

OSW REPORT

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THE GORDIAN KNOT OF THE CAUCASUS

THE CONFLICT OVER NAGORNO-KARABAKH

Wojciech Górecki

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THE CONFLICT OVER
NAGORNO-KARABAKH

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KEY POINTS

- The conflict over the state affiliation of Nagorno-Karabakh, which has been ongoing since 1987 (and led to full-scale war in 1992–94) has determined Armenia and Azerbaijan’s post-Soviet history. It remains the greatest security challenge for both states, and still has a serious impact on their entire foreign and domestic policies. In both states the conflict has brought political elites to power who in the case of Armenia ruled the state until 2018, and in the case of Azerbaijan are still in power, and who have pre-determined the homogenous nature of both Azerbaijan’s and Armenia’s societies. This latter is a result of mass expulsions and forced migrations, as well as intensive propaganda presented by both governments, who have exploited the struggle for Nagorno-Karabakh in their state-building narratives and have deliberately cultivated the images of their mutual enemy.
- To a great extent, the Nagorno-Karabakh conflict has also shaped today’s map of the South Caucasus, contributing to the establishment and existence of the unrecognised Nagorno-Karabakh Republic, as well as determining the network of regional alliances (Armenia with Russia and Azerbaijan with Turkey) and the course of transport and communication routes, including oil and gas pipelines. The conflict has also had an impact on a third country in the region, namely Georgia, which has *de facto* become a beneficiary of it (the country is now the main ‘window to the world’ for Armenia and a link between Azerbaijan and Turkey) – and at the same time, its hostage.
- For Russia, the Nagorno-Karabakh conflict has been the most important instrument for maintaining its influence in the region. In the early phase, Moscow supported Azerbaijan, defending the Soviet *status quo* and trying to prevent the collapse of the Soviet Union. Later it backed Armenia, in order to prevent Azerbaijan from getting closer to Western states and institutions, as well as to stop Turkey’s expansion into the region. Since the 1994 ceasefire, Russia has taken on the role of mediator and intermediary, a very important one from the beginning, and at times the most important of all. The Kremlin’s good relations with both Yerevan and Baku, together with the political, military, economic and soft power instruments that it has at its disposal, allow Russia to push through any solutions that are to its benefit. In 2013 Moscow effectively forced Armenia to withdraw from signing the Association Agreement with the European Union (most likely by threatening Yerevan with the removal of its informal protective umbrella over Nagorno-Karabakh), while in 2016 it prompted both parties to the conflict

to stop intensive fighting (the 'four-day war'). Nonetheless, Moscow has not managed to settle the conflict single-handed and bring its peacekeeping forces to Nagorno-Karabakh.

- The West has practically accepted Russia's dominant position in the region and its activities in the conflict zone, especially because Moscow generally operates there as one of the co-chairs of the OSCE Minsk Group (the body responsible for the Nagorno-Karabakh peace process, whose co-chairs include France and the United States). After the collapse of the Soviet Union, the South Caucasus became an area of rivalry between Moscow (which wants to control it) and Washington (which supports the former Soviet republics' independence and has been pushing the development of a new network of oil and gas pipelines). For the moment, the West's aspirations have been reduced, and its focus is now more on the region's stability as well as the prevention of any further escalation of the conflict.
- The international attention paid to the Nagorno-Karabakh conflict has also decreased since the successful implementation of regional energy projects, which took place despite the lack of progress in resolving the conflict. However, the conflict still remains quite an important political issue for this part of the world. With its proximity to hot spots and important theatres of war (Syria and the wider Middle East), its shared neighbourhood with Russia (the North Caucasus area) and other regional conflict zones (the para-states of Abkhazia and South Ossetia), not to mention Iran and Turkey and the nearby important transport corridors, it is possible that if military activity in Nagorno-Karabakh resumes, this would lead to a crisis on a scale beyond the region's boundaries.
- Nagorno-Karabakh has never been a 'frozen' conflict, even though in the first years after the 1994 ceasefire its intensity was low. Yet, tensions gradually escalated after 2003, reaching their peak in 2016 (the 'four-day war' of that time showed that the threat of resumed military action still remains, especially as there are no peacekeeping forces to separate the two sides from each other). Thus, the current situation can be described as 'stable instability' or a 'hot cold war'. Both sides accuse one another of 20-30 ceasefire violations daily (shelling enemy positions), and there are regular fatalities. At the same time, neither Baku nor Yerevan want a new war, as that would entail a great risk of failure, which could in turn threaten the ruling elites with losing power.

- At the moment, neither side has the capabilities to militarily resolve the conflict to its advantage. Thus, at least for now, their military potential is of less significance than the political considerations. We should assume that Russia would not allow Armenia to fail, while Turkey could react to any existential threat to Azerbaijan. In addition, despite Azerbaijan's growing military potential, the difference in the military capacity between the two states is not so large as to guarantee a victory for Baku.
- It appears that at the moment there is no chance of either a comprehensive or a partial resolution to the conflict (that is, one which does not cover the question of Nagorno-Karabakh's final legal status, which is the main point of contention). The settlement of this dispute is impeded on the one hand by a complete lack of trust between Baku and Yerevan, and their shared interest in maintaining the *status quo* (since they cannot reach a solution that would satisfy them) on the other. At the moment, the *status quo* is also favourable to Russia, which sells weapons to both sides, among other things.
- Arguably, the main success of the peace process is that the ceasefire in Nagorno-Karabakh has now lasted more than 25 years (even though it has regularly been violated). To the credit of the OSCE Minsk Group, the overall rules of conflict settlement have been formulated and accepted by both Baku and Yerevan, although both sides vary in their interpretations of issues such as the inviolability of state borders and the right of peoples to self-determination, which in practice prevents (or at least significantly hinders) them from reaching an agreement.
- Unless there are some changes in the domestic situation (a deep crisis in Armenia and/or Azerbaijan, a conflict between Yerevan and Stepanakert) or the external context (a weaker Russia, simultaneously with the emergence of a different strong player or a war in the neighbourhood of the Caucasus), we should expect the current situation in the Nagorno-Karabakh conflict zone and the existing state of limbo to remain fundamentally unchanged.

INTRODUCTION

The conflict between Armenia and Azerbaijan (and the Armenians and the Azerbaijanis) over Nagorno-Karabakh is multi-level and multi-dimensional. Its different levels – bilateral, regional and international – have the following dimensions: political (including military), economic (especially transport and energy) and social. In addition to the significant number of actors involved, this conflict is also characterised by the high degree to which the peace process accompanying it has been institutionalised.

The current state of the conflict results from its long and rich history. It started in 1987, thereby remaining the oldest unresolved conflict in the post-Soviet space. At the turn of the 1990s, it became a catalyst for the collapse of the USSR and the process by which the then Soviet republics gained their independence. The conflict has played a key role in shaping today's Armenia and Azerbaijan, their domestic and foreign policies, and even their identities; it has been responsible for the unprecedented ethnic and cultural homogenisation of both states. The conflict has also left a mark on the whole region, disrupting its internal cohesion and creating new networks of political, economic and social connections.

From the very beginning, external actors have been involved in the conflict. This is true especially in regards to Russia, which in the time of regular fighting was offering military support to both sides, and later became the most important and indispensable intermediary (even today, the conflict remains the most important strategic instrument for Russia in the South Caucasus). However, in the first years after the Soviet Union's collapse, other regional powers (Iran and Turkey), which at that time were growing in strength and ambition, were also very active in the region. At least until the turn of this century, the West too, and especially the United States, was an important player in the region. At that time it was widely believed that a possible resumption of military action – and such a scenario was deemed highly likely in the medium-term perspective – could destabilise the region (and beyond), and generate problems with what was known as 'soft security', including massive migrations (for example, in the first half of the 1990s from 50,000 to 80,000 refugees, mainly Armenian, arrived in Poland alone from the South Caucasus). However, as each year passed this risk of such a scenario shrank, while the conflict was recognised more and more often as effectively 'frozen'. This did not fully correspond with the truth, though, as military incidents were recorded in the

region the whole time, and since 2003 there has been a steady increase in the escalation of tensions.

Yet with time the Nagorno-Karabakh conflict gradually receded into the background as it was overshadowed by new events and processes. In the Caucasus, these included the launch of new, alternative transportation routes (2005-06) and the Russian-Georgian war (2008). In the wider post-Soviet space, these were Russia's annexation of Crimea and the outbreak of war in the Donbas (2014), while in the Middle East the worsening crises after 2003 included the wars in Iraq and Syria, as well as the Arab Spring. On the global scale, in turn, there was the unprecedented migration crisis (2015) and – more broadly – deep changes and political, economic and cultural turbulences. As a result, not only Nagorno-Karabakh but the whole of the Caucasus ceased to be a priority for the actors who had traditionally been involved in the region. This, in addition to the stagnant peace process mechanisms, influenced the wider perception of the conflict's relative stability. At the same time, the conflict continued to play a crucial role in the politics of both Baku and Yerevan, as well as the Kremlin's regional policy; while the complex system of co-dependencies has generated numerous risks of existential importance to both Armenia and Azerbaijan. The outbreak of armed clashes in 2016 – which was the most intense since the 1994 ceasefire – demonstrated that the threat of a new war remains real, even though the main actors in this conflict are more interested in maintaining the *status quo*.

This report is envisioned as a concise compendium of the conflict in the 30-plus years since its outbreak and the period of over 25 years since the ceasefire. The aim of this publication is to describe the characteristics of the current situation and the significance of the conflict for its individual actors, as well as to outline a map of their contemporary interests. Unavoidably, the text includes numerous historical references (with additional information provided in Appendix 1) which seem important in the context of the generational change among the experts and politicians dealing with this issue. The main focus of Chapter One is the subject matter of the Nagorno-Karabakh conflict and its nature. Chapter Two presents the positions of Baku and Yerevan, while Chapter Three – the longest in this report – analyses the impact that the conflict has had on both states and its place in the policies of the other states in the region and in the more distant neighbourhood. Chapter Four is a summary of the whole report and an attempt to outline a prognosis for the future. The Appendices included in the end are an integral part of the publication.

The above-mentioned Appendix 1 summarises the conflict's history (1987–2020), while Appendix 2 discusses the peace process (its formats, organisational framework, main initiatives and proposals, as well as the elements of conflict resolution currently under discussion). Appendix 3 concentrates on the military dimension of the conflict (including the military potentials of Azerbaijan, Armenia and the unrecognised Nagorno-Karabakh Republic), while Appendix 4 deals with the Nakhchivan Autonomous Republic which belongs to Azerbaijan. The report is completed by a list of abbreviations and a map.

I. THE NATURE OF THE CONFLICT AND THE PARTIES INVOLVED

The subject of the conflict that has been going on for more than 30 years now¹ is the state affiliation of Nagorno-Karabakh, a territory located in the South-east parts of the Lesser Caucasus,² as well as the adjacent territories occupied by Armenian forces. The *de facto* rule over the area is exercised by the so-called Nagorno-Karabakh Republic (NKR), a para-state supported by Armenia but internationally unrecognised (even by Yerevan).³ Formally – in accordance with international law – all these disputed territories are as a whole part of Azerbaijan. The main city in this area, and the para-state's *de facto* capital, is Stepanakert (known in the Azerbaijani language as Khankendi⁴). In the background there also lies a dispute over the future ethnic composition of these lands.

During the Soviet period, the disputed area belonged to the Azerbaijan Soviet Socialist Republic: Nagorno-Karabakh itself was an autonomous oblast (NKAO⁵) while the remaining territories were a direct part of the republic. Armenian forces took control over this area (with the exception of some northern and eastern parts of the former NKAO) as a result of military activities during the early 1990s.⁶ Even though the current conflict affects the whole of these territories, the area controlled by the Nagorno-Karabakh Republic is in fact

¹ The conflict developed gradually. 1987 should be seen as the start date, when the first Azerbaijani-Armenian clashes occurred. Over the following years tensions escalated, gradually moving into the armed phase. A full-scale war was fought in 1992–94, which ended with a truce agreement; this is still in force today (February 2020), although both sides violate it regularly (see Appendix 1).

² Nagorno-Karabakh (in Azerbaijani: Dağlıq Qarabağ, in Russian: Нагорный Карабах), called Artsakh by the Armenians, is the western part of historical Karabakh. Its eastern section, Lower Karabakh, is a non-autonomous part of Azerbaijan; it is ethnically Azerbaijani and does not form part of the dispute.

³ The independence of the NKR is recognised by Abkhazia and South Ossetia (which are, in turn, solely recognised only by the Russian Federation and a few other states), and by Transnistria, a para-state unrecognised by any other state.

⁴ Azerbaijani spelling: Xankəndi.

⁵ NKAO: the Nagorno-Karabakh Autonomous Oblast (in Russian: Нагорно-Карабахская автономная область).

⁶ The former NKAO was dominated by the Armenian population, with the exception of the city of Shusha (in Armenian: Shushi) and the Shusha district (*raion*). The remaining parts of the disputed area were dominated by Azerbaijanis. For clarity of argumentation, the term Nagorno-Karabakh is here mainly used to refer to the whole territory, i.e. the former NKAO (without the earlier mentioned small parts that are under Baku's control; although the Armenians claim their rights to them, this issue goes beyond the scope of this paper) and the neighbouring areas controlled by Armenians. To distinguish them, as they are a part of non-autonomous Azerbaijan, the term 'occupied territories' will be used (in quotation marks, because for Baku everything taken over by Armenia is occupied territory). The name of the Nagorno-Karabakh Republic (a para-state) will be used when the activities of the non-recognised separatist authorities are discussed.

divided into two parts: the former NKAO and the 'occupied territories'. In the latter, a special place is assigned to two so-called corridors (land strips with roads) which connect Nagorno-Karabakh with Armenia, Lachin and Kalbajar. They are of key importance for the para-state's security – it is through them that it receives all supplies, including arms – and the Armenian side has ruled out even the possibility of returning them. In regards to the other 'occupied territories', the Armenians have not on principle excluded returning them to Azerbaijan in exchange for security guarantees for Nagorno-Karabakh itself, in line with the 'land for peace' formula.

The Nagorno-Karabakh conflict should be first and foremost defined as an **Armenian-Azerbaijani conflict**, because it is being waged by two equal subjects, Armenia and Azerbaijan, which have been independent states since 1991, and which had previously been union republics of the USSR. The separatist Nagorno-Karabakh Republic is, in practice, a branch of the Armenian state and depends on it politically, militarily, economically and socially. This situation is reflected in the format of the peace talks which are being conducted (with the help of intermediaries) by the leaders of Armenia and Azerbaijan (the Nagorno-Karabakh Republic is not regarded as a party to the peace process, where it is represented by Yerevan). The para-state's residents use Armenia's passports to travel abroad, have Armenian registration plates on their vehicles, while conscripts from Armenia may be sent to do their military service in Nagorno-Karabakh. At the same time, the para-state has some sense of difference and identity, which is reflected in its own political system (it is a presidential system, while Armenia has moved to a parliamentary one), its own presidential, parliamentary and local elections, and its own emblems and symbols (although the NKR flag is based on that of Armenia). It should be stressed that the para-state is closely bound to Armenia through interpersonal contacts, and has its own tools to informally influence the authorities in Yerevan. From 1997/98 to 2018, Armenia was ruled by the so-called Karabakh clan (a group of politicians whose roots lay in the old NKAO, who played a key role during the war with Azerbaijan and later assumed the highest offices in independent Armenia). They were also protecting their own political and business interests, and still hold significant assets and cash inflows today (February 2020), including Armenia's judiciary system and mass media.⁷

⁷ For more on removing the Karabakh clan from power and its conflict with the new elite in Armenia, see W. Górecki, 'A revolution in instalments. Whither Pashinyan's Armenia now?', *OSW Commentary*, no. 285, 10 September 2018, www.osw.waw.pl; W. Górecki, 'Armenia: nowa runda konfliktu politycznego', 22 May 2019, www.osw.waw.pl.

Nagorno-Karabakh Armenians are different from their compatriots in Armenia in terms of folklore and language (they speak their own dialect) and they also inevitably have a different historical memory (their homeland was affected by the 1992–94 war, and later by the four-day war in 2016). The complex relations between Yerevan and Stepanakert since the ‘velvet revolution’ of 2018 will be discussed in Chapter Three.

The Nagorno-Karabakh conflict, which is a bilateral dispute over the ownership of land, **is primarily a political conflict**, but another important catalyst was the aversion that both nations felt towards one another. This makes the **conflict also ethnic in nature**. In the early phase, it took the form of a secessionist rebellion by a province against the metropolis – even though the separatism of Nagorno-Karabakh was supported by Armenia’s public and government, and to a certain extent was even inspired by Armenia. The conflict also has a wider reach; it takes place between the Armenian and the Azerbaijani peoples (by involving Armenians not only from Armenia and Nagorno-Karabakh but also from the Armenian diaspora), as well as between Armenia and Turkey and the Armenian and Turkish peoples (this conflict directly affects relations between Yerevan and Ankara, and influences the relationships between the two peoples).⁸ Even though the majority of Armenians who hold religious beliefs consider themselves as Christians, and Azerbaijanis (and Turks) to be Muslims, **the conflict is not of a religious nature**, even though in the first phase of the military activity it was presented as such, and some interested parties, including Moscow, made attempts to play this card.⁹

The conflict’s social dimension is first and foremost related to the refugee issue, especially the question of the internally displaced persons (the Azerbaijanis who were expelled from the ‘occupied territories’, and to a lesser extent from the former NKAO). In addition, Azerbaijani inhabitants of Armenia and Armenian inhabitants of Azerbaijan underwent forced migrations. As a result of the conflict, the areas taken over by Armenian forces have in practice become ethnically homogenous. Thus, any change of the *status quo* must also mean a change in the ethnic composition and the situation of the local populations

⁸ Moreover, many Armenians when talking about the ‘Turks’, are referring not only to Turks from Turkey, but also to Azerbaijanis.

⁹ This opinion was also spread due to the support given to the Azerbaijani side by Chechen guerrilla fighters (estimated at between 100 to 400 in number) led by Shamil Basayev. Most likely they had already arrived in Nagorno-Karabakh by the end of 1991 and stayed there until the summer of 1992. After that Basayev went to Abkhazia where he supported the separatists fighting against the Georgian government forces (that conflict also did not become religious in nature).

