caucasian countries benefits similar to those offered eastern neighbours such as Ukraine and Moldova.

Finally, and moving beyond conditionality, the EU could also offer specific funding and assistance to foster several of the reconciliation measures mentioned above. In particular, with the integration of Turkey into the EU research area and the inclusion of Armenia in the list of international cooperation partner countries, EU funds could be channelled into joint collaborative projects involving Turkish and Armenian academic and scientific institutions, as well as projects researching the Turkish-Armenian common cultural heritage. EU pre-accession assistance to Turkey and the European Neighbourhood and Partnership Instrument for Armenia should also devote significant attention to the rehabilitation of transport and tourist infrastructure in the Turkish-Armenian border area.

In conclusion, despite the existence of different contractual frameworks for the EU's relations with Turkey and Armenia, the views and dependencies of these two countries on the EU offer it significant scope for influencing the Turkish-Armenian border quagmire constructively. This would require the concomitant use of careful conditionalities attached to the deepening of the contractual relationship, as well as financial and technical support for joint Turkish-Armenian initiatives, needed to set in motion a virtuous circle of socialization between the two countries.

# Map: The Turkish-Armenian Border Region



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