

Armenian PM responds to Aliyev’s “corridor” narrative



Russia - Russian President Vladimir Putin, Azerbaijani President Ilham Aliyev and Armenian Prime Minister Nikol Pashinian meet in Moscow, May 25, 2023.

Prime Minister Nikol Pashinyan participated in the jubilee 30th session of the Supreme Eurasian Economic Council in Moscow. The Presidents of the Russian Federation, Belarus, Kyrgyzstan and Kazakhstan also took part in the narrow-format session of the event.

The President of Azerbaijan took part in the extended-format session as a guest, and the leaders of the EAEU observer countries – Uzbekistan, Cuba, as well as the President of Tajikistan as a guest, participated remotely.

In his speech, Azerbaijani President Ilham Aliyev used the wording “Zangezur Corridor”, to which Prime Minister Pashinyan responded. “In his speech, the president of Azerbaijan used an expression that has been used in recent years as a title for making territorial claims against Armenia. I would like to note that this is used in the framework of the implementation of point 9 of

the trilateral declaration of November 9, 2020.

I would like to emphasize that the Declaration mentions only one corridor, and it is the Lachin corridor, which was supposed to be under the control of Russian peacekeepers, but, unfortunately, is illegally blocked by Azerbaijan. On the other hand, I want to confirm the readiness of the Republic of Armenia to unblock all transport and economic connections and communications in the region that pass through the territory of the Republic of Armenia – we call it the “Armenian Crossroads” and we are ready to open regional communications within the framework of the sovereignty and jurisdiction of those countries through which they pass. I mean the transport and economic communications mentioned in point 9 of the trilateral declaration of November 9, 2020 and the trilateral statement of January 11, 2021.”

Prime Minister Pashinyan emphasized that ➔ page 3

We agreed on 2 articles of the peace treaty with Azerbaijan in Washington. Mirzoyan

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Armenian Foreign Minister Ararat Mirzoyan presented details from the Washington negotiations. Mirzoyan said during the press conference held on May 22 that some progress was made in the negotiations in Washington in the sense that it was possible to agree on two more articles of the draft peace treaty, but it is possible to agree on several other articles in a direct, long, sincere conversation.

“I can say that during these conversations, the parties understand each other’s concerns, intentions and ideas very well. Apart from the two articles I mentioned, I think there is a possibility of agreement



regarding the other articles as well. This is not only my assessment; I was assured by other parties as well.

Of course, there are articles and topics where the positions of the parties are

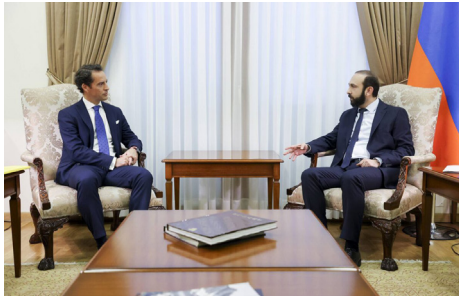
quite far from each other. These are the articles that deal with the most difficult issues. But there was also quite an effective discussion in this direction,” said Mirzoyan.

The Foreign Minister also reaffirmed Armenia’s commitment to establishing a long-lasting, stable and dignified peace in the South Caucasus.

“Armenia cannot take constructive steps alone,” said Mirzoyan.

He also mentioned that it is fundamental for Armenia to have certainty in the demarcation process.

Armenian FM, NATO envoy discuss issues of security in the South Caucasus



On May 23, Armenian Minister of Foreign Affairs Ararat Mirzoyan received

Javier Colomina, NATO Secretary General’s Special Representative for the Caucasus and Central Asia.

The interlocutors referred to issues of Armenia-NATO cooperation.

They discussed issues related to security and stability in the South Caucasus.

Ararat Mirzoyan presented the latest discussions in the negotiation process between Armenia and Azerbaijan, the vision

of the Armenian side on the main issues.

Minister Mirzoyan emphasized the need for Azerbaijan to abandon aggressive policies and provocative actions, which is an important factor for progress in the negotiations.

The importance of active steps by actors interested in stability in the region was emphasized.

Armenia improves democracy score in Nations in Transit 2023 report

Armenia has improved the democracy score from 3.04 to 3.11 in the Nations in Transit 2022 report published by the Freedom House.

According to the report, in 2023, Democracy Scores declined in 11 out of the 29 countries in the report, and 7 countries earned improvements.

Ukraine, Moldova, and Armenia have steadily improved their democratic institutions in recent years, driven forward by civic activism and consequential elections, the report says.

The Freedom House refers to the authoritarian aggression in the Caucasus,

noting that in 2020 Azerbaijan’s military recaptured parts of Nagorno-Karabakh, and after 2020, the regime of President Ilham Aliyev in Azerbaijan continued to pursue its territorial ambitions by military means.

“It launched a major incursion into the Republic of Armenia in 2022, and in early 2023 it further isolated the ethnic Armenians who remained in Nagorno-Karabakh by blocking a crucial road link under the guise of ‘environmental protests,’” the Freedom House notes.

“The expansion of Baku’s control over Nagorno-Karabakh and parts of Armenia

would eliminate the freedoms and security of local people in much the same way. Democratic governments must not ignore the danger. They should take every possible step to bolster Armenia’s democracy and ensure the protection of all those living under or fleeing Azerbaijani rule or occupation,” it adds.

Armenia	3.04 TO 3.11	35%		▲	▲				
Azerbaijan	1.07	1%							
Belarus	1.18 TO 1.11	2%							▼
Georgia	3.07 TO 3.04	34%							
Kazakhstan	1.86 TO 1.92	5%							
Kyrgyzstan	1.95 TO 1.68	11%							
Moldova	3.11 TO 3.14	36%		▲					
Russia	1.32 TO 1.11	2%							▼
Tajikistan	1.11 TO 1.04	1%							▼
Turkmenistan	1.00	0%							
Ukraine	3.36	39%		▲					▼
Uzbekistan	1.25 TO 1.21	4%							

The rights and security of Artsakh Armenians should be discussed in Stepanakert-Baku format – PM Pashinyan



Armenia is ready to recognize 86, 600 square kilometers as Azerbaijani area, and in our perception, Azerbaijan is ready to

recognize Armenia's area of 29,800 square kilometers, Prime Minister Nikol Pashinyan said at a press conference on May 22.

He stressed that the issue of rights and security of Nagorno Karabakh Armenians should be discussed in Stepanakert-Baku format.

"We emphasize the importance of international guarantees for this mechanism," PM Pashinyan stated.