(all the proposed resolutions to the conflict foresee the gradual return of internally displaced Azerbaijanis to the majority of the 'occupied territories' and the transfer of these territories to Baku's control, which might lead to new expulsions in the more distant future).

On the regional level, Russia has been and still remains the actor most involved in the conflict (in this report, the term 'region' refers to the South Caucasus and Russia, and more broadly the post-Soviet space). Prior to the Soviet Union's collapse, Moscow unequivocally supported Baku, while during the conflict's crucial military phase (1992-94) it supported Yerevan. In both instances, Russia's support corresponded to the Kremlin's interests at the time (this policy will be discussed in Chapter Three). During that period, then, Russia was both a participant in the conflict and at the same time a party undertaking efforts to make peace, or at least some kind of quasi-peace (see Appendices 1 and 2). Later, Russia took on the role of arbitrator (contributing to the cease-fire agreement) and intermediary (as one of the three co-chairs of the OSCE Minsk Group, in addition to France and the United States, which was established to resolve the conflict). Over time, Russia devised a position for itself as the most important and indispensable of the mediators. Regardless of the methods of activities and means it has used, which have changed with time, **Moscow's goal when involving itself in the conflict has always been to maintain control over the region**, including the local transportation routes. In addition, Moscow has used the conflict to develop its integration projects in the post-Soviet space (it forced Armenia to join the Eurasian Economic Union (EAEU) under threat of taking away its informal protective umbrella over the Nagorno-Karabakh Republic – see Chapter Three).

At the international level, which principally refers to the region's closest neighbours Iran and Turkey, and then the broadly understood West (especially the United States), the conflict was first regarded as the main obstacle to accessing the Caspian's oil and natural gas resources. There was a widespread conviction that the exploitation of these resources would be seriously impeded without peace in Nagorno-Karabakh, so the interested parties tried to influence the course of the conflict and the peace process. According to the then predominant paradigm (the 'end of history' thesis), the West was also supporting young statehoods in the name of spreading stability and democracy, as well as the final dismantling of the Soviet empire. For Ankara and Tehran, getting involved in the conflict as intermediaries and mediators was, in turn, an attempt at a 'return to the Caucasus' (after Russia had pushed them out of it in the nineteenth century) and rebuild their influence in the region.

In addition, Turkey had the ambition to create a bloc of Turkic-language states (which would include Azerbaijan), while Iran was trying to limit the US presence in its direct neighbourhood.

Since the launch of the Baku-Tbilisi-Ceyhan (BTC) oil pipeline and the Baku-Tbilisi-Erzurum (BTE) gas pipeline in the 2000s, and the change of priorities by the West and its gradual decrease of interest in the region, which coincided with an increase of Russia's ambitions and assertiveness (the war with Georgia in 2008) as well as the establishment of the current network of alliances (Armenia-Russia, Azerbaijan-Turkey), the international significance of the Nagorno-Karabakh conflict has in fact decreased. **Potentially, however, the Nagorno-Karabakh conflict is still - also at this level - an important political issue in this part of the world. The zone's proximity to important war theatres and hot spots (Syria and the broader Middle East) as well as its shared neighbourhood with Russia, Iran and Turkey and with important transport corridors (from East to West and North to South) means that a potential resumption of military activities in Nagorno-Karabakh would threaten to destabilise several states and cause a crisis that would go beyond the regional scale.**

When discussing Russia's activity in regards to the Nagorno-Karabakh conflict and the engagement of other players, as well as analysing aspects of this conflict such as its impact on oil and gas transportation or the post-Soviet integration processes, it seems justified to refer to the matter with the phrase **'the conflict around Nagorno-Karabakh'**.

II. FUNDAMENTAL DIFFERENCE IN POSITIONS

Over two decades ago, Professor Tadeusz Świątochowski, one of the most distinguished contemporary researchers of the Caucasus, stated that from its outset “the Nagorno-Karabakh conflict has been affected by the sphere of insolvable contradictions: geography versus demographics, the inviolability of borders versus peoples’ self-determination”.¹⁰ Indeed, until today both sides have interpreted these fundamental norms of international law in a contradictory way: the norm that is beneficial to their side is interpreted as narrowly as possible, while the one that is not beneficial is interpreted as broadly as possible.

Azerbaijan refers to the principle of territorial integrity of states and the inviolability of their borders. In Baku’s interpretation, this means that any settlement of the conflict needs to take into account the current, internationally recognised, shape of state borders (which coincide with the borders of the old union republics in the Soviet Union), and no changes in this regard can be made. In response, the Armenian side argues that Azerbaijan’s territorial integrity does not include the former NKAO, which actually proclaimed its independence from Baku before the collapse of the USSR. From the Armenian point of view, the fact that this decision was not recognised in either Baku or Moscow is of no essential significance. As the borders of the old union republics were of an administrative and not a national nature (apart from the external borders – as with Iran and Turkey), their final form, from Yerevan’s perspective, requires the interested parties to come to an agreement.¹¹

Armenia appeals to the principle of the right of peoples to self-determination. In Yerevan’s assessment the ‘nation of Nagorno-Karabakh’ expressed their will to separate from Azerbaijan in the referendum which took place on 10 December 1991 and which confirmed the earlier decision by the NKAO authorities, thereby putting an end to Baku’s jurisdiction over the former autonomous oblast. This view is not shared by Azerbaijan. In their opinion, the lack of Baku’s consent to the referendum was of key importance; in addition, the vote was organised after the local Azerbaijanis had been forced to leave this area. In Baku’s view, this rendered the referendum illegal, and thus it could not

¹⁰ T. Świątochowski, *Azerbejdżan i Rosja. Kolonializm, islam i narodowość w podzielonym kraju* [Azerbaijan and Russia. Colonialism, Islam and Nationality in a Divided Country], Warsaw 1998, p. 229.

¹¹ Just after the collapse of the Soviet Union, the issue of revising the borders of the former union republics was subject to discussion; however, a consensus was reached to recognise them automatically as borders of the new independent states. Such a revision was eventually carried out – unilaterally – by Russia alone, when in 2008 it recognised Abkhazia and South Ossetia and in 2014 annexed Crimea, moves which were widely criticised worldwide.

have any legal effects for the future (the Azerbaijani side assumes here that the arbitrary decision of the Soviet authorities to include a territory dominated by Armenians in their republic did have such an effect). According to Baku's narrative, the Caucasian Armenians had already used their right to self-determination by establishing Armenia, and those Armenians resident in Azerbaijan could do the same through different forms of autonomy. Baku insists that the conflict settlement must provide for the return of (Azerbaijani) internally displaced persons (IDPs) to their home.

The above arguments show that there is extremely limited room for compromise. Baku has ruled out giving up Nagorno-Karabakh, and is only ready to talk about different forms of the former oblast's autonomy within the framework of the Azerbaijani state. It has also agreed to have this issue moved to the last stage of the negotiations, after all other elements have been agreed upon, such as the unblocking of transport routes. Baku also considers postponing the discussion on the status of the former NKAO a more distant future. In regards to the 'occupied territories', Baku wants them returned as soon as possible and without any preconditions. In this respect, the Azerbaijani side refers to the UN Security Council resolutions calling for the withdrawal of Armenian troops from the territories they are occupying in 'non-autonomous' Azerbaijan (those outside the NKAO).¹²

Yerevan excludes the possibility of Stepanakert becoming subordinate to the authorities in Baku, and since Armenia's 'velvet revolution' (spring 2018) it has also questioned the idea of a simple swap of 'occupied territories' in exchange for a partial agreement with Azerbaijan ('land for peace'). This hardened stance – whether genuine or just a part of new negotiation tactics – was adopted under pressure from a society that had become tired of the protracted crisis. However, this was a reciprocal action, because, for its part Armenia's society has to a large extent become radicalised thanks to the influence of state propaganda (a similar process has been taking place in Azerbaijan). Thus, it is justified to say that if the Armenian government tries to return any territories without having earlier convinced the broader Armenian public of the advisability of such a decision, it could now encounter physical resistance, not only in the Nagorno-Karabakh Republic but also in Armenia. At the same time, it remains extremely unlikely that Yerevan will recognise the para-state's independence.

¹² Resolutions no. 822, 853, 874 and 884 were passed by the United Nations Security Council between 30 April and 12 November 1993. They condemned acts of violence and called upon Armenian troops to leave the districts they had occupied.

The only thing that links the positions of Yerevan and Baku in practice are their official declarations to seek a peaceful resolution to the conflict. However, both sides have also made it clear – and Azerbaijan has done so more often and more decisively – that if talks fail they are ready for a resolution by means of military force. For Baku, the alternative to the peace process, which is aimed at reaching an agreement in the future, is a new war (which does not exclude it from profiting from an extension of the *status quo*). For Yerevan, the alternative is to keep maintaining the *status quo*, which was established over a quarter of a century ago and has not been modified by even the small correction to the ceasefire line made in April 2016. But to mobilise its society, the government states that war remains a possible means of forcing Azerbaijan to finally give up its claims to Nagorno-Karabakh.

Admittedly, the policies of Armenia and Azerbaijan result not only from their domestic situations or the power balances within their ruling elites. To a great extent, both sides' room for independent action is limited by external factors and actors. Russia, which plays the key role among these actors, may not be able to force Yerevan and Baku to reach peace on its terms, but the potential the Kremlin has at its disposal allows it to conduct 'crisis management' in the region, and thus keep both states in its orbit. The West (mainly the United States) also has some influence on the situation in the conflict region, as do Turkey and Iran. This issue will be discussed in a later part of this report.

III. IN THE SHADOW OF KARABAKH

The Nagorno-Karabakh conflict has had a decisive impact on Armenia and Azerbaijan in their state-building processes, becoming the foundation of their identity policies and the keystone of their national identities. It has also shaped the current face of the South Caucasus politically, economically and socially, and is reflected in the region's relations with the outside world.

1. The conflict's impact on Azerbaijan and Armenia

1.1. The political and military dimension

For both Baku and Yerevan, the Nagorno-Karabakh conflict is the biggest challenge in the area of security. It has also had a significant impact on their overall domestic and foreign policies, affecting not only political but also even personal relations. Finally, it determines the networks of their allies.

Azerbaijan and Armenia are *de facto* still in a state of war. Despite the ceasefire, which has been in force since 12 May 1994, military incidents continue to occur, albeit with varied intensity. These have also resulted in fatalities, mainly because no peace-keeping forces are placed along the demarcation line (incidents also occur along the Azerbaijani-Armenian border outside Nagorno-Karabakh). **In practise, then, this is not a 'frozen' conflict.** At the time of writing (February 2020) both sides report between 20 and 30 incidents of ceasefire violations by their opponent every day.¹³ This has been the situation for several months now.¹⁴ For example, on 24 November 2019 the Azerbaijani defence ministry reported 23 incidents of fire upon Azerbaijani positions; on 25 November it reported another 23 such incidents; 22 on 26 November; 21 on 27 November; 20 on 28 November; 23 on 29 November; and 20 on 30 November (152 cases in total). These shooting incidents, carried out with machine guns and sniper rifles, were said to have come from both territory controlled by Stepanakert and the territory of Armenia (from a position in Tavush province in the northeast part of the country; see Map).¹⁵ In turn, the para-state's

¹³ It is practically impossible to verify this data; Armenia and Azerbaijan rarely comment on the other side's reports, while the OSCE observers monitor the demarcation line only periodically. Also, there is no mechanism for monitoring the ceasefire (there are no cameras or any other recording devices along the demarcation line; see Appendix 1).

¹⁴ In late December 2019 the para-state's ministry of defence issued a communiqué in which it assessed 2019 as the calmest year in the decade. 'Нагорный Карабах рапортовал о самой спокойной ситуации в зоне конфликта за 10 лет', Kavkazskiy Uzel, 28 December 2019, www.kavkaz-uzel.eu.

¹⁵ Communiqués from the Azerbaijani Ministry of Defence, www.mod.gov.az/en.

ministry of defence stated that during the same period of time (the week of 24–30 November 2019) the Azerbaijani side had violated the ceasefire on the demarcation line “around 220 times” (which translates into an average of just over 31 cases per day). On 29 November, an NKR soldier was allegedly badly wounded as a result of one of the shootings.¹⁶ This situation forces both sides to maintain significant defence spending, including the purchase of arms (Azerbaijan tends to buy offensive weapons, while Armenia prefers defensive ones) and maintain the army in combat readiness, which generates additional costs and forces limits on other expenditures.

The degree to which the Nagorno-Karabakh conflict impacts current political life in Azerbaijan and Armenia was most evident in 2016 during the four-day war, which led to the earlier-mentioned correction in the demarcation line to Azerbaijan’s advantage (to read more about the war, see Appendix 1). In Azerbaijan this success reinforced President Ilham Aliyev’s position, to the point that he could purge the political elite and military forces of people who had earlier been regarded as ‘unremovable’ (they had often held their positions since the beginning of the 1990s), and to nominate his wife to the newly created position of First Vice-President. Also, the wave of popular enthusiasm served to tone down the social unrest that had been sparked by a drastic drop in living standards (after a long-lasting drop in oil prices). In Armenia, meanwhile, a profound social crisis broke out. A series of violent acts took place, culminating in the takeover of a police station in Yerevan by a group of armed radicals. Anti-Russian sentiment also increased, as a result of disappointment with Moscow’s inability to prevent the escalation of the conflict and the failure of Armenian armed forces (even though Russia’s obligations as an ally do not cover the Nagorno-Karabakh Republic but only Armenia; for more on Russia’s role in the conflict, read later in this chapter). The Armenia’s government did get the crisis under control, but emerged from it much weaker; two years later, this made it easier for the opposition to take power.

In its early stages, the conflict had an even bigger and direct impact on both states’ political life. The first two presidents of Azerbaijan, Ayaz Mutallibov and Abulfaz Elchibey, lost power as a result of the situation on the frontline (in March 1992 and June 1993 respectively; these events will be discussed later

¹⁶ ‘Нагорный Карабах обвинил Азербайджан в 220 обстрелах за неделю’, Kavkazskiy Uzel, 30 November 2019, www.kavkaz-uzel.eu. During that period Armenia’s ministry of defence did not issue any communiqués regarding the situation on the frontline, while the case of the wounded Nagorno-Karabakh soldier was commented on by Armenia’s foreign ministry.

in this chapter) while Armenia's president, Levon Ter-Petrosyan was forced to resign in February 1998. In the view of his political opponents from the so-called Karabakh clan (which at that time was starting to become a powerful group), Ter-Petrosyan was inclined to make excessive concessions to Baku within the framework of the peace negotiations.

Azerbaijan and Armenia have no diplomatic relations, and there are not postal or telephone communications between them. There are no air, rail or road links between the two states; the border remains closed.¹⁷ The movement of people is limited to official representatives participating in multilateral meetings, such as those organised within the Commonwealth of Independent States framework, as well as individual sportsmen or journalists. These visits are nonetheless few and far between.¹⁸ As a rule, Azerbaijan does not allow ethnic Armenians to enter its territory, regardless of their citizenship. Baku justifies this decision by claiming it has no means to guarantee them adequate protection. Such persons are identified based on their Armenian-sounding last names.¹⁹ Thus, in May 2019 Henrikh Mkhitaryan, a professional footballer with the London club Arsenal, who is an ethnic Armenian (and a citizen of

¹⁷ Neither the demarcation line nor the Azerbaijani-Armenian border outside the conflict zone can be crossed legally, as opposed to, for example, the border between separatist Abkhazia and non-autonomous Georgia, or Transnistria and right-bank Moldova. Foreign travellers can reach Azerbaijan from Armenia or Armenia from Azerbaijan only via transit through a third country. Travellers who have visited Nagorno-Karabakh – which is technically possible from Armenia's side – are at risk of being put on Azerbaijan's list of *personae non gratae* (the only exceptions are members of peace-keeping missions for whom the authorities in Baku have issued a permit). Azerbaijan's small exclaves on Armenian territory, which can still be found on maps (four of them are near the northern section of their common border, and one is a few kilometres to the north of the Nakhchivan Autonomous Republic (NAR), which is also an exclave), have been under Armenia's control since the war's outbreak. Armenia's only exclave on the territory of Azerbaijan (Artsvashen, known in Azerbaijani as Bashkend) has been controlled by Azerbaijan since the beginning of the war.

¹⁸ Twenty-five athletes from Armenia participated in the 2015 European Games in Baku. In early February 2019 Shahin Hajiyev, an Azerbaijani journalist working for the Turan News Agency, went to Armenia on a business trip (before his journey, the last official visit of an Azerbaijani journalist to Armenia had taken place in 2005). In the 2000s the exchange of professionals occurred on a slightly larger, although still very small, scale; it included activists from non-governmental organisations and analysts from research centres.

¹⁹ On 12 March 2019 the Russian Ministry of Foreign Affairs recommended that Russian citizens going to Azerbaijan should take these circumstances into account. The ministry's communiqué stated that on many occasions Russia had told Azerbaijan that such discriminatory practices are unacceptable, but its calls "were ignored". 'Предупреждение российским гражданам, направляющимся в Азербайджанскую Республику', the Ministry of Foreign Affairs of the Russian Federation, 12 March 2019, www.mid.ru. In 2018 Azerbaijan's authorities refused entry to at least 16 citizens of the Russian Federation because of their ethnic origin. 'Это грубое нарушение: Захарова о высылке из Азербайджана армян, являющихся гражданами РФ', Sputnik, 11 January 2019, ru.armenia-sputnik.am. In October 2019 Azerbaijan's Minister of Foreign Affairs, Elmar Mammadyarov, stated that if such persons had informed the Azerbaijani Embassy in Moscow of their travel plans they would not have had problems entering Azerbaijan. 'Азербайджан озвучил условия въезда россиян с армянскими фамилиями', Kavkazskiy Uzel, 17 October 2019, www.kavkaz-uzel.eu.

