

## “Here Is Not Maidan, Here is Marshal Baghramian”

### THE “ELECTRIC YEREVAN” PROTEST MOVEMENT AND ITS CONSEQUENCES

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Last summer, anger about electricity rate increases revealed the Armenian public’s pent-up dissatisfaction on a range of issues, including the government’s willingness to allow Russia to continue controlling the country’s economy. Underlying the so-called “Electric Yerevan” street protests was a civic desire to have a say in how the country is run.

While the protest movement soon receded, it appeared to have some impact. At first, the government responded to the people’s demands by agreeing to subsidize the hike from the state budget. However, the fact that the government was powerless to retain lower unsubsidized prices reinforced the poor condition of the country’s energy sector, as well as Armenia’s overall economic subservience to Russian interests (in this case Inter RAO UES, which owned the Electric Networks of Armenia, or ENA, since 2006).

In the end, an intriguing compromise took shape. RAO UES initiated the sale of ENA to a new owner—another Russian company, the Tashir Group, but one owned by Armenian-born billionaire Samvel Karapetyan. Together, Tashir and the government of Armenia agreed to jointly subsidize the rate increase for most of the population, as well as small businesses. This development appears to be a good solution for now, since Karapetyan is not only a successful businessman but a philanthropist that has retained close links to Armenia and is respected by the Armenian public. The real impact of this move, however, will only become clear over time.

#### **The “Electric Yerevan” Movement**

While Armenians entered independence with one of the strongest civic protest movements seen in the USSR, the number of such movements dwindled by the 2000s. The 2015 “Electric Yerevan” outburst was thus a landmark moment. The widespread

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activism contained a decade's worth of frustrations about civil rights and social justice. At the same time, the movement contained two undercurrents from previous smaller movements, against price hikes on shuttle buses (*marshrutkas*), which basically function as public transportation, and a new mandatory pension savings system, which hit young adults particularly hard.

During "Electric Yerevan" – named as such by the Western media but usually called "No Robbery" in Armenia – protesters grouped in two places: Liberty Square (the birthplace of the Karabakh movement) and on Marshal Baghramian Avenue, the city's main thoroughfare. Demonstrations were unsanctioned but peaceful.

The movement was populated by a wide segment of society, from young to old, though it was young adults, many born after the emergence of Armenia's 1988 protest movement, that provided the initiative. Anyone visiting the protest sites would see that most participants were between the ages of 17 and 35 and from Armenia's emerging middle class: IT professionals, marketing managers, students, entrepreneurs, and NGO activists. These people had salaries that could cover the price hikes, but their actions were about more than that. The movement was about how the country is run, about accountability, justice, dignity, and democracy. Radical voices were muted, which maximized the engagement of ordinary citizens, and it was apolitical; hardly any political parties provided organizational involvement, despite the participation of their members. The people's unity produced an electrifying energy.

When the protests began, authorities hoped to quickly end them by finding "leaders" to negotiate with. However, the protesters refused the idea of "clandestine" negotiations. The government then tried several other strategies. The first involved releasing antiradical, counter-revolutionary propaganda. Questionable "news" items appeared about a group of radicals gathered in Yerevan demanding things like "the return of liberated territories to Azerbaijan." The second approach was to send out "agents in disguise" among the protesters to instigate violence, in particular to storm the presidential palace, which would then be reason for forceful suppression. Both strategies failed.

The authorities decided to use force nonetheless, and on the morning of June 23 riot police moved in on the crowd with water cannons. About 25 people were taken to the hospital as a result and 237 people were arrested, an unprecedented number in Yerevan's history. By the end of the day, the crowd had swelled to an estimated 15,000 people. They erected barricades to protect themselves from the police.

The actions of the authorities helped galvanize the movement for a time. It spread to other cities, Gyumri, Vanadzor, Martuni, Spitak, and Ashtarak, and even to neighboring Georgia and other places with Armenian communities.

## The Demands of “Electric Yerevan”

The protesters had simple demands: annul electricity tariff increases, carefully review the utility rate structure (was someone skimming off the top?), and punish police officers who had been unnecessarily violent, together with those who gave the order.

Over the last few decades, key sectors of the Armenian economy were farmed out to foreign investors, mostly Russian companies. Armenia’s energy sector became almost completely owned and managed by them.

The Electric Networks of Armenia (ENA) holds an exclusive license to distribute electricity in Armenia. ENA was founded in 2002 as a result of a merger of four state companies. In 2006, it was purchased by Inter RAO UES, headquartered in Moscow. ENA serves about 935,000 customers in Armenia and distributes electricity at tariffs approved by Armenia’s Public Services Regulatory Commission. The Commission’s approval of a price hike in June was the fourth of its kind since the company’s establishment and the third since 2009.