He added that otherwise, the issue of rights and security of the people of Nagorno Karabakh could simply be left to

oblivion, and Azerbaijan will continue the policy of ethnic cleansing and genocide of Armenians through use of force.

"There's should be guarantees that this policy will not continue," Pashinyan noted.

Asked whether the government recognizes Nagorno Karabakh as part of Azerbaijan, the Prime Minister said: "Whatever today's government says, all governments of the Republic of Armenia have recognized the territorial integrity of Azerbaijan."

page 1 → those who are familiar with the text of the trilateral declaration of November 9, 2020, know that there is only one use of the word "corridor" in it. "And in this context, this word has a special meaning, and it is the Lachin Corridor, which, I repeat, according to the trilateral declaration, should be under the control of the Russian Federation and provide a connection between Nagorno-Karabakh and Armenia. But, unfortunately, in the presence of Russian peacekeepers, Azerbaijan illegally closed this corridor. On the other hand, I would like to confirm that Armenia and Azerbaijan have agreed on mutual recognition of each other's territorial integrity. And on this basis, yes, it can be said that we are going quite well in the direction of normalizing our relations.

In this context, I would also like to mention a very important issue, the issue of the rights and security of the people of

Nagorno Karabakh within the framework of the international mechanism. I hope that soon a normal constructive dialogue between Baku and Stepanakert will begin," said the Prime Minister.

Referring to Aliyev's statement that Russia also supports the idea of Zangezur Corridor, Nikol Pashinyan noted: "It is very interesting to know that Russia supports the project you mentioned. To be honest, this is the first time I have heard about it.

I know that Russia supports the opening of all transport and economic communications in our region. You said "Lachin road", but according to our trilateral declaration, "Lachin road" does not exist, there is a corridor which, according to the trilateral declaration signed by three of us, should be under the control of Russian peacekeeping forces, that is, no one else should exercise any control of this corridor.

And what is happening there is a direct violation of the trilateral declaration. And you said that the corridor is open, but we don't see it, we don't think so. Therefore, we consider it important that an international fact-finding mission be sent to both the Lachin Corridor and Nagorno Karabakh to assess the humanitarian situation in Nagorno Karabakh.

And I must say that, unfortunately, we have a humanitarian crisis there since December, because due to the closure of the Lachin corridor, obstacles are created for the supply of food and other necessities. And this is a very serious situation. Gas and electricity have also been blocked by Azerbaijan. I mean the gas and electricity going to Nagorno Karabakh. And, Vladimir Vladimirovich, you know about it very well, because we have talked about this many times."

Armenia-Azerbaijan talks continue to be priority for U.S. – State Department spox

The negotiations process between Armenia and Azerbaijan continues to be a priority for the United States, U.S. State Department spokesperson Matthew Miller said at a press briefing when asked on the May 25 talks between the two countries in Russia.

"We're not in the room, as you noted, but this continues to be a priority for us," Miller told a reporter when asked whether Washington was following the



developments in the talks held without its participation. "As you know, the Secretary welcomed the two sides here in

Washington several weeks ago. We understand that talks continued after that in Brussels, and we support the talks continuing. As we've said, we believe that an agreement is in reach, and we continue to press the two parties to work together to reach an agreement on the issues that remain outstanding," he added.

Miller said that Secretary of State Antony Blinken "will continue to stay engaged."

U.S. put forward a number of proposals to Armenia and Azerbaijan during foreign ministerial - Dereck Hogan

The United States put forward a number of proposals to Armenia and Azerbaijan during their foreign ministerial talks in Washington in early May, a senior State Department official has said.

"The peace process is moving forward. The secretary hosted the two foreign ministers in early May to work through some of the most contentious issues including, for example, the distancing of forces along the border, dispute resolution mechanism in the treaty that we are trying to facilitate agreement on, the rights and security of the ethnic Armenians in Nagorno Karabagh. These are a lot of the issues

that we were working through," Principal Deputy Assistant Secretary in the Bureau of European and Eurasian Affairs at the U.S. State Department Dereck Hogan said at a Subcommittee Hearing in the House Foreign Affairs Committee.

He added that the U.S. has offered proposals to Armenia and Azerbaijan.

"We put forward a number of proposals that gave the two sides perhaps some bridging language there. So they've been taking that back and studying it. Since then we have been working very closely with the European Union. Charles Michel hosted the leaders actually in Brussels

just a couple of weeks after we hosted the foreign ministers and then they will be meeting again, the two leaders, the Azerbaijani and the Armenian leaders with the Chancellor of Germany, the President of France as well as the President of the EU Charles Michel to again focus on what needs to be done to actually get this across to finish line. We still have a long way to go and I want to come to Lachin corridor. That's something that the secretary, that's something we've been pushing very hard on, particularly when it comes to the opening up to the commercial, as well as private vehicles," Hogan added.

Armenia asks UN Court to order Azerbaijan to open the Lachin corridor

Armenia called on the UN's top court on May 24 to order Azerbaijan to withdraw a blockade from a key road connecting Armenia to the Republic of Artsakh.

The Republic of Armenia, referring to Article 76 of the Rules of the International Court of Justice, has submitted a request for the Court to modify its Order indicating provisional measures of 22 February 2023 in the case concerning Application of the International Convention on the Elimination of All Forms of Racial Discrimination (Armenia v. Azerbaijan).

The request was received in the Registry on 15 May 2023, the Court says.

Armenia requests, in particular, that the Court modify its Order by including the following provisional measure requiring Azerbaijan, pending the resolution of the dispute on the merits, to "withdraw any and all personnel deployed on or along the Lachin Corridor since 23 April 2023 and refrain from deploying any such personnel on or along the Lachin Corridor."

On 16 September 2021, Armenia filed

an Application instituting proceedings against Azerbaijan with regard to alleged violations of the International Convention on the Elimination of All Forms of Racial Discrimination. The Application also contained a request for the indication of provisional measures. By an Order dated 7 December 2021, the Court indicated certain provisional measures. Armenia subsequently requested that the Court's Order be modified. By an Order of 12 October 2022, the Court decided that the circumstances cited by Armenia "[did] not constitute a change in the situation justifying modification of the Order"

On 28 December 2022, Armenia submitted a second request for the indication of provisional measures, in which it sought, in particular, to have the Court direct Azerbaijan to "cease its orchestration and support of the alleged 'protests' blocking uninterrupted free movement along the Lachin Corridor in both directions" and to "ensure uninterrupted free movement of all persons, vehicles, and

cargo along the Lachin Corridor in both directions."