Armenia) refused to travel with his team to the UEFA Europa League Final match in Baku, claiming that such a trip was too risky for him (the Azerbaijani authorities issued him a permit to enter the country and he had received security guarantees).²⁰

Baku and Yerevan under the rule of the Aliyevs and the ‘Karabakhians’

The Nagorno-Karabakh conflict has played a key role in shaping Azerbaijan and Armenia’s modern statehood (for more on how this conflict influenced the collapse of the Soviet Union, see later parts of this chapter). In both cases, it has brought to power the elites which have dominated the two states’ post-Soviet history. In Azerbaijan, a series of failures in Nagorno-Karabakh resulted in armed revolt and chaos. As a result, in 1993 Heydar Aliyev returned to power (he had previously been the long-time First Secretary of the Communist Party of Azerbaijan); from the 2003 elections until today (February 2020) the office of president has been held by his son Ilham. In the case of Armenia, the first non-Communist government already had strong ties with Nagorno-Karabakh. Levon Ter-Petrosyan, the leader of a dissident group called ‘the Karabakh Committee’, was elected chairman of the republic’s Supreme Council, and then president of Armenia, even before the collapse of the Soviet Union. His successors were politicians from the NKAO: Robert Kocharyan (1998–2008) and Serzh Sargsyan (2008–2018). They both participated in the war with Azerbaijan, holding the highest military and political positions in the para-state (these processes are only outlined here, but they will be elaborated later in this chapter).

Since the early stage of the conflict, both the Armenian and Azerbaijani elites have used it to legitimise their power and have treated it as a permanent point of reference. Thus, in his speeches Azerbaijan’s President Heydar Aliyev used to contrast his rule with the short-term rule of the Popular Front of Azerbaijan (PFA, 1992–93; the main opposition to the Aliyevs came from this organisation). Aliyev put the whole blame for the failure in Nagorno-Karabakh and the economic crisis in the 1990s on the Front’s policies, claiming that the ceasefire he had negotiated created the conditions for the building of the modern Azerbaijani state and the prosperity of its society.²¹ The current president, Ilham Aliyev, stresses his uncompromising position and intransigence with regard

²⁰ ‘Отказ Мхитаряна от поездки в Баку поднял вопрос политизации спорта’, Kavkazskiy Uzel, 29 May 2019, www.kavkaz-uzel.eu.

²¹ See, for example, Heydar Aliyev’s speech in Baku on 26 November 2002, the occasion of the tenth anniversary of his New Azerbaijan Party’s foundation (W. Górecki, *Toast za przodków* [A Toast to the Ancestors], Wołowiec 2017, second edition, pp. 71–72).

to Azerbaijan's national interests.²² He keeps repeating that Baku will never give up on restoring Azerbaijan's territorial integrity, which is internationally recognised, and makes references to the Nagorno-Karabakh question on literally every occasion: during some important holidays and ceremonies, field trips, meetings with foreign guests, visits abroad, and during various international organisations' forums. He is also known to demand declarations of support for the inviolability of Azerbaijan's borders from his interlocutors and partners.

In Armenia, the legitimacy of President Ter-Petrosyan, and even more that of Presidents Kocharyan and Sargsyan, derived from their personal contribution to the victory in the war and their guarantees of security to Nagorno-Karabakh's Armenians – and, by extension, also to the Armenians living in Armenia (in the vision of history shared by a large part of the Armenians, the war with Azerbaijan was another chapter in the 'eternal' conflict between the Armenians and the Turks who aim to exterminate them). These presidents have kept repeating that Azerbaijan still poses a threat to Armenia, and insisted that only their political camp knew best how to defend the Armenian people against it.²³ On the international arena, Armenia's leaders raised the issue of security guarantees and the Nagorno-Karabakh Armenians' right to self-determination; however, they have not raised the question of the NK conflict as often as the Aliyevs. This may be explained by the fact that the *status quo* is politically and socially more unfavourable to Azerbaijan, hence Baku is more determined to change it (as a result of the war, Azerbaijan lost control over a large part of its territory and had to take in several hundred thousand internally displaced persons). Also, after the 2016 four-day war, the narrative of the Azerbaijani elite became more convincing to its society, while the Armenian one lost its appeal (the threat from Azerbaijan proved real, but Armenia's government at the time was unable to counter it).

Thus, the ruling elites in both states exploited the narratives as presented above, especially prior to elections and during various crises. In this way, they have tried to demonstrate that there is no alternative to their rule.²⁴ They also

²² For example, in his address to the nation after his victory in the presidential elections on 11 April 2018, Ilham Aliyev said: "We have not deviated by an inch from our principled position on the settlement of the Armenia-Azerbaijan Nagorno-Karabakh conflict. [...] This conflict must be solved within the framework of our country's territorial integrity, there is no other way." 'Ильхам Алиев обратился к азербайджанскому народу', President of the Republic of Azerbaijan, 11 April 2018, en.president.az.

²³ The political support base of the 'Karabakh clan', which is personified by Robert Kocharyan and Serzh Sargsyan, became the Republican Party of Armenia.

²⁴ Even though in many post-Soviet states elections are more of a ceremonial nature, and international observers often highlight their many flaws, elections nevertheless play an important role of legitimisation. The ruling elites not only want the best results possible – one that can be obtained without

wanted to maintain social mobilisation, and possibly to distract people's attention from various sensitive issues (economic hardships, human rights abuses, social distress, etc.). The case of Lieutenant Ramil Safarov is a good illustration of how Azerbaijan's authorities have exploited the conflict instrumentally. During a NATO-sponsored training seminar in Budapest in 2004, Safarov killed a participant from Armenia, for which a Hungarian court sentenced him to life imprisonment. In 2012 Safarov was handed over to Azerbaijan where he was supposed to have completed his sentence. However, he was pardoned by President Aliyev, for whom, at the cost of an international scandal, this act became a huge propaganda success (for more on this case, see Appendix 1). For its part, Armenia's government has on many occasions calmed social protests by pointing to an external threat: it claims that Azerbaijan could take advantage of any potential chaos to attack. For example, such rhetoric was used during the 2015 protests which erupted in reaction to a huge hike in electricity rates and which became known as the 'Electric Maidan' (or 'Electric Yerevan'). Characteristically, both governments (although to a greater extent that of Armenia) blamed the ongoing conflict and the opposing side for the delays in reforms and economic failures.

These narratives were also directed – especially in the case of Azerbaijan – towards the international community. Both countries' aim in this regard was to maintain their foreign partners' interest in the Nagorno-Karabakh conflict (to keep this issue on the current agenda of international organisations), but also, to a lesser degree, to convince their international partners to support their positions.

The situation after the 'velvet revolution' in Armenia

In Armenia, after constitutional changes were implemented and the competences of the president reduced to only a representative role, the office of prime minister has become the most important one in the country's political system. In May 2018 this position was taken by Nikol Pashinyan, the leader of the revolution which removed the previous elite from power. Pashinyan was the first political leader in Armenia who was not connected with Nagorno-Karabakh,

many egregious or at least visible forgeries – but also an effective and problem-free campaign, meanings no protests or social unrest (as the opposition is also active in mobilising their supporters during the campaign period). In the pre-election period, the authorities are ready to meet different needs and expectations of the people, while the election “provides a veneer of dialogue between the government and society” (M. Domańska, 'Putin for the fourth time. No vision, no hope', *OSW Commentary*, no. 256, 13 December 2017, www.osw.waw.pl).

either by birth or his earlier activities. This change also revealed the multi-dimensionality and ambiguity of the relationship between Yerevan and Stepanakert, which at the time of the ‘personal union’ lasting from 1997–98 to 2018, when Armenia was governed by the so-called Karabakh clan, was actually concealed from the public. The complex nature of Armenian/NKR relations can be seen especially clearly in the structure of the Armenian army, which has two separate commands and two separate ministries of defence, that of Armenia and that of the NKR, but which together in fact make up a single entity (as mentioned before, conscripts from Armenia can be sent to do their military service in Nagorno-Karabakh, and the republic has a joint defence system with the para-state). This situation could lead to tensions and conflicts should significant differences arise between Yerevan and Stepanakert in their positions concerning their strategies, or even their current tactics. The probability of such a scenario is reduced by the degree and the way in which Armenia and the Nagorno-Karabakh Republic have grown together, which in practice makes any distinction between ‘Armenia’s’ and ‘Nagorno-Karabakh’s’ elements impossible, as Armenian experts have emphasised.²⁵

The ‘formal’²⁶ relationship between Armenia and the Nagorno-Karabakh Republic can be compared to a ‘patron-client’ arrangement, although in many aspects of its policy Armenia needs to take the para-state’s distinctiveness and its positions into account. The elite ruling the Nagorno-Karabakh Republic – which is linked to the ‘Karabakh clan’ in Armenia and the Republican Party of Armenia – regarded Pashinyan’s ascent to power with great distrust. This feeling was further deepened by attempts by Pashinyan’s supporters to initiate a revolution in the NKR along the lines of the Armenian one,²⁷ as well as the criminal cases that were initiated in Armenia against persons who are seen as heroes in the Nagorno-Karabakh Republic (especially ex-President Robert Kocharyan, but also General Manvel Grigoryan²⁸) and numerous speeches

²⁵ Based on interviews carried out by the Centre for Eastern Studies (OSW) in Yerevan from 9 to 11 June 2019. Armenian experts also point out Armenian/Nagorno-Karabakh relations are quite dynamic, and depend to a great degree on the personal relations between the politicians involved.

²⁶ The word ‘formal’ is put in quotation marks here as Armenia does not officially recognise the NKR’s independence.

²⁷ After police beat up two people in Stepanakert on 1 June 2018, local activists organised a demonstration during which they demanded the resignation of the high command of the Nagorno-Karabakh Republic’s institutions of force. After a call by Prime Minister Pashinyan three days later, the protesters dispersed. It may thus be assumed that Prime Minister Pashinyan was behind these protests, and that he quickly realised he would not be able to change power in NKR in this way.

²⁸ Kocharyan was first and foremost accused of breaching the constitutional order (by introducing a state of emergency in March 2008, allowing him to use the military against the post-election protests as a result of which 10 people were killed), while Grigoryan was accused of serious financial fraud. On 18 May 2019, after almost half a year under arrest, Kocharyan was freed (for what

by Pashinyan himself. Aware of the importance of the Nagorno-Karabakh question to the Armenia's public, after the elections Pashinyan made his first trip to Stepanakert. However, in the months that followed, he paid relatively little attention to the conflict.²⁹ In interviews and statements he has systematically stressed – and has done so until now (February 2020) – that the Nagorno-Karabakh Republic should be allowed to join the talks with Azerbaijan as an equal participant. In Stepanakert this was perceived not as much as an attempt to empower the para-state, but rather as a way for the Armenian prime minister to relinquish his responsibility for the Nagorno-Karabakh Republic's security.

After protests from Baku and the international intermediaries (who pointed out that changing the talks' format was impossible), as well as the negative reaction from Stepanakert and some of Armenian society towards the prime minister's passivity, in January 2019 he announced a new, more pro-active policy towards the conflict. This change could have been a result of Serzh Sargsyan's longer and more frequent visits to Stepanakert, which could have been interpreted as a demonstration of the para-state's independence, as well as a way of putting pressure on Pashinyan (put on him by both NKR's current and Armenia's former political elites). Thus, as a symbolic gesture marking Pashinyan's recognition of Stepanakert's significance and independence, a joint meeting of the security councils of Armenia and the Nagorno-Karabakh Republic was held in the para-state on 12 March 2019.³⁰ **The evolution of Pashinyan's position shows that as long as the Nagorno-Karabakh conflict remains unregulated, no Armenian leader (and by analogy his Azerbaijani counterpart) can keep his distance from this issue and avoid being its 'hostage'.**

turned out to be just a short period of time). The court in Yerevan accepted bail in the amount of about US\$2000 (a small amount given the gravity of the charges), which was paid by the current president of the *de facto* Nagorno-Karabakh Republic and his predecessor. In response to Kocharyan's release, Pashinyan called on his supporters to block the offices of courts throughout Armenia. This case shows both the scale of influence of the former power elite in Armenia and the impact that the para-state's leaders can wield in Yerevan. See W. Górecki, *Armenia: nowa runda...*, *op. cit.*

²⁹ The Nagorno-Karabakh conflict and Armenia's foreign policy were not part of the 'velvet revolution's agenda. Most of the new Prime Minister's supporters were young people, born shortly before Armenia's war with Azerbaijan or even after it, and thus they had been brought up in what was already the independent state of Armenia. They do not show much interest in the conflict on a day-to-day basis, but we can expect this situation to change should the conflict escalate. This was the case during the 'four-day war' when Armenia's youth reported to army recruitment posts *en masse* to join the frontline as volunteers.

³⁰ Armenian experts compare the relationship between Armenia and the NKR to a situation where occasionally it is not the dog which wags his tail, but the tail which wags the dog (based on OSW interviews in Yerevan, *op. cit.*).

The conflict as a nation- and state-building factor

The Nagorno-Karabakh conflict remains an important factor in state- and nation-building in both Armenia and Azerbaijan, playing a very important role in the building of Azerbaijan and Armenia's national identity and consolidation.³¹ Both sides commemorate the anniversaries of events related to the Nagorno-Karabakh conflict. In the case of Azerbaijan, it was the civilian massacre in Khojaly of 26 February 1992, while Armenia commemorates the capture of the city of Shusha by Armenian forces on 9 May 1992.³² In both states monuments have been erected connected to the conflict, films have been produced about the conflict, and literary works and papers cement the 'image of the enemy' and mythologise the past.³³

The Azerbaijani narrative presents Nagorno-Karabakh as 'eternal' Azerbaijani land where large-scale Armenian settlements only began in the nineteenth century. The conflict resulted in the occupation of a part of Azerbaijani territory and the forced expulsion of a large number of Azerbaijanis (the covers of Azerbaijani history textbooks show the dates of the seizure of its different districts by Armenians with the exclamation "Remember!" at the end). In this view, the conflict can only be resolved if the existing internationally recognised borders are maintained. The Armenian narrative, in turn, presents this region as having 'always' been inhabited by Armenians, one that became part of Azerbaijan only during Soviet times; hence its return to Armenia's control means the restoration of historical justice and the implementation of the people's will.³⁴

³¹ This is truer of Azerbaijan. In Armenia, the identity-building role is mainly played by the mass murders of the Armenian population that took place during the Ottoman Empire, culminating in 1915.

³² In Armenian: Shushi.

³³ Two recent films may serve as examples: the 2012 Azerbaijani picture *Xoja* (*Xoca*) directed by Vahid Mustafayev and the 2016 Armenian film *Line* directed by Mher Mkrtchyan. Both films are set during the 1992–94 Nagorno-Karabakh war.

³⁴ Such drastic differences in interpretation result from a lack of reliable statistical data on the ethnic compositions of these lands in the nineteenth century, as well as the haphazardness of these data. The Azerbaijani side draws upon statistics which refer to the whole territory of historical Karabakh, i.e. including Lower Karabakh, which was dominated by Muslims. It also points to the existence of a separate Church of Caucasian Albania, which only became part of the Armenian Apostolic Church in the nineteenth century, with the aim of demonstrating that the former Caucasian Armenians were in fact Armenianised Albanians (contemporary Azerbaijani historiography proves that the Albanians (Caucasian Albania existed between the 2nd century BC and the 8th century AD) played a key role in the ethnogenesis of the Azerbaijani nation). The Armenian side, in turn, draws upon data concerning Nagorno-Karabakh alone, which – apart from Shusha and its surroundings – was historically dominated by Armenians. See В. Шнирельман, *Войны памяти. Мифы, идентичность и политика в Закавказье* [The wars of Memory: Myths, Identity and Politics in Transcaucasia], Moscow 2003, pp. 31–255.

A good illustration of how these narratives are translated into the language communicated to the two states' societies and how omnipresent they are in the everyday life of both nations can be found in the two statements by Azerbaijan and Armenia's leaders from summer 2019.³⁵ Speaking on 26 June 2019, on the occasion of the Azerbaijani military forces' day at Baku's Military Lyceum, President Aliyev said the following: "We are living in a state of war. It has not ended yet, and at any second we should be prepared to liberate our native lands from occupation. I am convinced that this day will come, and Azerbaijan will regain its territorial integrity."³⁶ On 5 August 2019, at the opening of the Pan-Armenian Summer Games held in Stepanakert, Armenia's Prime Minister Pashinyan said the following: "For many years we have been subjected to a kind of atomisation. This dispersion should end now. We need to depart from concepts such as the 'Karabakhians', the 'Ijevanis' [the inhabitants of Ijevan, a city in northeast Armenia – author's note], the 'Gyumris' [the inhabitants of Gyumri, a city in northwest Armenia – author's note] [...] Artsakh [Nagorno-Karabakh – author's note] is Armenia. Full stop."³⁷ Both of these statements show that the activities of the authorities and state administrations in both states are subordinate to the logic of war.

1.2. The economic dimension

The borders between Armenia and Azerbaijan,³⁸ including the Nakhchivan exclave, as well as between Armenia and Turkey, have been closed since the early stage of the conflict. Azerbaijan's blockade of Armenia started in September 1989. As a result, Armenia's access roads and railroad transport were closed and its oil, gas and electric energy supply lines cut off. With 85% of imports coming to Armenia from Azerbaijan, the republic fell into a deep energy crisis.³⁹ In July 1992 Turkey joined the blockade, introducing an embargo on goods deliveries to Armenia (the only exception was humanitarian aid delivered by air). The closed borders have had a decisive impact on the shape and

³⁵ In Azerbaijan the topic of Nagorno-Karabakh appears, directly or indirectly, in almost every edition of every newspaper, TV and radio news bulletin and online information service. In Armenia – which accepts the *status quo* – it is covered by the media somewhat less, but still quite regularly.

³⁶ Interfax Agency Service 'Президентский Вестник', no. 115, 29 June 2019.

³⁷ '«Арцах – это Армения, и все» – Пашинян выступил в Степанакерте', Sputnik, 5 August 2019, ru.armeniasputnik.am.

³⁸ A substantial section of it functions as the *de facto* the demarcation line, the 'border' between the separatist Nagorno-Karabakh Republic and Azerbaijan (see Map).