Yevgeny Bibin, ENA’s Russian general manager at the time, attempted to justify the price hike by pointing out that the company had low profits and huge debt, resulting in overall losses. Bibin blamed the Armenian government for ignoring problems put forward by ENA over the past few years and for not carrying out impartial market reforms of the sector.

Indeed, an independent audit of the company’s 2013 finances showed that ENA’s losses amounted to approximately \$94 million and that ENA was on the brink of bankruptcy. A 2013 World Bank [report](#) stated that the power sector in Armenia was not in good financial shape and that even raising tariffs would not be sufficient to cover increasing costs. The report pointed to the deepening gap between electricity supply and demand, and called for new electricity-generating capacity, a reduction in energy “bleed,” and improvements in tariff structures.

Studies revealed a large difference between the price at which ENA buys electricity and at which it was sold to the public. Furthermore, the price of electricity that the public pays is twice higher in Armenia than in Russia, even though Armenia is a producer of nuclear energy and hydropower. Armenia’s Deputy Minister of Energy Areg Galstyan [said](#) that the country’s sole nuclear power plant covers about 40 percent of the country’s electricity generation and sells power to ENA for 5.73 AMD per kWh, while ENA sells it to the public for 41.85 AMD per kWh. A Transparency International [report](#) claims that since 2011, ENA had included a budgetary expense of 450 million AMD (\$952,078) for “luxury car rental fees.” Publications by international organizations, media investigations, and reports by RAO UES itself pointed to considerable corruption and mismanagement within ENA.

## **Maidan? No: Marshal Baghramian**

Even though the June 2015 price hike amounted to only about \$.015 (1.5 cent) per kWh, at the heart of the matter stood a wider entrenched sense of mistrust in the government and negative attitudes toward corruption, mismanagement, injustice, and the loss of state sovereignty vis-a-vis Russia.

When the government announced halfway through the protests that they would do an independent utility audit without saying by whom or when, the crowd just became more irate. Protesters talked about how Bibin, the head of ENA, constructed an Armenian church close to the prime minister's home and that such a "coincidence" was highly unlikely. They were angry at Armenia's homegrown officials who did not appear to have Armenian interests at heart. They vented about other concessions to Russia concerning the Iran-Armenia pipeline and natural gas distribution schemes, as well as how Russian companies kept pressing Armenian authorities in neo-colonial ways.

Protestors were also irritated that the Russian media was labeling their purely domestic protest as a Western-funded fifth column bent on creating another "Maidan" in Russia's backyard. After all, many Armenian citizens hold favorable views of Russia. Already in the first days of the movement, there was "talk" about "another color revolution paid for by United States" and that Facebook and Twitter were inspiring some kind of "Yere-Maidan." In response to these accusations, protestors began to chant, "We are not Maidan, we are Marshal Baghramian."

The issue was not so much that protestors saw their movement as having fundamentally different goals as the Euromaidan (though they did play up the latter's geopolitical angle). Rather, they took offense at the notion that their protest was just an attempt to imitate what had occurred in Ukraine (and, as Russian media would have it, artificially engineered). Instead, protestors emphasized Armenians' own rich protest culture, dating back to the Karabakh movement of a quarter century ago.

One colorful example of this is the way in which some (namely in the Russian media, as well as some others critical of the movement) pointed to the distribution of food to protestors as proof that the protests were derivative of events in Ukraine, where U.S. official Victoria Nuland had handed out snacks. Levon Abrahamian, a prominent Armenian expert on protest movements, recalled how back in 1988 Mikhail Gorbachev himself had pointed to the sharing of food in Yerevan as a sinister sign of the involvement of the "dark forces of the shadow economy" in the protests. "People were just united by those democratic ideas and the awareness of doing something together," Abrahamian said, "So we had those universal signs of social solidarity back in 1988 and now during Electric Yerevan we handed out apricots – so what?"

## How It Ended

At the end of June, President Serzh Sargsyan said that an international consulting firm would audit ENA and that citizens would be involved in discussions about any price changes. The public was not appeased; they wanted the price hikes called off. Sargsyan then said that the government would subsidize the increases so that citizens would not have to pay it. With their core demand met, the protests ebbed. However, this was a concession in disguise. The money would now come indirectly from taxes paid by the people, which only added to popular cynicism.

In the end, however, a more refined solution emerged. The independent audit of ENA (by Deloitte and Touche) concluded that the electricity tariff increase was in fact warranted. Nonetheless, the government approved the sale of ENA from RAO UES to the Tashir Group, notably run by Samvel Karapetyan, a Russia-based Armenian billionaire, who is far more trusted than Bibin and is seen as an oligarch who did not become successful through “dirty games.” The Armenian government and the Tashir Group then announced that they would jointly subsidize the difference between the previous and current electricity prices for households and small businesses, but only until July 31, 2016, and only up to a certain amount (those who exceed the limit will pay the new price on their entire bill). How events now unfold depends on the managerial skills of Karapetyan and whether he will make the investments needed to truly resolve Armenia’s energy sector problems.