By an Order dated 22 February 2023, the Court, by thirteen votes to two, indicated the following provisional measure:

The Republic of Azerbaijan shall, pending the final decision in the case and in accordance with its obligations under the International Convention on the Elimination of All Forms of Racial Discrimination, take all measures at its disposal to ensure unimpeded movement of persons, vehicles and cargo along the Lachin Corridor in both directions.

On 21 April 2023, Azerbaijan raised preliminary objections to the jurisdiction of the Court, and, in accordance with Article 79bis, paragraph 3, of the Rules of Court, the proceedings on the merits have therefore been suspended. The President has fixed 21 August 2023 as the time-limit within which Armenia may present a written statement of its observations and submissions on the preliminary objections raised by Azerbaijan

U.S. assesses feasibility of 'small modular nuclear reactors' in Armenia and other countries for energy independence

The United States is considering the possibility of building "small modular nuclear reactors" in several Eurasian countries, including Armenia, to strengthen energy independence from Russia and China, a senior State Department official has said.

"In a number of countries, including Armenia, we are assessing the feasibility of small modular nuclear reactors built with U.S. technology that could facilitate greater energy independence from both Russia and the PRC," Maria A. Longi, Coordinator of the Department of State's Office

of the Coordinator for U.S. Assistance to Europe, Eurasia, and Central Asia said at a Subcommittee Hearing in the House Foreign Affairs Committee.

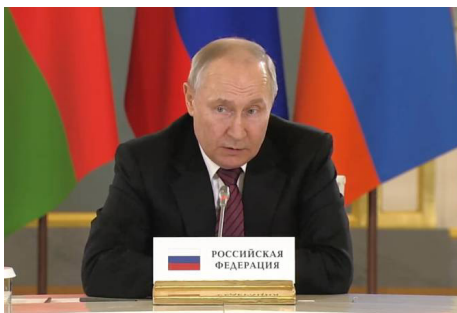
She didn't elaborate.

The Deputy Prime Ministers of Armenia, Russia and Azerbaijan will meet in a week. Putin

Prime Minister of Armenia Nikol Pashinyan, President of Russia Vladimir Putin and President of Azerbaijan Ilham Aliyev agreed at the trilateral meeting held in Moscow that the deputy prime ministers of the countries will meet in a week, Russian President Vladimir Putin said at the meeting.

“I hope this will be a good start for the practical solutions to some of the issues we’re talking about. We managed to achieve a lot in this format. In the fall of 2020, the hostilities stopped, and then work began on unblocking economic and transport communication, border delimitation,” Putin said.

According to Putin, despite some



difficulties, the situation is developing in the direction of normalization. One of those directions is the work in the direction of transport communication.

“The three of us discussed it in detail. There are still unsettled issues, but in my

opinion, they are purely technical in nature,” said Putin.

He said that they also discussed the issue of terminology, noting that, of course, there should be an accurate understanding of reality behind those terms.

“But in the opinion of the three of us, these are surmountable obstacles. By and large they don’t exist, they are purely technical issues. That’s why we have now agreed that the Deputy Prime Ministers of Russia, Armenia and Azerbaijan will meet in the near future, after a week,” said Putin.

According to the Russian President, it is a good agreement that inspires hope that the unresolved issues will be resolved.

Government of Armenia consults with Nagorno Karabakh authorities before and after negotiations, says lawmaker

The Government of Armenia is consulting with authorities of Nagorno Karabakh (Artsakh) before and after every negotiation with Azerbaijan, Member of Parliament Artur Hovhannisyanyan representing the ruling Civil Contract party said on May 23.

“For the record, before and after every negotiation we consult with the authorities of Artsakh, and the authorities of Artsakh have always been aware of everything,” Hovhannisyanyan told reporters.

“Regarding the statements by the Parliament of Artsakh, we understand that the parliament is a representative body comprised of different political entities, and I find the various statements to be very

normal,” he added, referring to the latest statement by the Parliament of Artsakh criticizing Prime Minister Pashinyan for his May 22 comments that Armenia is ready to recognize Azerbaijan’s 86,600 km2 territorial integrity which includes Nagorno Karabakh.

The legislator noted that the objective of the Armenian authorities is to ensure the 29,800 square kilometers of sovereign, internationally recognized territory of Armenia, and ensure the rights and security of the Armenians living in Nagorno Karabakh.

“Our compatriots living in Nagorno Karabakh must live in their land safely, and exercise their rights. We see this road

through Baku-Stepanakert dialogue under international mechanisms, where the people of Artsakh – as voiced by lawmakers yesterday in the Artsakh parliament – can exercise their right to self-determination and all other rights, while the Republic of Armenia will support our compatriots of Artsakh through all diplomatic channels in this issue,” Hovhannisyanyan said.

On May 22, Armenian Prime Minister Nikol Pashinyan said that Armenia is ready to recognize Azerbaijan’s 86,600 km2 territorial integrity, which includes Nagorno Karabakh, but the rights and security of the Armenians of Nagorno Karabakh must be discussed through Baku-Stepanakert dialogue.

Nagorno Karabakh situation continues to be of great concern, says USAID

The United States Agency for International Development (USAID) has described the situation in Nagorno Karabakh to be “of great concern.”

“The situation in the region of Nagorno Karabakh continues to be of great concern. As the blockage of the Lachin Corridor has resulted in civilians of Nagorno Karabakh to lose or have reduced access to essential services, medical treatment and basic commodities,” Assistant Administrator of the United States Agency for International

Development (USAID) for Europe and Eurasia Erin Elizabeth McKee said at a Subcommittee Hearing in the House Foreign Affairs Committee.

Lachin Corridor – the only road linking Nagorno Karabakh with Armenia and the rest of the world – has been blocked by Azerbaijan since 12 December 2022. The United Nations’ highest court – the International Court of Justice (ICJ) – ordered Azerbaijan on 22 February 2023 to “take all steps at its disposal” to ensure

unimpeded movement of persons, vehicles and cargo along the Lachin Corridor in both directions. Azerbaijan has so far ignored the order.



Armenia, UK keen to expand trade and economic cooperation

Prime Minister Nikol Pashinyan received UK Minister of State for European Affairs.

The Prime Minister welcomed Mr. Docherty's visit to Armenia and emphasized the development of close cooperation with the United Kingdom in various fields. Nikol Pashinyan expressed confidence that bilateral relations have great potential for progress.