³⁹ G. Górný, *Armenia* [Armenia], ed. Jacek Cichocki, OSW, Warsaw 1995, p. 26. The scale of the energy crisis was even greater because the nuclear power plant in Metsamor stopped operating after January 1989 (Armenia's government shut it down after the earthquake which took place there a month earlier; the plant was located around 75 kilometres away from the epicentre).

development of regional transport networks. However, as this is a problem concerning the greater area, namely the whole region of the South Caucasus located at the intersection of the east-west and north-south routes, it will be discussed in more detail in later sub-chapters which analyse the conflict's impact on the region and the wider post-Soviet space and its neighbourhood. Below, only the direct consequences for Azerbaijan and Armenia are listed. These include:

- Disruption to transport connections between the territory of Azerbaijan 'proper' and the Nakhchivan Autonomous Republic (NAR). A particular difficulty lies with the inoperative railway link between Baku and Nakhchivan, which runs through Armenia. At the moment, practically all passenger movement on this route takes place by air, while goods which cannot be transported by air (such as fuel) are driven to Nakhchivan by trucks via Iran (see Map);
- The lost railway connection between Yerevan and southern Armenia. Railways – just like the shortest road route – ran on this line via transit through the NAR, thereby extending the earlier-mentioned Nakhchivan-Baku route (in the Soviet period this was also a railway route for trains from Yerevan to Baku). At the moment only vehicle transport is possible on this route, one section of which runs through high mountains where some passes are at an altitude of 2500 metres above sea level; this increases fuel consumption as well as the risk of accidents, thus generating larger costs (see Map).

Other economic consequences of the conflict include: lack of trade between Armenia and Azerbaijan (which could potentially include energy sources and metal ores), higher investment risks (the threat of war and destabilisation discourages potential investors), lower credit rankings for both states (especially Armenia),⁴⁰ and finally **increased defence spending (both states allocate around 4.5% of their GDP to it, which means less money for civilian needs)**.⁴¹

⁴⁰ Fitch assessed Azerbaijan's credit as BB+ while Armenia's as BB-. According to Moody's, Azerbaijan's rating is Ba2, while Armenia's is Ba3 (data from [Trading Economics](#)).

⁴¹ A group of researchers from Berlin Economics carried out a project aimed at establishing how a resolution of the Nagorno-Karabakh conflict could affect Armenia and Azerbaijan's economies. Their report *The Economic Effect Of A Resolution Of The Nagorno-Karabakh Conflict On Armenia And Azerbaijan* was published in June 2018 and is available online: www.berlin-economics.com.

1.3. The social dimension

The consequences of the conflict have included large migration and demographic changes. Practically speaking, the entire Azerbaijani population, as well as the Muslim Kurds, had to leave both the territory of Armenia and the former NKAO together with the adjoined territories which came under the control of Armenian forces. While the former were refugees, the latter were regarded as internally displaced persons (formally they remained in their own country, as they had not crossed a border regarded as an inter-state one).⁴² **All in all, the number of displaced persons in Azerbaijan equalled to around 750,000,⁴³ which in 1994 amounted to around 10% of the country's entire population.** In 2012, the number of refugees was still estimated at around 2000 while the number of internally displaced persons (IDPs) was around 600,000 (their number was larger in only five other countries in the world)⁴⁴, which made up 6.5% of the population of Azerbaijan at the time.

In the first decade after the war, a considerable part of the IDPs lived in make-shift state-owned buildings (sanatoria, schools, deserted factories, farms), train wagons or even tents. This was caused by three factors: 1) the hope that the conflict would be resolved quickly and those in exile would be able to return home; 2) the lack of state financial resources: despite support from international organisations, Azerbaijan was incapable of providing these people with better conditions; and 3) the propaganda dimension – showing refugee camps to foreign delegations made it possible to keep international public opinion interested in Nagorno-Karabakh question and prevent Azerbaijan's public

⁴² International law (the Geneva Convention of 28 July 1951 and the Protocol Relating to the Status of Refugees signed in New York on 31 January 1967) provides for larger assistance and support to refugees, while the responsibility for internally displaced persons has mainly fallen on the relevant states.

⁴³ Around 186,000 Azerbaijanis escaped from Armenia to Azerbaijan (according to the 1979 census Armenia was inhabited by over 160,000 Azerbaijanis, a figure which was trending upwards thanks to their high birth rate), as did around 18,000 Muslim Kurds and around 4000 Russians (together around 208,000 people). All in all, in the years 1991–94 the NKAO and the 'occupied territories' were left by around 500,000 Azerbaijanis and Kurds. In addition, Azerbaijan's authorities relocated around 30,000 people from the territories bordering with Armenia. Azerbaijani officials usually talk about one million refugees; this is an exaggeration, although it should be remembered that the total number of displaced persons should also include people who were born in new places of residence (estimates based on P. Adamczewski, *Górski Karabach w polityce niepodległego Azerbejdżanu* [Nagorno-Karabakh in the Policy of Independent Azerbaijan], Warsaw 2012, pp. 198–199). An overall figure of around 750,000 refugees and internally displaced persons is also provided by Arif Yunusov: A. Юнусов, *Миграционные процессы в Азербайджане* [Migration Processes in Azerbaijan], Baku 2009, p. 28.

⁴⁴ P. Adamczewski, *Górski Karabach w polityce...*, op. cit., p. 201. A large number of refugees took Azerbaijani citizenship, which – in accordance with international law – means they are no longer considered refugees.

from agreeing to the loss of territories.⁴⁵ In the middle of the 2000s, when it became evident that the peace process was being prolonged and Azerbaijan started receiving significant foreign financial resources from its oil and gas sales, the state started to build settlements for the IDPs and launch projects to find them work and lower their poverty level.⁴⁶

Forced migration has also affected the Armenian population. Almost all the Armenians (with the exception of a very few elderly persons, usually assimilated spouses of Azerbaijanis⁴⁷) had to leave Azerbaijan, i.e. the territories controlled by the Baku authorities. Their number is estimated at over 330,000.⁴⁸ Based on international law, they are all regarded as refugees, although a great majority of them immediately received Armenian or Russian citizenship (the Armenians who decided to move to Russia included people who had a poorer command of their native language). In addition, Armenia's authorities relocated around 80,000 people who had been living in areas bordering Azerbaijan (some of them later moved back to their homes, as was the case in Azerbaijan where people were relocated from areas near Armenia). **All in all, slightly over 400,000 Armenians underwent forced migration.** In 2012 the number of registered refugees in Armenia was no greater than 3000.⁴⁹

As a result of the forced migrations, the historical ties linking both Armenian and Azerbaijani nations were broken. In the past, despite some temporary tensions and even bloody conflicts (see Appendix 1) many cities in Armenia, and particularly Azerbaijan, retained their cosmopolitan character, which fostered interpersonal contacts and offered opportunities for mutual understanding. For over three decades now, however, there has been no Azerbaijani minority in Armenia, while in Azerbaijan there are no Armenians living on government-controlled territories. For Baku, this is an especially unusual situation given that back in 1989 Armenians still made up 10% of its

⁴⁵ This aspect has been highlighted by Maciej Ząbek: M. Ząbek, 'Migracje na Kaukazie Północnym i Południowym' [Migrations in the Northern and Southern Caucasus] in: *Dylematy Kaukaskie. Problemy narodowościowe i migracyjne* [Caucasian Dilemmas: Questions of Nationality and Migration], ed. M. Ząbek, Warsaw 2010, p. 161.

⁴⁶ In 2004 the 'state programme to improve living conditions and create jobs for refugees' was approved. As a result of the activities undertaken, the officially recorded level of poverty among IDPs dropped from 74% in 2005 to 25% in 2009 (P. Adamczewski, *Górski Karabach w polityce...*, op. cit., pp. 200-202).

⁴⁷ Couples in Azerbaijani-Armenian mixed marriages - which were more often found in Azerbaijan, especially in Baku, than in Armenia - would, as a rule, move to Russia or the West.

⁴⁸ P. Adamczewski, *Górski Karabach w polityce...*, op. cit., p. 202. According to the 1989 census Azerbaijan (excluding the NKAO) was still inhabited by 245,000 Armenians; some had already left earlier (in 1979 their number in Azerbaijan - also outside the NKAO - was estimated to be over 352,000).

⁴⁹ *Ibidem*.

population.⁵⁰ With each year, there are also more and more adults on both sides who only know the neighbouring nation from family stories or media, and are consequently more susceptible than older generations to propaganda messages which, as mentioned earlier, are focused on creating the image of an enemy. Therefore, mutual mistrust and animosity, and especially a sense of foreignness, are deepening on a yearly basis. The need for dialogue – without which it is difficult to imagine any kind of future co-existence (after a hypothetical resolution of the conflict) – is now only perceived by individual representatives of civil society in both states.⁵¹

The disappearance of interpersonal contacts between Azerbaijanis and Armenians and the construction of *de facto* ethnically homogenous societies in both states,⁵² as well as the homogenisation of their cultures, are leading to a situation in which the opponent in the conflict is presented only as a negative reference point, while one's own side and nation is defined in opposition to the enemy. The omnipresence of the Nagorno-Karabakh topic in the media and public sphere (billboards and posters, educational systems and the field of both popular and high culture) as well as the personal experiences of many Azerbaijanis and Armenians (IDPs, their families, friends and neighbours, conscripts who served on the frontline and their families) all contribute to the fact that the Nagorno-Karabakh conflict is now commonly recognised as one of the most significant problems of everyday life. 17% of respondents deemed it as such in a May 2019 opinion poll conducted in Armenia as part of an International Republican Institute project.⁵³ Nonetheless, it should also be noted that more respondents pointed to unemployment (37%), socioeconomic problems (22%) and poverty (19%) in the same survey.⁵⁴ Yet in response to a question on what

⁵⁰ 'Всероссийская перепись населения 1989 года. Распределение городского и сельского населения областей республик СССР по полу и национальности', *Demoscope Weekly*, www.demoscope.ru. In previous years the share of Armenians living in Baku was even larger, at times reaching up to 20%. Armenians also played an important role in Baku at the time of its first oil boom, that is, in the early phase of the building of the modern city (at the turn of the twentieth century).

⁵¹ The need for such dialogue is stressed in a report presented in early August 2019 by Press Clubs (non-governmental organisations grouping media representatives) from Baku and Yerevan, and prepared with financial support from the US Department of State: 'Участники встречи в Баку призвали восстановить гражданский диалог с Ереваном', *Kavkazskiy Uzel*, 3 August 2019, www.kavkaz-uzel.ru.

⁵² Ethnic Armenians constitute over 98% of Armenia's population (data based on the 2011 census available on www.armstat.am); Azerbaijanis constitute about 92% of all inhabitants of Azerbaijan. Other minorities, apart from the Russians, live compactly in the north (the Lezgians and the Avars) and in the south (the Talysh), and just like the Azerbaijani nation, the great majority of them are Muslims (data from the 2009 census, available online: www.azstat.org).

⁵³ *Public Opinion Survey: Residents of Armenia*, International Republican Institute, www.iri.org.

⁵⁴ *Ibidem*. The survey question was formulated as follows: "What are the main problems Armenia is currently facing?" Respondents could reply with three answers of their choice. The Nagorno-Karabakh conflict was mentioned first by 9% of those surveyed.

caused the greatest fear among the respondents in the context of the current and future situation in the country, generally 'war' was mentioned as such by 34% of those surveyed, and the Nagorno-Karabakh conflict by 16% (these were the two most frequently given answers).⁵⁵ No such research has been conducted in Azerbaijan, but it is very likely that responses to questions on the Nagorno-Karabakh issue would be quite similar.

People who assert different visions of the conflict than those generally accepted face serious ostracism in both states. One example is the case of the Azerbaijani writer Akram Aylisli, who towards the end of 2012 published a mini-novel titled *Stone Dreams* (Daş yuxular) in a Moscow-based monthly called *Druzhba Narodov* (Fraternity of Peoples).⁵⁶ It is set at the end of 1989 and beginning of 1990 (that is, before the war broke out), and its protagonist, an outstanding Azerbaijani actor, sympathises with the Armenian victims of the riots, blaming his fellow countrymen for their suffering. Regardless of the persecution Aylisli experienced from the government,⁵⁷ a series of demonstrations was organised whose participants burnt his books, among other actions. Similarly hostile reactions can be expected by Armenians who show any empathy with Azerbaijan.⁵⁸

2. The conflict's regional significance

2.1. The political dimension

To a great extent, the Nagorno-Karabakh conflict has shaped the current map of the South Caucasus. Not only did it contribute to the emergence and continued existence of the unrecognised Nagorno-Karabakh Republic (meaning a *de facto* correction of the borders), but it also has affected the relationships between Azerbaijan & Georgia and Georgia & Armenia, as well as the relationships between Armenia and Azerbaijan with the Russian Federation, and the system of post-Soviet integration structures.⁵⁹

⁵⁵ *Ibidem*. Respondents were asked to provide up to three answers of their choice. 24% of them named 'war' as first, followed by 'the Nagorno-Karabakh conflict' mentioned by 10%.

⁵⁶ The book is available (in Russian) at magazines.gorky.media.

⁵⁷ President Ilham Aliyev deprived him of the title of people's writer as well as his presidential pension. His books were removed from the list of compulsory school texts, while his wife and two sons were expelled from their workplaces.

⁵⁸ In the Nagorno-Karabakh Republic there were cases of people coming from Armenia who were beaten up, and who – under the impact of the 2018 revolutionary enthusiasm – were trying to convince local Armenians to hold talks with Azerbaijan (based on the OSW interviews in Yerevan, *op. cit.*).

⁵⁹ Two other para-states in the region, Abkhazia and South Ossetia (in Georgia the latter is referred to as the Tskhinvali region), appeared on the map as a result of the conflicts in Georgia which took

At least until 2008 (the Russian-Georgian war), or maybe even 2014 (the annexation of Crimea and the outbreak of war in the Donbas) it was the most important conflict for the post-Soviet space.⁶⁰ However, over time its rank and significance for current politics has decreased. Nonetheless, any future change to the Nagorno-Karabakh *status quo* – be it as a result of a new war or any kind of agreement – will set a precedent for the states in this area and will determine anew the nature of their relations with Russia (thanks to the instruments that Moscow has at its disposal, Russia would most likely play a key role in either of these scenarios; it could become a moderator negotiating an armistice, or the guarantor of an agreement which will most likely be devised with considerable participation on its part. See Appendix 2). Nevertheless, Russia's policy is subject to some limitations. At least for the moment, Moscow has been unable to push forward its own peace plan and deploy its peacekeeping forces in the conflict zone. However, its 'destructive potential' and skilful 'conflict management', as well as the West's effective acceptance of Russia's role as the main mediator in the conflict (which will be discussed further on in this report), preserve and enforce its influence throughout the South Caucasus. One could thus say that it is to a large extent thanks to the conflict around Nagorno-Karabakh that Moscow has been able to implement its interests in the region.

The role of the conflict in the disintegration of the Soviet Union

The outbreak of the Nagorno-Karabakh conflict preceded the collapse of the Soviet Union, and in fact partially contributed to it. Its driving force was Armenia's demand to change the border line between the two republics. This revision was demanded by both the Armenian SSR's authorities and its public, which had started to spontaneously self-organise at the time of *perestroika*. The most important initiative in this regard was the Karabakh Committee, which was established by a group of intellectuals who had the goal of including Nagorno-Karabakh into Soviet Armenia. The result of the Kremlin's dismissal of this demand was an outbreak of anti-Azerbaijani riots in Armenia and

place at the end of the 1980s and early 1990s. When the Russian Federation recognised their independence after the 2008 Russian-Georgian war, a *de facto* correction of borders took place, as did a change of their status: from being completely unrecognised, they obtained partial recognition – although to a very limited extent. The Nagorno-Karabakh Republic has not been recognised by any state in the world.

⁶⁰ This is because of the conflict's multi-dimensionality, the number of actors involved and its long-term effects, for example the blocking of transport routes which resulted from the closing of borders between Azerbaijan and Turkey & Armenia. Nonetheless, it should be remembered that the Chechen Wars (1994–96 and 1999–2009) cost more lives, while in 2008 in Georgia, Russia used its military power abroad to protect its interests for the first time since the collapse of the USSR.

Nagorno-Karabakh, as well as protests against Moscow (it was Moscow, and not Baku, which was the primary addressee of the Armenian claims). Towards the end of February 1988 a pogrom of the Armenian population took place in the city of Sumgait near Baku. It marked a turning point in the conflict's history (in Armenian discourse it was presented as a continuation of the 1915 mass murder). After that time, the Armenian national movement started to exhibit a clearly anti-Soviet nature, and its activists started to believe that the only way their aspirations could be fulfilled was to leave the Soviet Union (see Appendix 1).⁶¹

These sentiments grew stronger in December 1988 when the Soviet authorities arrested 12 activists of the Karabakh Committee, just a few days after the earthquake which had taken place in northern Armenia. These dissidents were moved to a prison in Moscow, which during the *glasnost* (openness and transparency) period soon became known to the general public. Six months later, under the pressure of Soviet and international public opinion, the activists were freed and returned to their homeland as heroes. In this way they gained a decisive impact on politics in Yerevan. In August 1989 the Committee's leader Levon Ter-Petrosyan became a deputy to the Supreme Soviet of the Armenian SSR. A year later, he became the chairman of the Supreme Soviet for its new term, and on 16 October 1991 he became the first president of Armenia. Another activist, Vazgen Manukyan, became prime minister in August 1990. This became possible when, after the break-up of the Communist Party of Armenia which had dominated the parliament, it turned out that the majority of mandates were in the hands of the Pan-Armenian National Movement (ANM), which had been formed from the Karabakh Committee.

On 23 August 1990, the Armenian Supreme Soviet proclaimed the Declaration of State Sovereignty (still as part of the Soviet Union).⁶² On this basis, the Armenian SSR became the Republic of Armenia (which – according to

⁶¹ An Armenian researcher said the following: "Unlike in the majority of the states of the former USSR, only in Armenia did the territorial dispute become a factor that contributed to the creation of the independent state. The main idea of the national movement being shaped in Armenia was not a fight for freedom, but reunification with Nagorno-Karabakh. [...] Initially, it was envisioned that a reintegration with Nagorno-Karabakh would take place within the USSR, which was an expression of the particular loyalty of the Armenian national movement towards the state leadership in Moscow." A. Balayan, 'Polityczne transformacje w postradzieckiej Armenii: problemy adaptacji i perspektywy integracji ze współczesnym światem' [Political Transformations in Post-Soviet Armenia: Problems with Adaptation and Perspectives for Integration with the Contemporary World] in: *Armenia i Górski Karabach w procesach transformacji społecznej i politycznej* [Armenia and Nagorno-Karabakh in Processes of Social and Political Transformation], ed. R. Czachor, Wrocław 2014, p. 26.