Leo Docherty noted that the UK has already announced the intention to start strategic dialogue with Armenia and added that they are interested in expanding ties in different directions.

In particular, issues related to trade and economic interaction, possibilities



of implementation of programs in solar energy and other fields were discussed. Prime Minister Pashinyan added that the Armenian government is interested in attracting British investors to the Armenian market.

Reference was also made to the process of settlement of Armenian-Azerbaijani

relations, the unblocking of regional transport and economic infrastructures, border demarcation and border security between Armenia and Azerbaijan, the situation around Nagorno Karabakh, in particular, the humanitarian crisis created in Nagorno-Karabakh as a result of Azerbaijan's illegal blockade of the Lachin Corridor, introduction of an international mechanism of dialogue between Baku and Stepanakert.

The Prime Minister noted that the goal of Azerbaijan's policy of blocking the corridor and depriving the people of Nagorno Karabakh of gas and electricity supplies, is to subject the Armenians of Nagorno Karabakh to ethnic cleansing.

Armenian PM calls implementation of free trade agreement between Iran and EAEU a priority

The implementation of the free trade agreement between Iran and the Eurasian Economic Union (EAEU) is a priority for Armenia, Prime Minister Nikol Pashinyan said at the meeting of the Supreme Eurasian Economic Council in Moscow.

"Given the high dynamics of the development of cooperation with Iran, the entry into force of the Free Trade Agreement and its subsequent implementation are



priorities for us in the context of a real expansion of trade cooperation with third

countries," Pashinyan said.

He said continued negotiations with India and Egypt, as well as the development of comprehensive dialogue on the economic agenda and the deepening of trade and economic cooperation with the United Arab Emirates and Indonesia, will give an additional impetus to the process of integrating the Union into the world economy.

EBRD to hold its 2024 Annual Meeting in Yerevan



The European Bank for Reconstruction and Development (EBRD) and government of Armenia have signed a Memorandum of Understanding, which lays the foundations for the 2024 EBRD Annual Meeting to take place in Yerevan on 14-16 May 2024.

The event will be the EBRD's 33rd Annual Meeting and is the most important event in the Bank's calendar. A central part is the meeting of the Board of Governors, the Bank's highest decision-making body, assessing the Bank's performance and setting future strategic directions.

The conference also includes the Business Forum, a gathering of business representatives, investors, government officials and media who engage in panel discussions and networking events. In addition, the Annual Meeting comprises a civil society programme, a donors' meeting and other auxiliary events.

The Memorandum of Understanding sets out the responsibilities regarding the organisation, planning and delivery of the Annual Meeting. Both parties expressed their commitment to a successful event, which is expected to attract up to 2,000 participants to Armenia.

EBRD Secretary General Kazuhiko Koguchi said at the signing in Samarkand: "We are very pleased to sign this agreement today and we hope for a successful cooperation with the Armenian

authorities. Preparations are already underway and we are confident that the event in May will be a big success for guests and the host."

H.E. Vahe Hovhannisyan, Minister of Finance of Armenia and EBRD Governor, commented: "We are delighted to host the Annual Meeting of the EBRD in Armenia in 2024. It will give us the opportunity to showcase our country to a wider audience and attract investments of unprecedented significance."

The EBRD is one of the leading institutional investors in Armenia. Since the beginning of its operations there, it has invested around €2 billion across 206 projects, supporting private sector development and the energy, infrastructure, telecommunications and financial sectors.

Orion Worldwide Innovations will cooperate with the Ministry of Economy of Armenia to organize the Orion Summit 2023



Orion Worldwide Innovations will collaborate with the Ministry of Economy of Armenia to organize the Orion Summit 2023 investment summit, which will take place in New York City from June 19-22.

The official opening of the summit will be performed by Emma Arakelyan, CEO & Founder of Orion Worldwide Innovations, and Diana Arzumanyan, CEO & Co-Founder of Orion Worldwide Innovations Armenia. Vahan Kerobyan, the Minister of Economy of the Republic of Armenia, will deliver the opening speech. The keynote speakers of the summit are Renee Nalbandyan, Director, Global Strategic & Sustainable Investments at Bank of America, and Karl Douglas, Chief Investment Officer & Founding Partner of Covenant Venture Capital.

During Orion Summit 2023, Enterprise Armenia will make a presentation on Armenia's investment attractiveness as well as introduce a number of investment projects.

"We highly appreciate the

government's efforts to strengthen Armenia's position as an investment-friendly and promising country, as well as to encourage investments in startups and innovation. For our part, we constantly present proposals to the government and the private sector in order to develop the Armenian investment field in line with advanced regulations," said Emma Arakelyan, CEO & Founder of Orion Worldwide Innovations and Venture Partner of Covenant Venture Capital.



"The participation of the government and leading companies in the summit will significantly increase the interest of venture companies in Armenia and Armenian startups and strengthen our position in the work with international investment companies, venture funds, and angel investors," said Diana Arzumanyan, CEO & Co-Founder of Orion Worldwide Innovations Armenia.

"Today, economies that are more

flexible and invest in innovative sectors are globally competitive. The Ministry of Economy of Armenia has created a favourable environment for technology firms, constantly improves the legal framework, and promotes business ties. Orion Summit 2023 will be an ideal platform for startups and investors to meet and for creating new business ties," said Vahan Kerobyan, the Minister of Economy of the Republic of Armenia.

Registration to participate at the summit is available through the official website. Orion Summit 2023 will last four days. The summit will include meetings and discussions about innovations and investments, visits to Covenant Venture Capital, One World Trade Center, the Harvard Club, and the Jacobs Technion-Cornell Institute at Cornell Tech.

About Orion:

Orion Worldwide Innovations, is a start-up growth and ecosystem acceleration hub and offers a full-service package to make companies investable and enter the US market, enhance their customer acquisition strategies, stay competitive, and protect their innovation. Orion is a U.S.-based company that was formed in 2017, with offices in New York City, U.S., and Yerevan, Armenia, though Orion partners with companies and investor networks worldwide.



The U.S. Department of State has increased certain nonimmigrant visa (NIV)

US visa fees to increase from May 30

application processing fees globally. These fee increases are effective as of May 30, 2023, the US Embassy in Yerevan informs.

The application fee for visitor visas for business or tourism (B1/B2s) and other non-petition based NIVs, such as student and exchange visitor visas, has increased from \$160 to \$185.

The application fee for certain petition-based nonimmigrant visas for temporary workers (H, L, O, P, Q, and R categories) has increased from \$190 to \$205.

The application fee for a treaty trader, treaty investor, and treaty applicant in a specialty occupation (E category) has increased from \$205 to \$315.

Armenian Defense Chief Shuns CSTO Meeting

(RFE/RL) - Armenia appeared to boycott on May 25 a regular meeting of the defense ministers of Collective Security Treaty Organization (CSTO) member states, highlighting its deepening rift with the Russian-led military alliance.

The Armenian Defense Ministry gave no reason for Defense Minister Suren Papikyan's failure to attend the meeting held in Belarus's capital Minsk.

Prime Minister Nikol Pashinyan and other Armenian officials have repeatedly accused Russia and other ex-Soviet states making up the alliance of not fulfilling their obligation to defend Armenia against Azerbaijani attacks.

Pashinyan said on Monday that he will pull his country out of the alliance "if we conclude that the CSTO has left Armenia." The Russian Foreign Ministry spokeswoman, Maria Zakharova, claimed to be bemused by his remarks while warning of their potentially "dangerous" consequences.

Pashinyan hit back at Zakharova later



on Wednesday, saying that she "cannot be my interlocutor."

"My interlocutors are the president and the prime minister of the Russian Federation," he told the Armenian parliament. "Even the Foreign Ministry spokesperson of a friendly and respected country like Russia cannot comment on my statements. She should just take note of my statements."

Earlier this year, Yerevan cancelled a CSTO military exercise planned in Armenia. The drills are due to be held in Kyrgyzstan soon. It is not clear whether Armenians soldiers will take part in them.

Speaking at the Minsk meeting, Russian Defense Minister Sergei Shoigu stressed the "importance" of Armenia's

participation in such events.

"Armenia is a member of our organization, our ally," said Shoigu. "We are ... doing everything to stabilize the situation in the South Caucasus."

Shoigu also reaffirmed Russia's and other CSTO members' readiness to send monitors to Armenia's border with Azerbaijan. Echoing statements by other Russian officials, he claimed that the recent launch of such a monitoring mission by the European Union is part of the West's efforts to drive Russia out of the region.

Pashinyan's government has rejected the proposed CSTO mission on the grounds that the alliance has not condemned the "Azerbaijani aggression" against Armenia. It has given the same reason for refusing "military-technical assistance" offered by Armenia's CSTO allies last fall.

Armenian opposition leaders have expressed serious concern over Yerevan's estrangement from the CSTO, saying that it could further aggravate security challenges facing the country.

Probe Reveals Dozens Targeted By Pegasus Spyware in Armenia

A joint investigation involving researchers from several Internet watchdogs and rights groups has revealed that at least a dozen public figures in Armenia, including two RFE/RL journalists, were targeted with Pegasus spyware during and after the 2020 war in Nagorno-Karabakh.

Israel's NSO Group became the center of controversy after an international media consortium in July 2022 reported that its Pegasus spyware was used in attempts to hack smartphones belonging to more than a dozen current or former world leaders, journalists, human rights activists, and executives in some 50 countries.

The joint investigation was conducted with Amnesty International's Security Lab, Access Now, Canadian Internet watchdog Citizen Lab, CyberHUB-AM, and independent mobile security researcher Ruben Muradyan. The report on the probe, released on Thursday, said evidence points to the Nagorno-Karabakh conflict as the reason for the attempted espionage between October 2020 and December 2022.

It did not specifically accuse Azerbaijan of wrongdoing, but the investigators noted

that Pegasus software has been used "extensively" by the country to target "a wide range of journalists." More than a thousand Azerbaijani phone numbers were "selected for targeting by a Pegasus customer," according to them.

"We have grounds to assert that this was an Azerbaijani operation," said Artur Papian, an Armenian cyber security expert who also participated in the investigation. "This cannot be asserted with one hundred percent certainty because we can see that ... the targets also included many individuals critical of the [Armenian] authorities."

"So there is a reasonable suspicion that the Armenian authorities could have also done this," Papyan told RFE/RL's Armenian Service.

The joint investigation began in Armenia when tech giant Apple sent notifications to users in November 2021 warning they may have been the targets of state-sponsored spyware.

It showed that Karlen Aslanyan and Astghik Bedevian of RFE/RL's Armenian Service were among those targeted in the context of the Nagorno-Karabakh conflict.

Others targeted included Armenia's former Foreign Ministry spokeswoman's former Foreign Ministry spokeswoman and human rights ombudswoman as well as three outspoken critics of Prime Minister Nikol Pashinyan.

"It is no accident that our Armenian Service journalists targeted with Pegasus spyware are well-known for their hard-hitting reporting," said RFE/RL President and CEO Jamie Fly.

"I am outraged by this gross violation of their privacy and harbor strong suspicions that the government of Azerbaijan is responsible. I am grateful to our partners for their assistance."

"This investigation highlights the grave nature of spyware threats rippling across civil societies in Armenia and Azerbaijan," Donncha O Cearbhaill, head of Amnesty International's Security Lab, said for his part.

"The authorities must stop all efforts to stifle freedom of expression and undertake an independent and transparent investigation into the attack with Pegasus uncovered in both countries," he added.

Artsakh has not been and will not be a part of Azerbaijan, this is the will of our people – Arayik Harutyunyan

Artsakh's President Arayik Harutyunyan says a number of foreign political and security factors directly affect the present and future of the people of Artsakh.

In an video address to the people, he pointed out the following factors:

Over five-month-long blockade of Artsakh with increasing humanitarian and political challenges and security threats.

The deterioration of the humanitarian situation and the increase of risks due to the continuous disruption of the vital infrastructures of Artsakh.

The continuous increase in the risk of a new military aggression by Azerbaijan against Artsakh and the unconcealed aspirations of carrying out ethnic cleansing.

The serious breach of the Russian guarantees of the security of the people of Artsakh, enshrined in the tripartite statement of November 9, 2020.

The increase in geopolitical tension in the region and the aggressiveness of Azerbaijan due to the Russian-Ukrainian conflict.

The continued weakening of the international legal system and the failure of the international community to ensure the security and fundamental rights of the people of Artsakh, as well as the implementation of the decisions of international courts.

The continuous weakening of Armenia's positions in the process of settlement of Armenia-Azerbaijan relations and the steps aimed at recognizing Artsakh as part of Azerbaijan.

Given the above and other factors, the President appealed to his compatriots in Artsakh not to be discouraged and to be ready to continue the struggle, leaving aside the domestic differences and resolutely serve the same goal, strengthening and developing Artsakh.