⁶² Azerbaijan had proclaimed its state sovereignty (within the USSR; this was a step towards independence) on 25 September 1989.

the document – also included Nagorno-Karabakh). Armenian law became the only law in operation on the territory of the republic, which also had its own military forces.⁶³ In its next step towards independence, on 17 March 1991, Armenia boycotted the all-Union referendum on the future of the Soviet Union. Similar boycotts were organised in some other republics⁶⁴ (as a rule they organised their own referendums instead and declared independence on that basis; in the end, the republics which did not boycott the referendum also proclaimed their independence). However, only Armenia – in accordance with the declaration it made – left the Soviet Union in accordance with the provisions stipulated in the Soviet Constitution and followed the procedure foreseen in the appropriate legislation.⁶⁵ The Armenian independence referendum took place on 21 September 1991 and passed with 99.5% support. Two days later the Supreme Soviet of Armenia proclaimed independence, confirming the republic's departure from the Soviet Union.⁶⁶

In autumn 1989 the Polish reporter Ryszard Kapuściński visited Armenia. He was on tour in the South Caucasus to start collecting materials for his book *Imperium*. In its pages, Kapuściński wrote that it was during his stay in Yerevan when he realised that the USSR would collapse.⁶⁷ This indeed came to pass in December 1991.⁶⁸

⁶³ [ДЕКЛАРАЦИЯ о независимости Армении](#), www.gorby.ru. Illegal militarised (fedayeen) groups had already been formed in Armenia at the beginning of 1989.

⁶⁴ Georgia (with the exception of Abkhazia), Estonia, Lithuania, Latvia and Moldova (with the exception of Transnistria and Gagauzia).

⁶⁵ С. Маркедонов, 'Самоопределение по ленинским принципам', APN, 21 September 2006, www.apn.ru. Markedonov points out that when Azerbaijan and Georgia announced that they were 'restoring' their statehood, Armenia chose self-determination on the basis of Soviet legislation.

⁶⁶ Azerbaijan declared its independence on 30 August 1991.

⁶⁷ "The border between Armenia and Azerbaijan is closed; there is a war over which no one has any influence. This was a shock to me. How could someone here declare that there is something happening in the USSR over which Moscow has no influence? It was this – the acknowledgment on the part of the imperial powers of some impossibility – that was for me the real revolution! [...] I experienced a second shock a day later, upon arriving in Yerevan. I went for a walk and suddenly encountered, in the streets, groups of armed, bearded men. I saw that they were not Red Army. Passersby said that they were divisions of the independent Armenian liberation army. It was incomprehensible to me that there could be troops in the Imperium that were not part of the Red Army or of the KGB. [...] The third surprise, on the evening of that same day, was a scene I witnessed on the television screen, during a report from a session of the Supreme Council. One of the deputies was quarrelling with the secretary-general of the Central Committee – with Gorbachev. I stiffened. Quarrelling with the secretary-general? Once, this meant execution. Later – the irreparable destruction of one's career. And now – the deputy left the podium to general applause. Summing all this up, I thought: This is the end of the Soviets!" R. Kapuściński, *Imperium*, translated by Klara Glowczewska, Vintage Books, New York 1995, pp. 310–311.

⁶⁸ 8 December 1991 is considered the formal date of the end of the Soviet Union. On this day the leaders of Belarus, Russia and Ukraine signed the so-called Belovezha Accords, establishing the Commonwealth of Independent States. However some consider 26 December 1991 as the final day of the USSR, which is when the Soviet of the Republics of the Supreme Soviet of the USSR passed a declaration

Moscow's policy towards the conflict

Russia's policy towards the Nagorno-Karabakh conflict (and indirectly also towards Armenia and Azerbaijan) can be divided into three phases:

- First – from the establishment of the Karabakh movement and its demand for the NKAO to join Armenia, until the early stage of the Nagorno-Karabakh war (1987–92);
- Second – from the beginnings of the war until the ceasefire which ended full-scale fighting (1992–94);
- Third – from the ceasefire until now (1994–).

In the first phase, the authorities in Moscow, despite the hopes which the Armenians invested in them,⁶⁹ opposed any change to the republic's borders, and effectively supported Azerbaijan. This was, first of all, caused by their fear of setting a precedent which could encourage more nations to put forward their own demands, leading to a chain reaction which could be hard to halt. Secondly, Moscow hoped that it would stop the centrifugal tendencies within these two republics in this way. Based on these calculations, Azerbaijan should have remained with the USSR, as it was only the Soviet central authorities which were guaranteeing its territorial integrity; for its part Armenia, by proclaiming secession, would have had to consider the possibility of Nagorno-Karabakh remaining in Soviet Azerbaijan.⁷⁰ The latter assumption proved false; Yerevan decided to confront the USSR's centre,⁷¹ which showed the scale of the determination of Armenia's new leaders and the strength of the idea of unification among Armenians. Nonetheless, Moscow was convinced that thanks to the conflict and its effective management it could influence

confirming that, together with the creation of the CIS, the Soviet Union had ceased to exist as a state and a subject of international law.

⁶⁹ During the mass demonstrations in Yerevan in February 1988, one could hear such slogans as "Lenin, Party, Gorbachev!" and "We trust in Gorbachev's words!" (A. Balayan, 'Polityczne transformacje...', *op. cit.*). Regardless of the political calculations at that time, they revealed the historical sentiments of the Armenians, who see Russia as a natural ally defending Christian Armenia against Muslim Turkey and Persia.

⁷⁰ Regardless of the Soviet authorities' official position, the conflict was also used in its first phase as an instrument in the fights between factions of the Soviet elite. Opponents of the reformist group around Gorbachev wanted to see it escalate, in order to bring the concept of *perestroika* into disrepute and halt the changes. This situation lasted until 1991.

⁷¹ One illustration of the Armenian authorities' activities was the decision on 17 April 1991 to nationalise the property of the Communist Party of Armenia, which met with protests from the Soviet central authorities.

the situation in both republics, making them dependent on itself and becoming an indispensable intermediary between them.

Moscow's support of Baku before the collapse of the USSR was based, on the one hand, on the Kremlin's refusal of the Armenian people's demands, and on the other on the assistance which the Soviet Army and the Internal Ministry's troops provided to the OMON in Azerbaijan.⁷² This assistance found expression during Operation 'Ring' (Russian: *Koltso*, Кольцо), which was carried out jointly by Soviet and Azerbaijani forces on the territory of the NKAO and adjacent regions of the Azerbaijan SSR.⁷³ The declared goal of this operation was to disarm the illegal Armenian military formations and check the documents of the local population. During the operation, which lasted from late April until early June 1991, several dozen people were killed, including Armenian militia officers, and the inhabitants of 19 ethnic Armenian villages were expelled, several thousand people in total.⁷⁴ The operation took place in parallel with the *de facto* blockade of Nagorno-Karabakh: roads from Armenia to the oblast were closed (both Moscow and Baku wanted to stop Armenia sending support to the local Armenians), and only air connections operated between Yerevan and Stepanakert.

In parallel, the central authorities were also disciplining Azerbaijan's population. On 20 January 1990, divisions of the Soviet Army entered Baku and pacified the city – almost 170 civilians were killed and over 700 wounded.⁷⁵ Officially, the reason for the intervention was the protection of the local Armenian community (a few days earlier in Baku there had been another pogrom

⁷² OMON (in Russian: ОМОН, Отряд милиции особого назначения – Special Purpose Militia Unit) was a shared name for the militia units created in 1988 to ensure law and public order, and which were used to repress different kinds of riots. Under a modified name, OMON still operates in Russia today, and its counterparts can also be found in other former Soviet republics.

⁷³ The legal basis for this operation was the 25 July 1990 decree by the President of the Soviet Union entitled 'On the ban of creating illegal formations that have not been foreseen by USSR legislation and the confiscation of weapons in cases of their illegal storage'. On 15 January 1990 a state of emergency was introduced in the NKAO and adjacent territories of the Azerbaijan SSR (although different forms of special, central management of the oblast had already been in place throughout 1989). Azerbaijan's OMON, with the consent of the state of emergency's commanders, entered the NKAO in October 1990, taking control of Stepanakert airport among other actions.

⁷⁴ Data from a [report issued by Memorial](#), which is available at Сумгаит.инфо, www.sumgait.info. During this operation the population of two other Armenian-inhabited villages were also expelled, even though they were located outside the area where the operation was being implemented. On 5 May 1991 the chairman of the Armenian Supreme Soviet, Levon Ter-Petrosyan, claimed that the USSR had declared war on Armenia, and on 17 May a resolution was passed during a closed session of the Supreme Soviet stating that the methods used by the Soviet and Azerbaijani divisions in Operation 'Ring' bore all the hallmarks of genocide.

⁷⁵ T. Świętochowski, *Azerbejdżan i Rosja...*, *op. cit.*, pp. 240–241.

of Armenians⁷⁶). However, it is quite clear that the Soviets wanted to demonstrate their power and scare the pro-independence dissidents (both in Azerbaijan and throughout USSR), as well as to retaliate for the seizure of their weapons from military warehouses, and to support the local Communist party before elections to the Azerbaijani Supreme Soviet.⁷⁷

Moscow continued to implement its earlier policy towards the conflict for some time after the collapse of the USSR, while the full-scale war was raging in Nagorno-Karabakh (large-scale military activities started in February 1992). This resulted from the fact that Armenia was now being ruled by democrats, who were attempting to conduct an independent foreign policy, whereas Azerbaijan was still being ruled by pro-Russian Communists; the president at this time was Ayaz Mutallibov, the last First Secretary of the Communist Party of Azerbaijan.

The reason for the change of tactics and the near-open support for Armenian side in the Nagorno-Karabakh war, which characterised the **second phase of Moscow's engagement in the conflict**, was the fall of Mutallibov and the rise to power of the Azerbaijani Popular Front (APF). Mutallibov resigned on 6 March 1992 as a result of the failures on the Nagorno-Karabakh front. Even though he tried to return to office in mid-May (the Supreme Soviet even restored his mandate) he was forced to flee to Moscow after a few days. The general elections on 7 June 1992 were won by Abulfaz Elchibey, the leader of the APF and the proponent of a pro-Western policy orientation, especially towards Turkey, which soon began to send Azerbaijan large amounts of economic and military aid. Pan-Turkic ideas, which in the South Caucasus took the form of an alliance between Baku and Ankara, and the perspective of a consortium of Western companies building an oil pipeline – one that would be outside Moscow's control, and which would allow Azerbaijani oil from the Caspian Sea shelf to be delivered to international markets – were disturbing to Moscow. Based on projects presented in early 1993, the planned oil pipeline was to have run through the territory of Armenia.⁷⁸ The Armenian offensive in February ended these plans, while the one which took place in June brought

⁷⁶ T. de Waal, *Black Garden. Armenia and Azerbaijan through Peace and War*, New York University Press, New York and London 2003, pp. 90–91.

⁷⁷ *Ibidem*, pp. 92–93. P. Adamczewski, *Górski Karabach w polityce...*, *op. cit.*, pp. 147–149.

⁷⁸ In the unofficial talks that representatives of Elchibey's administration were conducting with the Armenian state, the construction of the oil pipeline (together with transit fees for Armenia) was combined with the ceasefire in Nagorno-Karabakh and – according to some reliable reports – an initial agreement had been reached.

an end to Elchibey's power. Moscow probably wanted the presidency in Baku to return to Mutallibov, but this office was eventually taken over by Heydar Aliyev.⁷⁹ After he came to power, he invited Russian Lukoil to the consortium which was responsible for building the oil pipeline (in the end the Russians withdrew from this project), and led to Azerbaijan joining the CIS.

From what is known today, it is quite clear that Moscow played a role in Elchibey's removal from power and the destruction of the plan for a major Caspian oil pipeline running through Armenia. It is also clear that Moscow was providing weapons to the Armenian forces in Nagorno-Karabakh which undertook effective offensives in February and June 1993 (the weapons came from the warehouses of the Russian army divisions which were stationed in Armenia).⁸⁰ To paraphrase the mid-nineteenth century British Prime Minister Lord Palmerston, we can say that Russia does not have eternal allies or perpetual enemies, only eternal and perpetual interests.

The turning point in Yerevan's policy towards Moscow came on 15 May 1992 when Armenia joined the Tashkent Pact, the system of collective security initiated and controlled by the Kremlin which currently includes six former Soviet republics.⁸¹ Yerevan's decision was driven by fear of Turkey after Ankara openly supported Baku in the Nagorno-Karabakh conflict (at that time pan-Turkism was interpreted as a real political project which could offer competition to the integration initiatives undertaken by and around Russia). Subordination to Moscow was the price which Armenia decided to pay for Russian assistance and protection. On the other hand, Azerbaijan's signing of the Tashkent Pact (on 24 September 1993; it left this organisation in 1999) should be interpreted as an attempt to minimise the losses that came from Moscow's

⁷⁹ The June attack by Armenian forces in Nagorno-Karabakh was accompanied by a rebellion by the Moscow-backed Surat Huseynov who, threatening to march on Baku, directly contributed to Elchibey's loss of power (on 18 June 1993 the president escaped from the capital to Nakhchivan). Aliyev, who at that time held the post of speaker of parliament, the second most important office in the country, took power which he legitimised in presidential elections on 3 October 1993. To learn more about the sidelines of these events, see 3. Тодуа, *Азербайджанский пасьянс* [Azerbaijani Solitaire], Moscow 2001. pp. 3–28.

⁸⁰ In practice, Russia equipped the NKR army. 'Современное состояние ПВО стран - бывших советских союзных республик. Часть 6-я', Военное обозрение, 14 October 2016, www.topwar.ru. In the last months of the war the Armenians were using modern Russian Shturm-S anti-tank missile systems. See the OSW report, *Konflikty zbrojne na terenie państw WNP, w których rozwiązywaniu uczestniczą instytucje międzynarodowe (ONZ, OBWE)* [Armed Conflicts on the Territories of CIS States in Whose Development International Institutions have Participated (the UN, the OSCE)], August 1996.

⁸¹ Armenia was the first state to join. In 2002, the Collective Security Treaty (also known as the Tashkent Pact) was transformed into the Collective Security Treaty Organisation.

support for Armenia. Consequently, the two countries at war, Armenia and Azerbaijan, became formal allies.

The third phase of the Russian engagement in the Nagorno-Karabakh conflict, which has lasted until today, began with the signing of the 1994 ceasefire agreement which brought an end to the full-on war. Since that moment, Moscow has no longer acted as a party or a participant in the conflict (it does not support either side, even though it has ties of alliance with Armenia). Instead, it is involved as a mediator, which from the very beginning was a very important one, and for quite some time now it has been the most important. It should be remembered that despite first siding with Azerbaijan and then the Armenians, Moscow had already undertaken intermediary activities before then. From the outset it also actively participated in the work of the OSCE Minsk Group established in 1992. Russia co-chairs this group together with the United States and France (see Appendix 2). Independently of this format, in later years Moscow presented its own peace proposals on several occasions, and discussed the resolution of the conflict with Yerevan and Baku in bilateral and trilateral formats. Russia's exceptional position as a mediator is reinforced by 1) its numerous and multiform impact instruments in the region (political, military, economic and soft power⁸²); 2) its privileged relations with both sides of the conflict (Armenia is a 'strategic ally' while Azerbaijan is a 'strategic partner'); 3) its 'destructive potential' (Russia has proved that it is capable of using force abroad to defend its interests, and can bring about the *de facto* alteration of state borders; this has prevented Azerbaijan from undertaking military activities in Nagorno-Karabakh which are not authorised by the Kremlin); and 4) Western support for its mediation efforts. Over time, all these factors have made the Nagorno-Karabakh conflict the key instrument of Russia's control over the South Caucasus and the most important instrument in its relations with Armenia and Azerbaijan.

⁸² These political instruments include the following: control of the post-Soviet integration formats that Armenia has joined, as well as the provision included in the 2018 Convention on the Legal Status of the Caspian Sea which forbids the presence in Caspian waters of military forces of non-littoral states. Russia's military instruments, in turn, include its military bases in Armenia and unrecognised para-states of Abkhazia and South Ossetia; as for its economic instruments, these include Russia's important assets, especially in Armenia (energy sector, railways) as well as Armenia's dependence on Russian gas, and the Russian possessions of the President Aliyev family. The soft power instruments: substantial tourism from Russia to Georgia, but also to Armenia and Azerbaijan (which encourages people to learn the Russian language). Regardless of this, tourism is also used as an economic instrument: Moscow's decision to stop all airline connections with Georgia on 8 July 2019 significantly reduced the number of Russian tourists in Georgia and had a negative effect on its economy.

In recent years the power and effectiveness of Russia's policies were spectacularly revealed on two occasions: when the Kremlin effectively pressured Armenia to withdraw from signing the Association Agreement with the European Union in 2013 and join the Moscow-led Eurasian Economic Union instead; and when it contributed to the quick ending of the four-day war (2016). Yerevan's decision to participate in the post-Soviet integration format was announced on 3 September 2013 by the presidents of the Russian Federation (Putin) and Armenia (Sargsyan) after their meeting at Novo-Ogaryovo near Moscow. This step put an end to the three-year negotiations that Yerevan had been engaged in with Brussels; the agreement which was envisioned to be initialled at the Eastern Partnership Summit in Vilnius should have established a Deep and Comprehensive Free Trade Areas (DCFTA) between Armenia and the EU.⁸³ Most probably, the Kremlin blackmailed Yerevan with withdrawing its informal security guarantees for the para-state in order to stop Armenia's European integration.⁸⁴

Moscow was first to react to the renewed fighting in Nagorno-Karabakh (the clashes took place from 2 to 5 April 2016). Other states and international organisations reacted later and limited their activities to calls for a ceasefire. On 2 April 2016 President Putin issued a statement regarding the crisis, while the Russian ministers of foreign affairs and defence, Sergei Lavrov and Sergei Shoigu, held telephone conversations with their counterparts in both states. Over the next three days there was a series of phone conversations between President Putin and the presidents of Armenia and Azerbaijan, as well as a visit to Moscow by the chiefs of general staffs of their armed forces. During the latter a ceasefire was negotiated. This Russian diplomatic offensive showed that Moscow had both the political will and the instruments allowing it to stop the military activities and force the conflict's parties to accept its role as an intermediary. Moscow's mediation successes also demonstrated the weakness of other intermediaries, including the two other co-chairs of the OSCE Minsk Group (the US and France), neither of whom was able to prevent the outbreak of fighting, bring it to an end, or impose their own agenda in the peace process,

⁸³ S. Ananicz, 'Armenia turns away from the EU', 4 September 2013, www.osw.waw.pl. On 24 November 2017 Armenia signed the Comprehensive and Enhanced Partnership Agreement (CEPA) with the European Union, although this was not at the level of an Association Agreement (W. Górecki, 'Armenia's agreement with the EU - Yerevan pretends to conduct a multivectoral policy', 29 November 2017, www.osw.waw.pl).

⁸⁴ As mentioned above, Moscow's formal obligations towards Yerevan, resulting from Armenia's membership of the Collective Security Treaty Organisation, do not include the Nagorno-Karabakh Republic.

and in the end supported Russia's initiatives.⁸⁵ This led to a kind of 'internalisation' of the conflict and the 'abdication' of the West, which *de facto* acknowledged this issue as Russia's domain.

At the same time, however, Moscow did not manage to push through its own plan to resolve the conflict, which was signalled during Prime Minister Dmitri Medvedev's visit to Yerevan and Baku on 7–8 April 2016. This plan's assumptions include the idea that Russian peace-keeping forces would be deployed in areas affected by military activity, which both sides of the conflict opposed then, and still do today.⁸⁶ Moscow decided not to put any greater pressure on them on this issue, as it likely feared an increase in anti-Russian sentiment (in Armenia part of the population was of the opinion that the Azerbaijani forces had attack, if not with Moscow's consent, then at least with its knowledge, and that the Kremlin wanted to reinforce Aliyev's position in Azerbaijan in this way).⁸⁷ This example is an illustration that Moscow has also encountered significant limitations in its policy towards the conflict.

As part of the so-called shuttle diplomacy taking place at the time, Prime Minister Medvedev and Deputy Prime Minister Dmitri Rogozin, who accompanied Medvedev during his trip to the region and who was also in charge of the military-industrial bloc, confirmed that Russia would continue to sell weapons to both states in order to maintain the balance of power between the two sides (see Appendix 3). This argument does not convince a certain section of Armenian public opinion, which argues that this is a way for Moscow to support its ally's enemy anyway. Protests along these lines were expressed particularly during the Russian politicians' visits to Yerevan in the aftermath of the four-day war.⁸⁸

The example of Russia's supply of arms illustrates how its policy towards the Nagorno-Karabakh conflict is correlated with the Kremlin's bilateral policies

⁸⁵ W. Górecki, 'Nagorno-Karabakh: what is Russia up to?', 13 April 2016, www.osw.waw.pl.

⁸⁶ This concept, widely referred to as the 'Lavrov plan', was never presented in a form of a consistent, coherent document, but it is known that the deployment of Russian troops was one of its elements (see Appendix 2).

⁸⁷ According to research data from the Yerevan-based Analytical Centre on Globalisation and Regional Cooperation published in September 2017, 34% of respondents perceived Russia as Armenia's ally, 30% thought the opposite, while 35% thought that Russia was only partially an ally, which shows that a considerable share of Armenians in Armenia have a rather ambiguous image of Russia. On the other hand, research published in spring 2017 as part of an EU-financed project which included Eastern Partnership states, showed that as many as 48% of Armenians had a positive attitude towards the EU, 37% were neutral, and 5% negative.

⁸⁸ *Ibidem*. Armenia purchases Russian weapons on preferential terms (lower prices, attractive credit rates, etc.).

towards Baku and Yerevan. In the case of Armenia, Russian assistance during the key phase of the war determined Moscow's position as a guarantor of security and opened a path to its permanent military presence in this country (the 102nd Russian Military Base at Gyumri).⁸⁹ By giving the bilateral relationship the features of a formal alliance and developing a network of ties between the Russian and Armenian elites – especially the military ones – a popular image of Russia as a partner to which there is no alternative was cemented in Armenia and the NKR; although over time, as mentioned above, Armenian society began to perceive how high the costs of this alliance were, and how their comprehensive dependence on Russia limited the development of the country. Russia's instrumental treatment of Armenia – as a means of putting pressure on Baku – became most noticeable especially after the Russian-Georgian war in 2008 (previously, Azerbaijan had implemented a pro-Western policy⁹⁰ – although cautiously and without any clear declarations to join NATO and the EU, as was in the case with Georgia). This war – which, on the one hand, showed Russia's determination, and on the other the weakening of Western interests in the region – prompted Baku to open the country up to greater co-operation with Moscow by proclaiming its equal distance from both Russian and Western integration structures. This change was firstly a result of the Azerbaijani authorities' conclusion that without Russia's acceptance, or at least 'silent consent', no military action in Nagorno-Karabakh would be possible. Secondly, Azerbaijan became more attractive to Moscow because of its increased profits from oil and gas sales. One form of this opening-up to Russia was increased purchases of Russian arms by Azerbaijan,⁹¹ which explains why Russian representatives began referring to the country as a 'strategic partner' (Moscow's privileged relations with both sides of the conflict should be regarded as a significant long-term achievement for Russian foreign policy). For Azerbaijan, the strategic alliance it has established with Turkey serves as a kind of counterbalance to relations with Russia.

Moscow's goal is to include the entire South Caucasus – with Azerbaijan in the first place – in Russian-led integration structures. This would seal Russian control over the region, and formally block the possibility of its future

⁸⁹ The base, with garrisons in Gyumri and Yerevan, at the moment hosts around 4000 Russian soldiers. It has been in place since Soviet times. Armenian-Russian agreements guarantee the continued presence of the base until 2044.

⁹⁰ This could be seen, for example, in Azerbaijan's active participation in the bloc of pro-Western states in the southern CIS, the so-called 'GU(U)AM'.

⁹¹ According to some Azerbaijani experts, the arms purchases from Russia were intended to ensure Moscow's favour towards Azerbaijan's position in the conflict. (Based on OSW interviews in Baku in June 2017).

integration with the EU. Clearly, in the years 2016–17 Moscow probed the possibility of Azerbaijan’s membership in the Eurasian Economic Union in exchange for Armenian territorial concessions in the conflict zone (Nagorno-Karabakh itself would likely have received strong security guarantees).⁹² However, since the admission of a new state into the EAEU requires the consent of all the existing members – and Armenia could veto Azerbaijan’s membership – the option of participation in the organisation’s work as an observer-state was introduced (Moldova has been granted this status).

The conflict’s impact on political relations in the South Caucasus

The Nagorno-Karabakh conflict has affected not only the states directly involved, but also Georgia, the third state in the region. Tbilisi and Baku have moved closer together, as they share similar problems regarding territorial integrity and the loss of control over part of its lands, as well as the fact that both lie on the main transit route for the region’s oil and gas pipelines. Armenia is also interested in having good relations with Georgia as transit through this country – which leads to Russia and Georgia’s Black Sea harbours – is its main window to the outside world. In the early 1990s, the Armenian government halted the separatist aspirations of the ethnic Armenians in Javakheti (a province in southern Georgia mostly inhabited by Armenians and located on the border with Armenia). Should a military conflict erupt there, Armenia would have only one open land border left (with Iran).⁹³ For this reason, Armenia did not allow Russian forces to use its territory for attacking targets in Georgia during the 2008 Russian-Georgian war.

Georgia’s location and its good relations with both Baku and Yerevan has allowed Tbilisi to profit politically from this conflict (the economic benefits will be discussed later in this chapter). The most important of these gains have resulted from the fact that the country is an important platform to host both sides, which would not be possible in either Armenia or Azerbaijan. This has not only increased Georgia’s importance, but also allows it to receive some recompense for these ‘good offices’.⁹⁴ However, the Nagorno-Karabakh conflict

⁹² *Ibidem*. These proposals may possibly have been (and may still be) part of the ‘Lavrov plan’.

⁹³ W. Górecki, ‘Teraz Dżawachetia? Ormiański separatyzm w południowej Gruzji’ [Now Javakhetia? Ethnic Armenian Separatism in Southern Georgia], *Analizy OSW*, no. 3, 28 February 1998.

⁹⁴ Indirectly, these profits included the long-running operation of an open-air market bazar in Sada-khlo, at the border with Armenia and close to the border with Azerbaijan, which was a place for trade for both Georgian citizens (of Georgian, Armenian and Azerbaijani nationalities) as well as people from Armenia and Azerbaijan. The vast majority of the transactions taking place in this market were performed ‘under the table’, which significantly limited the state’s income, but allowed

could potentially generate very serious threats to Georgia. In case of renewed military activity (and Russia's military engagement) or if Russian peace-keeping or mediatory forces are deployed in the region, Moscow could demand that Georgia allows its troops to pass through its territory to reach its base in Gyumri; this could clearly threaten Tbilisi with the loss of control over more of its territory beyond Abkhazia and South Ossetia (the Tskhinvali region).

It should also be remembered that Russia's policy became more active around the Nagorno-Karabakh conflict⁹⁵ right after the 2008 war, which started with Russia's response to Tbilisi's (provoked) attack on separatist forces in South Ossetia. Regardless of Russia's main aims for that operation – the most important one was to prevent Georgia and Ukraine from joining NATO – the large scale of the Russian activities was also a signal to Azerbaijan to not undertake any military action aimed at regaining Nagorno-Karabakh. Otherwise, the Russian soldiers stationed in Gyumri could intervene; this was admitted as much a few years later, when Armenia withdrew from signing the DCFTA with the European Union, in a statement by Colonel Andrei Ruzinsky, the base's commander at that time.⁹⁶

2.2. The economic dimension

Despite the military failure and the loss of control over the part of its territory, Azerbaijan participates in regional transport projects, and has open borders with four of its five neighbours. The situation for the victorious Armenia has proved to be more challenging. The borders of Armenia (with Azerbaijan and Turkey) and of Azerbaijan (with Armenia) are blocked as the result of the conflict and are still closed today (February 2020). This situation is more troublesome for Armenia, to which only the borders with Georgia and Iran remain open for the movement of goods and people (Iran is less significant because of its greater distance from Yerevan, more difficult access, and the tense relations between Iran and the US, as well as most of the neighbouring countries).⁹⁷ Azerbaijan has open crossings at its borders with Russia, Georgia

many people to earn a living in the crisis conditions of the 1990s (independent economists calculated that the yearly revenues from this market amounted to US\$1 billion). The market was closed by a decision of President Saakashvili in December 2005.

⁹⁵ As well as an increase in the expansiveness of Russia's foreign policy overall.

⁹⁶ Statement from a press interview in October 2013; 'При возобновлении военного конфликта в Нагорном Карабахе 102-я база может вмешаться – Командир', 1news.az, 31 October 2013.

⁹⁷ The estimated lengths of Armenia's borders are: with Iran around 35 km, with Georgia around 200 km, with Turkey over 250 km, with Azerbaijan (including the Nakhchivan exclave) almost 800 km, in the current *de iure* state of affairs.

and Iran, and (in the NAR exclave) with Turkey (as mentioned above, Baku has impeded access to Nakhchivan as a result of the conflict).

All the infrastructure projects which have been completed since the 1990s (and which are being planned now) have bypassed Armenia, which significantly limits its participation in regional and international economic trade. This especially concerns the 'latitudinal' projects which Azerbaijan is participating in (as mentioned above, after the plan to build a Caspian oil pipeline that would have run through Armenia failed, the oil and gas pipelines went through Georgia and Turkey, and the same route is used by the Baku-Tbilisi-Kars railway activated in autumn 2017), but also concerns the existing, although few, 'longitudinal' projects from Russia to Iran, which were planned to run along a shorter route, avoiding the high mountains, through Azerbaijan (namely the electrical grid and rail links – see later in this chapter).⁹⁸ In addition, Armenia lost the old railway connections with Russia which were there in Soviet times; this line ran through Abkhazia and was closed in 1992, in connection with the war in this Georgian republic. In turn, the blockade by Azerbaijan makes it impossible to use the alternative line from Russia which runs through Baku and Tbilisi. Armenia has also lost its land connections (road and rail) with Turkey. During the Soviet period, the border with Turkey was closed, but after its collapse, border crossings were opened temporarily. Thus, Armenian-Turkish trade exchange takes place via transit through Georgia, although there are also direct flight connections.

For Armenia another negative consequence of the Nagorno-Karabakh conflict is its deep dependence on Russia. This, in turn, generates such undesirable phenomena as the oligarchisation of social life (the emergence of a rich and influential social class that lives off the country's deficit economy and profits from business and political connections) and corruption. Prime Minister Pashinyan is trying to eliminate these problems, although his undertakings have already generated some tensions in relations with Moscow.⁹⁹ All these things

⁹⁸ The only infrastructure investment completed in the post-Soviet period which included Armenia was the Iran-Armenia gas pipeline, opened for use at the beginning of 2007. However, this was only a bilateral project. In addition, some sections of the Soviet gas pipeline from Russia have been modernised (Mozdok-Tbilisi-Yerevan).

⁹⁹ These were usually caused by publications with information on the informal connections and corruption schemes which involved Russian capital, which were not welcomed by the Kremlin (for example Moscow was not pleased with the demonstrative night searches undertaken by Armenia's tax collection service in the offices of the South Caucasus Railway, which is a 100% daughter company of Russian Railways). W. Górecki, 'A revolution in instalments...', *op. cit.*

have worsened the investment climate and decreased Armenia's position in various international ratings.

Azerbaijan has lost the railway connections between its principal territory and Iran as a result of the conflict. The above-mentioned line that runs from Baku through Armenia to Nakhchivan (and further on to Yerevan) has a branch in Julfa (in NAR) from where it runs to the Iranian city of Tabriz, allows a connection (via Iranian railways) with Turkey.¹⁰⁰ At the moment this connection from Baku is possible once again (thanks to the above-mentioned Baku-Tbilisi-Kars line), while a direct railway connection between Baku and Iran running along the Caspian Sea coast is envisioned for launch later in 2020.¹⁰¹ This would mean that both Russia and Georgia will be able to send and receive railway transports to and from Iran.

Georgia has proved to be the main economic beneficiary of the situation in the conflict region, including Armenia in its difficult geopolitical location.¹⁰² Regardless of whether it has been involved in the infrastructural projects taking place without Armenia's participation, Georgia has become an important link in land transport running from Turkey to Armenia and Azerbaijan (although transit on these routes via Iran is technically possible, in practice it has proved non-profitable), as well as those running from Russia to Armenia.

2.3. The social dimension

The social cost of the Nagorno-Karabakh conflict on the region includes the disappearance of the sense of a pan-Caucasian cultural and civilisational community. The broken historical ties between Armenians and Azerbaijanis mentioned above (process which, it should be recalled, is partially taking a natural course as new generations come of age, and is partially being stimulated by both states, which are increasingly unwilling to permit contacts between their citizens) initially impeded the implementation of any trilateral initiatives with

¹⁰⁰ During the Soviet period, the Moscow-Tehran train operated on this route, which ran through Baku; since 2016 a train has run once a week from the city of Nakhchivan to Mashhad (through Tabriz and Tehran).

¹⁰¹ There is already a line from Baku to the border city of Astara, but the section from Astara to Rasht still needs to be built. Once it is ready, it will be possible to renew railway connections from Baku to Nakhchivan, even though this is a large detour. In the NAR, in addition to the train to Iran, there are also local train connections (see Map).

¹⁰² Georgia's unique position as a regional transport hub, especially in oil and gas transportation, is the result of the Nagorno-Karabakh conflict. Otherwise, some pipelines would most likely be running through Armenia.

representatives from Armenia, Azerbaijan and Georgia, and later made them literally impossible. After the 2008 Russian-Georgian war, and especially the escalation of the Nagorno-Karabakh military conflict in 2016, the recruitment of youth willing to join projects run by foreign NGOs became much more difficult, while their topics were limited to 'soft' areas such as culture, science or education; projects aimed e.g. at conflict resolution often end in disputes and the breaking off of ties.¹⁰³

This process is also affected by the different foreign policy choices which the states make. While Georgia opts for a pro-Western course, Armenia is pursuing pro-Russian policies (although since Pashinyan came to power, they are being less consistently implemented), while Azerbaijan remains uninvolved (or so it declares).

To illustrate the scale of changes that have taken place in the region and in its surroundings since the mid-1990s, we may consider the declaration which was prepared upon Boris Yeltsin's initiative and signed on 3 June 1996, two years after the ceasefire in Nagorno-Karabakh, by the then presidents of Russia, Georgia, Armenia and Azerbaijan: Eduard Shevardnadze, Levon Ter-Petrosyan and Heydar Aliyev respectively. The document was entitled 'For Inter-ethnic Accord, Peace and Economic and Cultural Cooperation in the Caucasus'. It was signed in Kislovodsk in Russia's North Caucasus during the last phase of the First Chechen War (an armistice was being negotiated in very intense talks by Russia and Chechnya's representatives). A similar declaration would not have been possible even at the turn of the present century, that is after the Second Chechen War had started (in its initial phase, both Shevardnadze and Aliyev unofficially supported the rebels). In the new circumstances, the Caucasian political leaders would not have been able to sign their names under Yeltsin's words that the region is a whole organism whose disintegration, or any attempt to secede from Russia, would unavoidably bring great misery to all.¹⁰⁴

¹⁰³ There is no data on the overall number of such projects (which are prepared by different entities) and especially there is no information on the details of their implementation. That is why in this paragraph I have drawn upon my personal experience from the years 2014-15, when I was a member of the board of the Solidarity Fund PL, which provides development assistance concentrated on aspects of democratisation. It is worth pointing out here that individual representatives of the older generation of the region's inhabitants still remain in touch: they had established contact during the *perestroika* period or even before. This is especially true of activists from the first South Caucasian NGOs and members of former dissident circles.

¹⁰⁴ *Konflikty zbrojne na terenie państw WNP...*, op. cit.