"Artsakh has not been and will not be

a part of Azerbaijan, because that is the will of our people, who have enough determination to fight for their rights and interests. I am sure that those fighting will not be left alone, and not only the whole of Armenia will continue to support our struggle, but there will also be valuable supporters in the international arena. Yes, the situation is difficult, but not hopeless, and Artsakh authorities are taking and will take possible practical steps to resist the external and internal challenges," he said.

President Harutyunyan called on the people of the Republic of Armenia to actively and decisively prove that Artsakh cannot be recognized as part of Azerbaijan and that they continue to stand by this most important piece of the united Armenian homeland.

"After all, Artsakh is the homeland of all Armenians, with its unique significance for both Armenian statehood and the Armenian nation. The people of Armenia are the owners of the Republic of Armenia, and they must decide such nationwide and most important issues," he noted.

Arayik Harutyunyan further appealed to the compatriots in the Diaspora, urging to shake off the feeling of disappointment, powerlessness and indifference and demand practical steps from the governments of the countries of citizenship and the Republic of Armenia in the direction of guaranteeing the right to self-determination and security of Artsakh.

"We expect that every Diaspora Armenian individual and organization will take all possible measures to support Artsakh and curb Azerbaijani criminal activities. The Diaspora has a huge untapped potential, which is able to ensure serious success in issues that are fatal for the Motherland," he emphasized.

The President called on the authorities of the Republic of Armenia to refrain from

any actions and statements to recognize Artsakh as a part of Azerbaijan, adhering to the obligations assumed by the domestic and international documents and the nationwide interests.

"There are clear principles and red lines, violation of which is unacceptable. And recognizing Artsakh as part of Azerbaijan is one of those red lines, which, we are sure, remains so for the majority of all Armenians," Arayik Harutyunyan said.

He noted that in all actions related to Artsakh, the main landmark for the Republic of Armenia should be the expression of the will of the people of Artsakh, which was unequivocally demonstrated by the independence and constitutional referendums, with the unconditional support of the Republic of Armenia and the entire Armenian people.

The President of Artsakh also appealed to the authorities of the Russian Federation and personally President Vladimir Putin to ensure the obligations assumed by the tripartite statement of November 9, by opening the Lachin (Kashatagh) corridor, eliminating all Azerbaijani obstacles, freeing the 120,000 people of Artsakh from terrorist captivity and preventing aggressive Azerbaijani actions against the people of Artsakh.

"Regardless of the actions of the other parties of the Tripartite Statement, Russia has undertaken clear obligations, which were the most serious basis for ensuring the return of the people of Artsakh after the war. Therefore, we expect steady and decisive fulfillment of these obligations for the sake of the people of Artsakh and the interests of the Russian Federation, as well as the age-old friendship of the Armenian and Russian peoples," he noted.

President Harutyunyan further addressed the people and authorities of Azerbaijan, urging to end

➡ page 10

page 9 ➡ the policy of hatred and genocide towards the people of Artsakh, to be ready to truly accept the principle of equality of peoples and the rights of the native Armenian people to Artsakh.

“We are ready for dialogue, conflict settlement and peace in an international format, but based on the norms and principles of international law, especially the rights of peoples to equality and self-determination, non-use of force and

the threat of force, peaceful settlement of disputes and principles of territorial integrity. We do not pose any threat to Azerbaijan, but, on the other hand, the people of Artsakh have the right to self-defense, and the Republic of Artsakh has the obligation to protect its own people. Despite the constant threats from Azerbaijan, I am sure that the creation of a peaceful and dignified environment and the end of centuries-old enmity stem from the interests

and aspirations of our peoples,” he added.

He also address all actors of the international community, and especially the UN Security Council, to ensure the proper implementation of the UN International Court of Justice decision of February 22, 2023, as well as to guarantee the security of the people of Artsakh by using the necessary tools, in accordance with the principles and goals of the United Nations.

We are trying to return Nagorno Karabakh to negotiation table, dialogue with Baku – MP



The interests of the Armenians of Nagorno Karabakh must be represented by the Armenians of Nagorno Karabakh themselves, through a Baku-Stepanakert dialogue under the auspices of an international mechanism, ruling Civil Contract party lawmaker Artur Hovhannisyan said

at a press briefing when asked who should represent the interests of the Armenians in Nagorno Karabakh.

“The interests of the Armenians of Nagorno Karabakh must be represented by Armenians of Nagorno Karabakh themselves, through a Baku-Stepanakert format, under the auspices of international mechanisms. Armenia is now guided by the preservation of sovereignty over its 29,800 square kilometers territory and exercising the rights and security of the Armenians living in Nagorno Karabakh,” Hovhannisyan said.

The process must take place through dialogue between Baku and Stepanakert

under international guarantees, the MP said.

“The Nagorno Karabakh conflict deepened after Robert Kocharyan left Nagorno Karabakh out of the negotiations process. We are now trying to return the representatives of Artsakh [Nagorno Karabakh] to the negotiation table and dialogue with Baku, where they will be able to exercise their rights the way they picture it,” Hovhannisyan said.

Hovhannisyan added that authorities of Armenia maintain permanent contact with their counterparts in Nagorno Karabakh and that the latter are aware of the details on the negotiation process.

Two Armenian servicemen abducted: Defense Ministry refutes Azerbaijani reports on subversive infiltration attempt

Two Armenian servicemen have been kidnapped by the Azerbaijani side, the Armenian Ministry of Defense says.

According to the Ministry, the rear supply vehicle driven by the servicemen, who went missing on May 26, at 9 pm, was found on the inter-positional road. The car was loaded with food and water intended for the combat bases.

The Armenian side refutes reports of the Azerbaijani border guard service

claiming that two Armenian soldiers were arrested while attempting a subversive infiltration, noting that the Armenian side has enough evidence to deny it, and it will be presented to international partners

The weapon of one of the servicemen was found in the car, which proves that even if the servicemen got out of the car and lost their way in the area, the servicemen could not have had subversive intentions, the Ministry says.

Investigation in under way to reveal the circumstances of the illegal abduction of Armenian servicemen by Azerbaijan.



A BOOM BORROWED AGAINST THE FUTURE?