These days, pan-Caucasian initiatives are rarer and usually of an ephemeral nature. Among the most interesting ones was a Russian-language literary almanac titled *Южный Кавказ* (Southern Caucasus), which gathered authors from all three states as well as the three para-states that are in the region. Altogether, three issues of the journal were published.¹⁰⁵

3. The conflict and its more distant neighbourhood

3.1. Iran and Turkey's positions

Since its outset the Nagorno-Karabakh conflict has been drawing attention of both the region's neighbours (especially Iran and Turkey) and global players. The former, to a large extent, have been motivated by their fear of Russia, resulting from their historical experiences. Tehran and Ankara wanted to exploit Russia's weaker position after the collapse of the Soviet Union to gain (or rather re-gain) their former influence in the Caucasus – that is, from before the nineteenth century when Russia became a player there – in order to ensure them greater security: the Caucasus region was to become a kind of buffer zone for them. In addition, Iran was afraid that the US's position in the region would grow, and that Washington would enter into an anti-Iranian alliance with Baku, which could mobilise Iran's own Azerbaijani minority and allow for Azerbaijani separatism to develop (the Azerbaijani population in Iran is larger than it is in Azerbaijan itself); and of a possible American attack on Iranian positions from Azerbaijan's territory.¹⁰⁶ Turkey, in turn, hoped to see some of its above-mentioned pan-Turkic plans come to fruition.

Iran and Turkey's interest in the conflict initially took the form of some peace initiatives. In spring 1992, Armenian-Azerbaijani negotiations took place in Tehran under Iran's auspices. However, the talks were broken off after an Armenian military offensive in Nagorno-Karabakh. Later on Iran offered its mediation services and new formats for talks on several more occasions, but these proposals were not accepted. In turn, in April 1993 Turkish diplomats took part (together with their American and Russian counterparts) in preparations of the first peace plan, which Stepanakert then rejected. After that,

¹⁰⁵ In the years 2011-13. The journal did not cover the topic of the conflict on principle. The content of all the issues is available online at www.apsnyteka.org/438-yuzhny_kavkaz_almanach.html. Also see a [review of the journal on the *Nowa Europa Wschodnia* website](#) (in Polish).

¹⁰⁶ Tehran was also afraid of an Azerbaijani-Israeli alliance, and of Baku's possible agreement to the use of its territory for anti-Iranian Israeli operations.

Ankara effectively failed to involve itself in any new peace initiatives, positioning itself as Azerbaijan's ally (see Appendix 2).

Turkey has not established diplomatic relations with independent Armenia, although initially this was not connected to the Nagorno-Karabakh conflict. This attitude was important enough for Yerevan that, despite Turkey's support for Azerbaijan and its blockade of Armenia's borders in July 1992,¹⁰⁷ the Armenian foreign minister was dismissed after a statement during a Council of Europe meeting in Istanbul in which he said that the 1915 Armenian mass murder should be recognised as genocide.¹⁰⁸ Yerevan clearly wanted to separate its attempts at normalising relations with Ankara from the Nagorno-Karabakh conflict, which seemed possible until the end of the first decade of the twenty-first century (Yerevan's goal was to diversify Armenia's Russia-oriented foreign policy and get the borders with Turkey re-opened, in the hope of resuscitating Armenia's economy). The intensification of relations started with a visit by Turkey's President Abdullah Gül's to Yerevan on 6 September 2008 (together with President Sargsyan, he watched a football match between their national teams there). In April 2009 both sides accepted a roadmap to normalise relations (prepared together with the participation of American diplomats), while on 10 October 2009 in Zurich their foreign ministers signed two protocols – on establishing diplomatic relations and developing bilateral relations. These documents, negotiated with the assistance of Switzerland, which was an intermediary in the talks, were supposed to come into force after their ratification by both parliaments (and the Armenian-Turkish border was supposed to open two months later). However, the ratification did not take place because of strong internal resistance in both states, and especially because of the activities of Azerbaijan, which threatened to withdraw more than US\$10 billion from Turkish banks (in Baku's view, the only legitimate means of putting pressure on Yerevan involve Azerbaijan and Turkey blockading their transport routes and borders with Armenia).

The failure of the Armenian-Turkish normalisation process enforced and preserved the network of alliances that had been established in the South Caucasus after the collapse of the Soviet Union and the Nagorno-Karabakh war. On the one hand, there was an alliance between Armenia and Russia; and on the other hand, Azerbaijan and Turkey. The first alliance was approached by

¹⁰⁷ This took place a few weeks after the pro-Turkish Elchibey came to power in Azerbaijan.

¹⁰⁸ Armenia's minister of foreign affairs at that time was Raffi Hovannisian. He was dismissed in October 1992.

Iran, which at first glance might look like a paradox: a state with a Shi'ite hierocracy has closer relations with a culturally Christian Armenia than it does with culturally Islamic, and also Shi'ite, Azerbaijan. At the turn of the twenty-first century the phrase 'the Moscow-Yerevan-Tehran axis' even appeared in some analytical discourse, and in Mincivan, a town in the 'occupied territories' (formally in Azerbaijan's Zangilan district), an informal pedestrian border crossing between Iran and the NKR operated unofficially, even though from the perspective of international law such a border crossing was illegal.¹⁰⁹ This 'axis' was then envisioned as a counterbalance to the group of Western-oriented former Soviet republics, namely Georgia, Ukraine, Azerbaijan and Moldova (also periodically Uzbekistan).

3.2. The position of the West

For Western states, especially the US which was actively involved in the former Soviet republics in the early 1990s, the Nagorno-Karabakh conflict was a factor that hindered access to Caspian oil and gas resources (at that time the size of these resources was significantly overestimated) and the construction of oil and gas pipelines in the region. It was believed then that without a resolution to the conflict - and an agreement on the status of the Caspian Sea is achieved - the large-scale production and transportation of resources onto global markets would be impossible. On the other hand, in line with the then predominant belief in the 'end of history' narrative and final victory of liberal democracy, the West felt obliged to provide the young post-Soviet states with adequate assistance to ensure that stability and democratic rule would expand worldwide. To reconcile these motivations Western governments supported the idea of building an oil pipeline from Azerbaijan to Turkey through Armenia. In turn, on 24 October 1992, the US Congress passed Amendment 907 to the Freedom Support Act, which prohibited the provision of any form of assistance, with the exception of humanitarian, to Azerbaijan; this move was intended to force Baku to stop its blockade of Armenia. This amendment should be interpreted as both an expression of political idealism and the result of intensive lobbying by the Armenian diaspora in the United States.¹¹⁰ Its passing showed that the course of the Nagorno-Karabakh conflict has been influenced not just by Baku and Yerevan, as well as Moscow,

¹⁰⁹ J. Wróbel, 'Nagorno-Karabakh' in: *Armed conflicts in the post-soviet region. Present situation. Prospects for settlement. Consequences*, OSW, Warsaw 2003, p. 27, www.osw.waw.pl.

¹¹⁰ T. de Waal, *Black Garden...*, *op. cit.*, p. 234.

but also by Washington; the international Armenian diaspora has also been an active participant.¹¹¹

The peak of US involvement in the conflict overlapped with the beginning of the new millennium. From 3 to 6 April 2001, an Armenian-Azerbaijani summit was held in Key West, Florida. During this event, talks between Presidents Kocharyan and Aliyev were also joined by the US Secretary of State Colin Powell (see Appendix 2). However, despite the announcement of a future summit, no such event was organised afterwards, nor did the expected breakthrough take place. Nonetheless, the optimism that then characterised the thinking about resolving the conflict was evidenced in September 2002 by the start of the construction of the Baku-Tbilisi-Ceyhan (BTC) oil pipeline (earlier, the construction had been opposed on the grounds that it ran through territory at risk of being shelled by Nagorno-Karabakh Armenians).

The completion of the BTC and the Baku-Tbilisi-Erzurum gas pipeline, which runs along a similar route, have proved that Caspian resources can be extracted and effectively exported even during an unresolved conflict and with the basin's status still unregulated;¹¹² this, in its turn, overlapped with the beginning of a change of atmosphere in international relations. It took the form of the West's gradual withdrawal from the region (although the United States, which was involved militarily in Afghanistan and Iraq, remained interested in the region until the end of George W. Bush's presidency at the end of 2008) and a decrease in support for the democratic transformation of the post-Soviet states. The latter also resulted from Western disappointment with their halt to the reforms that had been initiated in these former Soviet republics upon gaining independence, and then the 'colour revolutions' which took place in the region in the years 2003-05 (once again Georgia was the only exception, at least until the autumn of 2007 and Mikheil Saakashvili's brutal crushing of opposition protests). These processes overlapped with an increase in Russia's ambitions and assertiveness.

The turning point took place in the first half of 2008, when first the West supported Kosovo's independence *en masse*, which met with objections from Russia

¹¹¹ Since the terrorist attack on 11 September 2001 and Azerbaijan (and Armenia) subsequently joining the anti-terrorist coalition, the US President, empowered by Congress, annually suspends the provisions of the amendment for another 12-month period, although formally it remains binding until today (February 2020).

¹¹² The BTC oil pipeline was first used in 2005, and the BTE gas pipeline in 2006. The status of the Caspian Sea was agreed on in 2018: see footnote 82.

(February), and then left the matter of Ukraine and Georgia's invitations to join NATO open (at the NATO Summit in Bucharest in April). The war which broke out in August 2008 was Moscow's response to the – in its interpretation – unfriendly activities of the West, and also represented its way of testing how much the West really cared about the South Caucasus as well as to what extent Washington would be ready to defend its Caucasian partner. The reaction of the West was, on the one hand, decisive enough for the Kremlin to put a halt to the operation and not, for instance, to occupy Tbilisi or try to remove Saakashvili from power; but on the other hand, it was moderate enough for Russia to be able to maintain the military forces it had deployed in Abkhazia and South Ossetia, and to recognise the independence of the para-states without fear of international ostracism. It was no coincidence that shortly after the 2008 war, Moscow opened a new negotiation format for Nagorno-Karabakh (meetings between the presidents of Russia, Armenia and Azerbaijan, see Appendix 2), taking the initiative in the resolution of the conflict on a permanent basis.

Russia further strengthened its position after the mentioned negotiations that ended the fighting in Nagorno-Karabakh in April 2016. The activities the Kremlin undertook at that time were fully supported by the other two OSCE Minsk Group co-chairs (France and the US), which gave Moscow *carte blanche* to mediate the conflict, confirming its dominant position in the South Caucasus. At the same time, the international significance of the conflict had diminished; in a way it became a domestic issue for Russia, something which was accepted by the US and to some extent the EU (the EU is represented by France in the OSCE Minsk Group), which tacitly agreed that Russia's engagement would ensure peace and stability in the conflict zone.

The pushing of the Nagorno-Karabakh issue onto the backburner of the international agenda – Azerbaijan is constantly fighting to keep it in the foreground – is also a result of what seems an increasingly popular assumption that it is impossible to solve the conflict at the current stage, and that in a way it has become 'devalued' since the Russian-Georgian war, the annexation of Crimea and the war in the Donbas, on the one hand, and the terrorist attacks on the USA on 11 September 2001, the intervention of the Western coalition in Afghanistan and Iraq, and the war in Syria on the other. That being said, it should be kept in mind that the Nagorno-Karabakh conflict has to a great extent shaped the current political relations in the South Caucasus, and contributed to the emergence and conservation of its networks of alliances.

IV. SUMMARY AND FORECASTS

The Nagorno-Karabakh conflict is the ‘mother’ of all post-Soviet conflicts. It is the oldest, and the one that involves the largest number of actors (including institutional mediators and intermediaries). It is also characterised by the largest number of dimensions and spheres: the purely military, the political, economic and social. The Nagorno-Karabakh question has played a dominant role in Armenia and Azerbaijan’s post-Soviet history, shaping their modern statehoods, and has left a permanent mark on the course of the region’s transport infrastructure, while for Russia it has become an instrument which allows it to control the South Caucasus. For these reasons the Nagorno-Karabakh conflict, even though its significance has diminished since the Russian-Georgian and Donbas wars, remains an important element of policy at the junction of post-Soviet Eurasia and the Middle East, and where every decision made with respect to it will set a precedent for the post-Soviet territory, as well as the relations between Moscow and the former Soviet republics.

At the moment, Nagorno-Karabakh’s *status quo* is not a ‘frozen’ conflict: everyday there are military incidents (shootings) along the demarcation line, as well as in the border areas of Azerbaijan and Armenia, and there are regular reports of fatalities. This state can be illustratively called a ‘hot cold war’ or ‘stable instability’, since both Baku and Yerevan are controlling the situation on the front and there is little risk that these incidents could turn into an open war (when such a scenario became more probable in 2016, Moscow intervened very quickly). Although the option of all-out war should not *a priori* be seen as unrealistic. If it happened, it would be probably a result of a provocation or unfavourable circumstances, and not a deliberate decision by the political elite of one of the states.

The state of political suspension and indeterminacy which currently obtains is not ideal for either side. It is least favourable to Azerbaijan, which does not consent to the *de facto* loss of control over a part of its territory. The incidents Baku has initiated are, on the one hand, an expression of frustration, and on the other hand, a way of putting pressure on Armenia and the unrecognised Nagorno-Karabakh Republic. Finally and thirdly, it is a way of drawing international attention to the conflict and keeping this issue on the current political agenda. Armenia is also not fully content with the *status quo*. Its goal is – at minimum – to receive security guarantees for the para-state and to ensure for itself a guaranteed (formally recognised) land connection with the para-state. For Russia, which is profiting from the current state of

suspension, it would be more beneficial to implement the 'Lavrov plan' and impose a peace on its own terms.

In the case of Baku and Yerevan, resolving the conflict to their advantage, that is, winning a clear victory in the next war, is not a realistic scenario; an attempt to initiate a war would not only mean the risk of a military failure, but also of deep internal tensions, including revolution. As for Moscow, any attempt to force both sides to agree to its conditions, including the presence of its peace-keeping forces, would run the risk of strong resistance, not only among the ruling elites of both states, but also within their societies (in such a case, the emergence of anti-Russian guerrilla forces should not be ruled out). Practically speaking, at least for the moment, the probability that the Kremlin would attempt such a move is very low. Therefore, both Armenia and Azerbaijan, and also Russia, are interested in maintaining the *status quo*, seeing it as the lesser evil.

The current state of affairs is a result of several parameters: 1) a certain balance of power between Armenia and Azerbaijan; 2) the stance adopted by Russia (which has sufficient tools to manage the conflict effectively, but is unable to push forward its own agenda to regulate it); and 3) the limited agency of the other players - the US, EU, Iran and Turkey - which results from their lack of potential and/or political will to get more deeply involved in the conflict. This means that a change of the *status quo* is possible only in the case of a significant change in one of the above parameters:

1. A disturbance of the balance between the parties to the conflict sides could prompt the stronger side to use force to resolve it. Such a disturbance could take place as a result of deep disruptions in one of the countries, caused by a leadership crisis, and as a result, a fight between different groups (clans) over power; or by an economic collapse or a humanitarian catastrophe. In Armenia another reason for such unrest could be a conflict between Yerevan and Stepanakert (there is a risk of destabilisation in the NKR as a result of the parliamentary and presidential elections scheduled for the end of March; at that time a conflict might erupt between supporters of Armenia's Prime Minister Pashinyan and supporters of the 'Karabakh clan' who are linked to former presidents Kocharyan and Sargsyan; that would clearly have an impact on the situation in Armenia). In the current circumstances, anyone wishing to fight for power in one of the states would have to take Moscow's position into account;

2. If Russia undergoes a significant and long-lasting weakening, it could be prompted (or coerced) into withdrawing from the Caucasus, while its strengthening could lead to the imposition of a *Pax Russica* in the region. The former could bring on a new war (as the two sides would not have to worry about possible Russian intervention), or possibly lead to an attempt by a different external player to ‘manage’ the region. In the case of the latter, Russia would probably decide to make some concessions to both sides of the conflict;
3. Greater potential and ambitions on the part of Iran or Turkey could prompt one of these states to expand their influences in the South Caucasus.

The scenarios outlined above are presently not very likely; the first one seems to be the most realistic, and the third one the least. **All in all, indicates that over the coming few years, the Nagorno-Karabakh conflict will remain a permanent element of political landscape in the South Caucasus and a necessary point of reference for all actors who are active in this region.**

This text was completed in February 2020.

APPENDIX 1. Outline of the conflict's history (1987–2020)¹¹³

Origins

The root of the tensions dates back to the demographic changes that took place in the South Caucasus after it became a part of Russia in the first decades of the nineteenth century. As a result of migrations from Persia and Turkey, the share of Christian Armenians increased in the region; this, combined with their privileged treatment by the Tsarist administration, generated conflict with the Azerbaijani Muslim community. Over subsequent decades these tensions were strengthened and deepened by a clash between the then developing national movements and modern nationalisms (Armenian and Azerbaijani), which were stimulated by processes of modernisation. The first clashes broke out in the years 1905–06, while the mutual animosity increased after mass murder was carried out against the Armenian population in 1915 in Turkey, which is ethnically close to Azerbaijan. In 1918 pogroms took place in Baku affecting first the Azerbaijani and then the Armenian population; Nagorno-Karabakh witnessed such clashes in the years 1918–20. This area was overwhelmingly inhabited by ethnic Armenians (according to the 1926 census Armenians constituted 89.1% of the population, and Azerbaijanis 10%). However, the Paris Peace Conference assigned the province to Azerbaijan.

The Bolsheviks also included Nagorno-Karabakh in Azerbaijan, with which it had more geographic, economic and transport connections (the area is separated from Armenia by mountains), even though this decision was also motivated by a 'divide and rule' policy. The region was granted the status of an autonomous oblast. For a long time, the authorities in Baku filled the high offices in Nagorno-Karabakh with people from other parts of Azerbaijan, although in 1989 the Armenians were still clearly predominant (76.9% Armenians to 21.5% Azerbaijanis) there. The only exception was Shusha, an important historical and cultural centre which was still almost completely Azerbaijani (Azerbaijanis constituted 98% of its population, while in the whole Shusha *raion* the proportion was 91.7% Azerbaijanis to 7% Armenians).