THE PUZZLING EVIDENCE AND LONG-TERM COSTS OF RESIDENTIAL CONSTRUCTION IN ARMENIA

DOI: [10.21744/nt.2022.A.2](https://doi.org/10.21744/nt.2022.A.2)

Keywords: mortgage loans, government subsidy, explicit liability, construction multiplier, social priorities

While the residential construction boom driven by government-supported borrowings in Yerevan causes no doubt, it is hardly evident in economic figures: the construction sector is continuously declining in GDP. In this paper, this inconsistency is explained by 3 key shifts that have happened during the last decade – from private houses to residential complexes, from bigger to smaller houses, and from more expensive to cheaper construction. But even in this case, the long-term costs of supporting the sector expressed in government explicit liabilities are very high (can reach 8% of GDP by 2025), which makes the sector overvalued from an economic perspective. This means, that the priorities should be carefully reconsidered based on a cost-benefit analysis, and possibly give a more important role to social or other targets.

The residential construction boom in Yerevan is obvious. According to some estimates, 173 residential complexes are being built in Yerevan currently¹. For comparison, from 2004 to 2009 (well-known years of the construction boom), according to Armstat, only 97 residential complexes were built by construction companies.

The construction boom is noticeable also by other indicators. Construction permits in Yerevan were almost two times higher during the last years compared to average figures of 2014–2018. But the most significant rise has been in

¹ <https://www.holy-media.festory.com/infographic/173-residential-complexes-are-being-built-in-yerevan/>

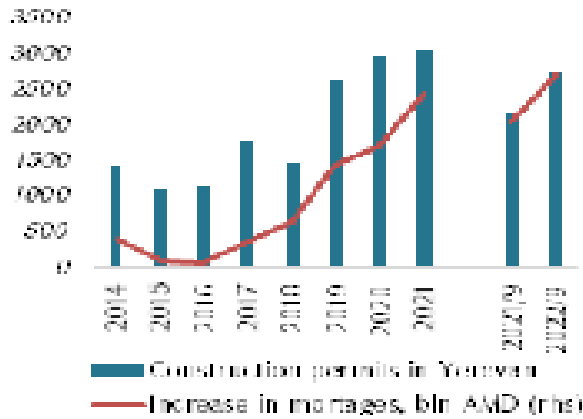


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PhD in Economics

Narek Karapetyan earned ASUE Master's degree in Macroeconomic analysis in 2019 and started his PhD studies at the Chair of Finance, finishing it in 2022. He has been working at Amberg Research Center as a researcher and expert since 2016, and at the RA Ministry of Finance as an economist since 2017. He was a research intern at the International Monetary Fund from June to August, 2021. Narek now delivers lectures at the Chair's of Finance and Macroeconomics at ASUE.

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Source: *Banking Activity and the RA Central Bank*.

CHART 1

Mortgages in the loan portfolio

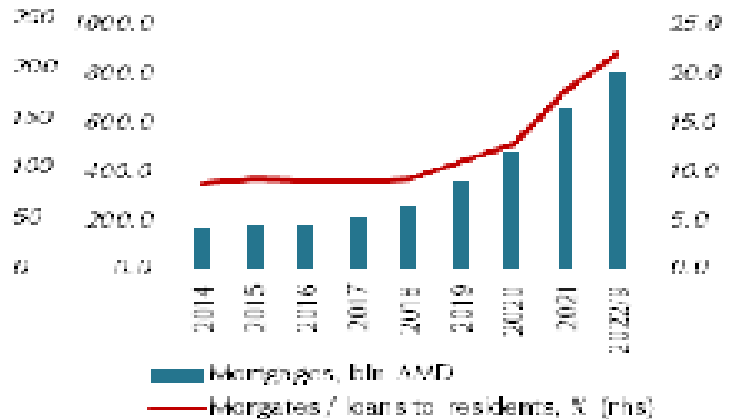


CHART 2

Construction permits and new mortgage loans

mortgage loans: the mortgage loan portfolio in September 2022 is almost 5 times higher than the level of 2014, and its share in the banking system loan portfolio reached 22% from 9% in 2014.

No doubt, that the new boom is driven by significant government subsidies to homebuyers for mortgages². This means, that the level of indebtedness is rising not only for the homebuyers but also for the government, which should compensate a significant part of mortgage interest payments in the future.

This story of a borrowed construction boom seems consistent by now: a booming sector by the cost of increased leverage for the households and explicit liabilities for the government.

But will it continue to be consistent, when we analyze the macroeconomic picture? In 2021 the construction sector accounted for only 6.5% of GDP, while it made up 25.3% in 2008. Moreover, even before large subsidies by the government, the share of construction in GDP was higher – 9.3% of GDP in 2014, and has been continuously decreasing in the last decade.

The simplest implication from this pattern can be, that even with the large flows of borrowed and subsidized money, the trend

of plummeting in the construction sector was irreversible. But what if there were structural changes in the sector, and what will be the picture in that case? And, finally, what are the costs, and what are the benefits of the government support?

In the first part of the paper, we discuss the structural changes in the sector and continue with cost-benefit analysis in the second part focusing on the long-term costs.

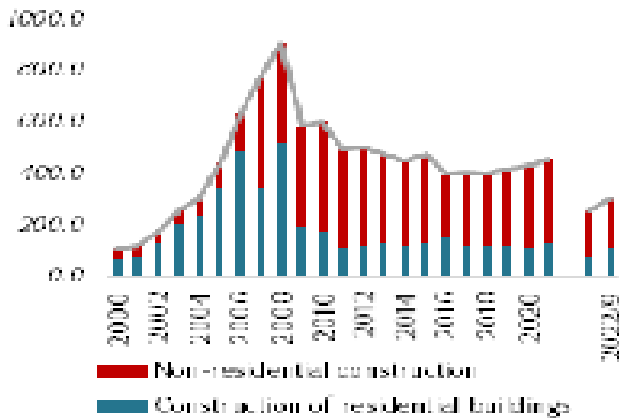
**“Shifting while plummeting”:
the three key structural changes**

The construction sector has many components, and residential construction is one of them (and, actually, a smaller one). The other major components are road construction, construction of industrial buildings, etc.

If the hypothesis on structural change is valid, we should notice an increase in residential construction and a bigger decline in others. But as chart 3 demonstrates, the structure of the sector didn't significantly change: although non-residential construction has declined and residential construction grew moderately starting from 2014, the growth of the latter was not even offsetting inflation (chart 3).

² Particularly, in this article as a government subsidy we discuss the income tax rebate by the amount of interest paid for a mortgage loan on houses bought in a primary market (from a construction company). The program started in 2010, and will be active in Yerevan till 2020 (although the municipalities will need to get the tax return during the whole life of the loans, after which it will be applicable only in Yerevan).

p



Source: Armenia Municipality and the RA Central Bank.

CHART 3

Construction in Armenia, by AMD

The picture is almost the same while analyzing residential construction by area. If during 2003-2008 in Yerevan 1.8 mln m² residential area was constructed, during 2015-2021 constructed area was only half of it – 0.9 mln m² (chart 4).

The bottom line is – the residential construction has actually declined. But to understand the picture by its details, we need to go to the structure of residential construction, too.

The first is geographical structure – by Yerevan and the Marzes (provinces). As

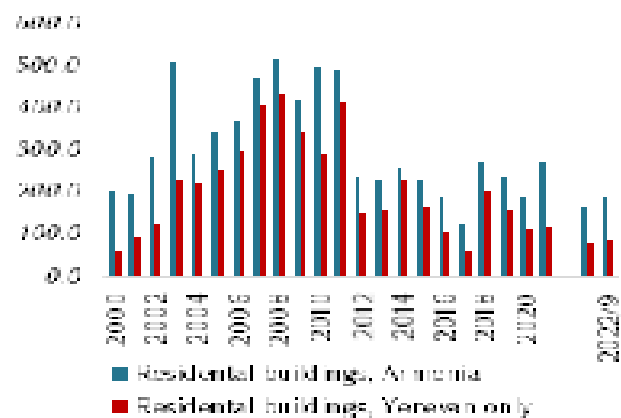
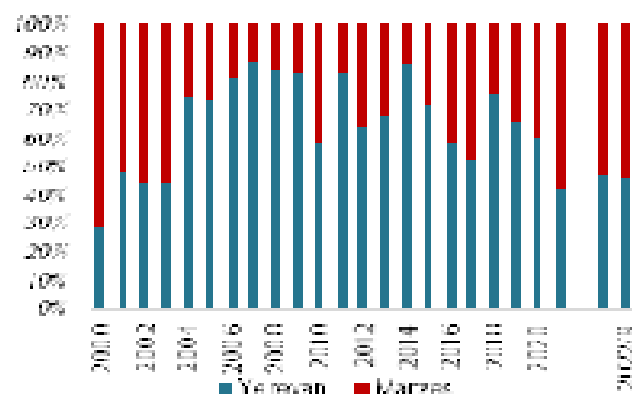


CHART 4

Residential construction, thousand m²

Chart 5 demonstrates, during the last decade residential construction partly shifted to Marzes. While the volume of residential construction in Yerevan is almost 4 times lower compared to 2008, in Marzes it is 2 times higher. As a result, the share of Yerevan declined from 84% in 2008 to 43% in 2021.⁸

Another important criterion is the source of financing. Residential construction financed by organizations is more typical to residential complexes, while construction financed by individuals is common for



Source: Armenia Municipality and the RA Central Bank.

CHART 5

Construction in Armenia, by AMD

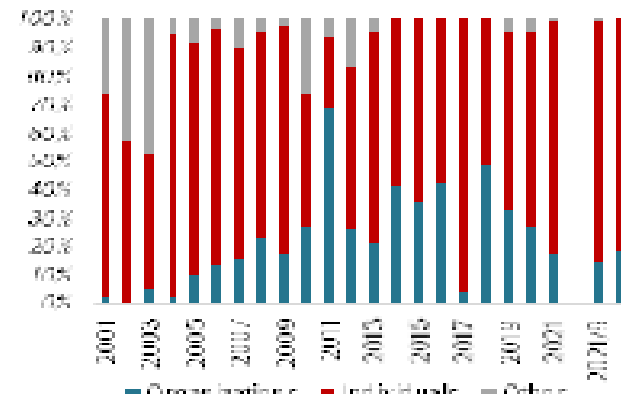


CHART 6

Residential construction, thousand m²

⁸ The growth of residential construction in Marzes was partly to be explained by “trickle effect” – new construction pour through.

To be continued

Missing, produced by Natalie Qasabian and Sev Ohanian, is number one film on Netflix

Missing, produced by Natalie Qasabian and Sev Ohanian, is the number one film on Netflix, the *Armenian Film Society* reports.

The film released on Netflix on May 20 and jumped to the number one spot in just several days, beating the likes of Jennifer Lopez's *The Mother* and Tom Hanks' *A Man Named Otto*.

The film released on Netflix on May 20 and jumped to the number one spot in just



several days, beating the likes of Jennifer

Lopez's *The Mother* and Tom Hanks' *A Man Named Otto*. *The Mother* had been at the top of the charts since its release on May 12 and was streamed by nearly 3 million US households in its first two days.

Missing was released in theaters in January and has grossed over \$45 million on a budget of only \$7 million. The film is Certified Fresh on Rotten Tomatoes with an audience score of 90%.

MY.GAMES: Dutch video game developer opens new office in Armenia



MY.GAMES, a leading international video game developer and publisher headquartered in Amsterdam, has announced the opening of a new office in Armenia.

"Today we're cracking open a new

location: Yerevan, Armenia! It's the latest addition to our hub map that already includes the Netherlands, Cyprus, Georgia, Turkey, and the UAE. Hooray to global growth and thrilling beginnings," the company said in a Facebook post.

The company develops games for mobile, PC, and console platforms. *War Robots*, *Hustle Castle*, *Rush Royale*, *Left to Survive*, and many other games are produced by MY.GAMES. The company unites over a dozen development studios, and a

strong team of specialists working together from across the globe.

MY.GAMES already has headquarters in Amsterdam and regional hubs in Cyprus, Georgia, Turkey, and UAE. Since 2020, more than 90% of MY.GAMES staff have been working remotely globally, and the company also remains committed to supporting employees by opening more regional hubs where they can meet and collaborate.

Yerevan Wine Days 2023 to feature broader program

Yerevan Wine Days, one of the most popular festivals in Armenia, will take place June 2-4 in downtown Yerevan, featuring 72 winemakers who will be offering their products to visitors.

This year, the festival will have a broader program, organizers said.

"We've expanded the venue, added more pavilions, updated the programs," EventToura co-founder and Creative Director Nune Manukyan said at a press conference.

The event will feature gastro-shows, live music and much more.

The Yerevan Wine Days 2023 will be the 7th edition of the festival.



The idea behind organizing the festival was to promote wine tourism and Armenia as a top winemaking country with history.

Winemaking is growing rapidly in Armenia, according to experts.

In 2018, there were 25 winemaking

companies in Armenia, whereas now the number is over 150, according to Vine and Wine Foundation of Armenia Director Zaruhi Muradyan.

The festival will be held for three days in a row – June 2, 3 and 4, at the Moskovyan-Saryan-Tumanyan streets section.



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