¹¹³ This appendix focuses on the internal dynamics of the conflict. The international aspect of it, which is very important for understanding its course (the role of Russia; the US initiatives; positions of Turkey and Iran), which is described more broadly in the main text of this report, was only signalled here in order to avoid repetitions. In places where this aspect is particularly important, a proper reference is made. In a similar way, the course of the peace process is presented here very briefly, as this is the topic of Appendix 2.

The *perestroika* period (1987–91)

The authorities of Soviet Armenia did not consent to the NKAO being included in Azerbaijan, and after the Khrushchev thaw they asked Moscow on many occasions to transfer the oblast to their republic. During the *perestroika* period, the public in Armenia also became active (see the main text of this report), as did the inhabitants of Nagorno-Karabakh, where in 1987 a demand for the oblast to be transferred to Armenia was signed by 80,000 people (out of the 145,000 Armenians living there). At the turn of 1988, both in Armenia and the NKAO, a series of anti-Azerbaijani riots took place (which may have been provoked by opponents of *perestroika*). As a result, 4000 people fled from there, becoming the first refugees in this conflict.

As Moscow did not consent to Armenia's claims, massive strikes and demonstrations started in the republic and the oblast (similar protests with anti-Armenian slogans erupted in Azerbaijan). On 22 February 1988, during riots in the NKAO which had been provoked by a group of Azerbaijanis, two of their compatriots were killed. Soon after, from 27 to 29 February anti-Armenian pogroms took place in Sumgait, an industrial city near Baku, during which 26 Armenians, 5 Azerbaijanis and 1 Lezgin were killed. These incidents led to a mass exodus of ethnic Armenians from Azerbaijan (and an exodus of Azerbaijanis from Armenia and the NKAO), and became the last straw leading to the outbreak of full-scale war. The fact that neither the army nor the militia stationed in the city intervened indicates that the pogroms might have been the result of a provocation; they could have been backed by Mikhail Gorbachev's conservative opponents in the Soviet leadership. On 12 July 1988, the NKAO's oblast council, which convened without its Azerbaijani deputies, decided that the oblast would leave Azerbaijan; earlier the Supreme Soviet of the Armenian SSR agreed to include it into Armenia. Baku deemed both of these decisions illegal, and they were also dismissed by Moscow.

The central authorities tried to relieve tensions by using the 'sticks and carrots' method. In March 1988 an economic programme was established for the oblast (although there was no chance that it could have been implemented, because of the growing crisis), while in early 1989 Moscow took direct control over it. At the same time, a state of emergency was introduced in Armenia, and then in the NKAO and some districts of Azerbaijan in January 1990 (a few days later such a state was also introduced in Baku). Armenia's authorities, which until August 1990 were Communists but operating under pressure from the national movement, chose the tactic of the *fait accompli*. On 1 December 1989

the republic's Supreme Soviet passed a law on the unification of the Armenian SSR and the NKAO, while on 10 January 1990 it passed another including the oblast into the republic's budget and granting its inhabitants the right to vote in Armenia's elections. In reaction to these steps, as well as attacks on Azerbaijani villages in the ethnically diverse territory outside the oblast, new pogroms took place in Baku from 13 to 19 January in which refugees from Armenia actively participated. It is likely that up to 90 Armenians lost their lives in these pogroms. On 20 January divisions of the Soviet Army entered Baku and pacified the city (see the main text of this report).

By the end of 1989 practically the entire Azerbaijani population had left Armenia (and parts of the NKAO). The very few Armenians who stayed in Azerbaijan mostly left in 1990. At that time clashes in Nagorno-Karabakh and its surrounding areas intensified between Azerbaijan's OMON, supported by Soviet military troops, and ethnic-Armenian guerrilla groups. In order to disperse the latter (and crush Armenian separatism) Operation 'Ring' was carried out in spring 1991 (see the main text of this report). According to the opposition in Armenia, this represented a declaration of war by the Soviet Union against Armenia.

During a joint session on 2 September 1991, deputies of the NKAO's oblast council and district (*raion*) councils proclaimed the establishment of the Nagorno-Karabakh Republic, which would include the whole territory of the oblast and the Shaumyan district of the Azerbaijan SSR. At that time this district was inhabited overwhelmingly by Armenians, and now its territory largely belongs to the Goranboy district of Azerbaijan. In response, on 26 November, Baku deprived Nagorno-Karabakh of its autonomy, but the authorities of the USSR (which still existed at this time) deemed this decision unconstitutional. On 10 December an independence referendum (unrecognised by the international community) was organised in the NKAO, the Shaumyan district, and part of the Khanlar districts of the Azerbaijan SSR. It confirmed the establishment of the Nagorno-Karabakh Republic. The Azerbaijani population did not participate in the referendum. The para-state was not recognised even by Armenia, which has always supported Nagorno-Karabakh Armenians, because the official recognition of the para-state would mean Yerevan's formal admission of its aggression against a neighbour state.

The Nagorno-Karabakh war (1992-94)

In early 1992, after the collapse of the Soviet Union, the guerrilla fights that had been taking place in Nagorno-Karabakh transformed into a full-scale war.

Both sides had their moments of successes and failures. After an offensive lasting from February until May, Armenian forces took control over the entire former oblast. The most important victory was the takeover of Shusha, a city from which the Azerbaijanis had been shelling Stepanakert. In addition, the Armenians took over Lachin and the so-called Lachin corridor, a strategically important road connecting Nagorno-Karabakh with Armenia. During this offensive, Armenians massacred civilians who were trying to get out of Khojaly town (26 February). Officially, the death of 485 persons was confirmed, but there were probably more victims, as a further 120 people were recognised as missing. This was the biggest single crime of the war.

In June 1992, the Azerbaijanis began a counteroffensive. By August they had managed to regain around half of Nagorno-Karabakh's territory as well as the territories that were located to the north of the former NKAO, including the village of Shaumyanovsk (its name has been changed to Ashagy Agdzhakend), and moved closer to Lachin. A Committee of Defence then took power in the unrecognised republic, led by Robert Kocharyan; he introduced a state of emergency on the territory under his control, dissolved all volunteer militias and proclaimed mass mobilisation. The Azerbaijani offensive lost its strength, and over time the Armenians (assisted by the Russian air force – by then Moscow had been supporting them for several months, see the main text of this report) started to regain the positions they had lost. This was now made easier thanks to a conflict that had emerged within the Azerbaijani command. This involved one of the chiefs, Surat Huseynov, who after the failures on the battlefield, in early 1993 moved his troops to Ganja, which weakened the Azerbaijani army.

As a result of the next offensive, which started in February 1993, the Armenians once again retook almost all of the former NKAO, as well as Kalbajar, the next city located between Nagorno-Karabakh and Armenia. Between June and October they also took control of the Azerbaijani lands east of the former NKAO and to its south (between Nagorno-Karabakh and Iran). Four UN Security Council resolutions demanded the withdrawal of Armenian troops from Kalbajar and the above-mentioned territories. Together with Lachin, these now belong to the 'occupied territories' which the Nagorno-Karabakh Republic regards as its so-called security belt (it is supposed to defend Nagorno-Karabakh itself from direct attack from Azerbaijan, see Map). Previously the 'occupied territories' had been ethnically homogenous, with the share of Azerbaijanis generally greater than 90% of the population (according to data from the 1989 Soviet census the Lachin district recorded 89.9% as Azerbaijani citizens, while Kalbajar had 96%, and Jabrayil 99.6%).

In December 1993 Azerbaijani began another offensive. The country's new president, Heydar Aliyev, declared closer ties with Russia, counting on its assistance which in the end did not come. Despite some small initial successes (there was an attempt to recover Kalbajar) the offensive failed. In mid-March Azerbaijan's forces suffered a huge loss during a retreat. The situation was not much changed by the last Armenian offensive which took place in April 1994. As the Armenians were in a more advantageous position on the frontline than the Azerbaijanis, and the authorities in Baku feared that the enemy would attempt an attack on Ganja, which would have posed a threat to the existence of their state, Aliyev decided to start negotiations which were organised with the mediation of Russia, the CIS and the CSCE Minsk Group (which later turned into the OSCE Minsk Group, see Appendix 2). The initial statement (the so-called Bishkek Protocol) was signed by representatives of Azerbaijan, Armenia, the unrecognised Nagorno-Karabakh Republic and the Russian representative in the Minsk Group. A second document was then signed; this was the ceasefire agreement (armistice) which came into force on 12 May 1994.

Data on the overall number of victims of the conflict differ depending on the source. **According to estimates which most researchers regard as reliable, in the period from 1988 to 1994 up to 11,000 Azerbaijanis and 6000 Armenians were killed in total**, and 30,000 Azerbaijanis and 20,000 Armenians were wounded. A few thousand people on both sides went missing.

The overall number of Azerbaijanis who were forced to leave their homes was estimated at around 750,000 (this group also includes the Kurds; the authorities in Baku usually round up the number to one million), **while for the Armenians the figure is estimated at around 400,000** (see the main text of this report).

Azerbaijan lost control of around 14% of its territory (the authorities in Baku usually talk about 20%, while Yerevan points to no more than 9%, as they only count the 'occupied territories', without the former NKAO). This includes 92,5% of the former oblast and seven districts (*raions*) that together made up the 'occupied territories'; including five whole districts (Jabrayil, Qubadli, Zangilan, Kalbajar and Lachin) and two partially (Aghdam and Fuzuli) as well as five small exclaves which were on the territory of the Armenian SSR. Azerbaijan has estimated its material losses at around US\$60 billion.

Armenia lost control over its only exclave located on the territory of the Azerbaijan SSR. In addition, the unrecognised Nagorno-Karabakh Republic laid

claims to 7.5% of the former NKAO and an area similar in size located north of its borders, the former Shaumyan district and a part of the former Khanlar district of the Azerbaijan SSR (these are the areas where the Nagorno-Karabakh 'independence referendum' was held in 1991).

Low-intensity conflict (1994-2003)

Before the brief renewal of fighting in 2016 it was assumed that the Nagorno-Karabakh conflict was 'frozen'; this was not entirely true, as military incidents were taking place all the time along the demarcation line (but also outside it). It was, however, a low-intensity conflict, especially in the first years after the war when both states were building their state structures and recovering from the destruction. This period was characterised by a lively peace process carried out under the aegis of the OSCE Minsk Group. In 1999 direct negotiations between the presidents of Armenia and Azerbaijan (Kocharyan and H. Aliyev) were initiated. There were also relatively frequent contacts between non-governmental organisations from both states. In addition, US diplomats played an active role in this regard; they helped to organise the first Armenian-Azerbaijani summits, including the Key West Summit in 2001 (for more on these initiatives see Appendix 2).

Gradual escalation of tensions (2003-2016)

The first serious tensions broke out at the end of June 2003. A series of incidents were recorded along the demarcation line (including exchanges of fire and the taking of hostages). As a result some Azerbaijani soldiers were killed. This was possible because of the lack of mediatory forces: the positions of both sides were at times very close, within eyesight. In addition, the incidents overlapped with President H. Aliyev's illness and the presidential campaign underway in Azerbaijan. They could have been provoked by either side, or could have resulted from a spontaneous act.

In February 2004, during the NATO Partnership for Peace training courses in Budapest, Ramil Safarov, an Azerbaijani officer (who was born in 1977 in what was to become one of the 'occupied territories'), murdered an Armenian participant in the programme. After that, the number of these incidents started to increase, and was accompanied by greater anti-Armenian propaganda in Azerbaijan (and also - to a slightly lesser degree - anti-Azerbaijani propaganda in Armenia) and a gradual limiting of the contacts between both states' civil societies. This process was, on the one hand, a result of the early stage of

Ilham Aliyev's presidency. His aspiration was to consolidate power, for which an enemy figure was needed. On the other hand, it was connected with the development of international affairs (see the main text of the report). After the BTC oil pipeline and the BTE gas pipeline were activated, Baku's policy became much more assertive and – in parallel – the 'Karabakh clan's power in Yerevan became more firmly established. This, in turn, increased the Armenian state's integration with the solidifying para-state (which also received support from the Armenian diaspora).

In November 2007 the OSCE Minsk Group presented a proposal to resolve the conflict. Its main assumptions are still valid today (these are the so-called Madrid Principles, see Appendix 2). After the Georgian-Russian war in August 2008, Russia started to take the initiative in the peace process. It proposed a format of trilateral talks (inaugurated by the summit of the presidents of Armenia, Azerbaijan and Russia – Sargsyan, Aliyev and Medvedev – in November 2008, which ended with the signing of a shared declaration). In 2009 the parties to the conflict were close to concluding a framework agreement backed by Moscow and Ankara, but it proved impossible to separate the issue of resolving the Nagorno-Karabakh conflict from the normalisation of Turkish-Armenian relations (the latter was sabotaged by Azerbaijan; see the main text of this report and Appendix 2). After this failure, both sides increased their warlike rhetoric.

In August 2012 Safarov, who had been sentenced to life imprisonment in Hungary, was transferred to Azerbaijan to complete his punishment there. However, upon his arrival in Baku, he did not go to prison but was pardoned by the president (which generated an international scandal) and then honoured in a way which indicated that the authorities recognised his act as heroism (he was granted an apartment and promotion, and paid his outstanding soldier's wages). He was also welcomed as a national hero by crowds of people in both the capital and other cities. After that, tensions around the conflict zone continued to rise. They escalated in three stages: sniper shootings (increasingly frequently recorded incidences of shooting at enemy positions); sabotage (activities on the enemy's territories); and finally artillery (shelling from heavy weapons and exchanges of fire, including along the Azerbaijani-Armenian border outside of the conflict zone). At the same time the number of fatalities was constantly rising. While throughout 2013 18 soldiers were killed altogether, at the turn of August 2014 alone that number amounted to 22 (15 were Azerbaijanis and 7 were Armenians). On 12 November 2014, Azerbaijan's military forces downed an Armenian helicopter that was flying along the demarcation line.

In 2015, at least 77 soldiers were killed, while both sides accused one another of an average of over a dozen cases of ceasefire violations per day; in the first months of 2016 there were already several hundred such accusations daily. The introduction of a mechanism of ceasefire control proposed by the United States was blocked by Russia, which did not want to lose its initiative and allow for a greater American presence in the region.

The four-day war (2–5 April 2016)

On 2 April 2016 violent clashes broke out. The Azerbaijani army undertook an offensive on the territories occupied by Armenian forces, attacking them from two directions, northeast and southeast. Baku claimed that it was in response to the Armenian shelling of Azerbaijani civilian targets, yet most likely it was an attempt to break or test the Armenian defence line (and not really a serious attempt at a *Blitzkrieg* to retake Nagorno-Karabakh). Both sides used every kind of armament available: tanks, heavy artillery, rocket launchers and (to a limited extent) air forces. The Azerbaijani side threatened to shell Stepanakert, while the Armenian side threatened to attack targets connected with the Azerbaijani oil industry. The total number of victims included around 100 fatalities and several hundred wounded (on both sides). As a result of the fighting, Azerbaijan managed to slightly alter the frontline to its advantage. According to reports from the ANI Armenian Research Centre, which were not denied by the Armenian Defence Ministry, the Armenian side lost 7 combat positions in southern Nagorno-Karabakh (in the Hadrut area) and 14 in the north (in the Martakert area), and had to withdraw a few hundred metres.

The clashes ended on 5 April thanks to Russian mediations. Russia again intensified its activities to settle the conflict on its own terms (the ‘Lavrov plan’, which included the proposed introduction of Russian peacekeepers: see the main text of this report and Appendix 2). After having succeeded in halting the fighting, Moscow gained a position unquestionable by the other intermediaries: that of an essential – and indispensable – mediator in the conflict.

Stable instability (2016–20)

Following the four-day war and the Russian mediation, tensions in the conflict region decreased, only to rise again in 2017. This escalation was more the responsibility of Baku, which had adopted a tactic of harassing the Armenian side with shelling (see the main text of this report). Since then, tensions have not yet reached the level from before 2016 (up to 100 incidents have been

recorded per day). Since autumn 2018 and the consolidation of Pashinyan's team in Armenia, the situation has calmed down again. This is related to certain hopes which Baku has invested in the new Armenian leader. At a meeting between Aliyev and Pashinyan in Dushanbe in September 2018, it was agreed that both sides would work together to prevent any further incidents (see Appendix 2). However, after a few months of almost complete peace, new incidents started to take place on the demarcation line in spring 2019, and at present (February 2020) they amount to 20-30 per day on average (on both sides).

Interpersonal contacts between both societies are practically non-existent.

APPENDIX 2. The peace process

The OSCE Minsk Group, which was established in 1992 and is co-chaired by France, Russia, and the United States, is responsible for the Nagorno-Karabakh peace process. Since at least 2008 Russia has been the most active mediator (Moscow always refers to the leading role of the Minsk Group while undertaking its own initiatives), but in earlier years other actors (Iran, the United States) dominated periodically, and various formats were applied (dialogues between the presidents of Armenia and Azerbaijan, trilateral summits, multi-lateral meetings). The ongoing talks did not prevent the outbreak of the war nor the later escalations of tensions. Nor do they guarantee that the ceasefire will be maintained in the future, as none of the sides considers the conflict to be over or the *status quo* as final.

At the same time, the return to the *status quo ante* has been impossible for a long time, even hypothetically. There is no more Soviet Union, within whose legal and administrative space the conflict started (Armenia and Azerbaijan came upon their independence during the war, in fact). Also, massive forced migrations took place in its course, and significant demographic changes occurred as a consequence (see the main text of this report);¹¹⁴ thus, any attempt to bring back the status from before 1987 would have to include another massive resettlement of large groups of Azerbaijani and Armenian populations¹¹⁵ (and it remains unclear how many of the refugees, internally displaced persons and their descendants would be interested in returning to their former places of domicile).

The framework for conflict resolution. The Madrid Principles

The OSCE Minsk Group and both states agree that any settlement of the conflict has to be based on the principles included in the Helsinki Final Act (especially those requiring the parties to refrain from the threat or use of force, the territorial integrity of states, equal rights and the self-determination of peoples),¹¹⁶ and that it should be made up of six primary elements, popularly referred to as the Madrid Principles.

¹¹⁴ To read more about ethnic-Armenian settlement on the ‘occupied territories’ after the 1992–94 war, see the report by the OSCE special mission of 28 February 2005: *Report of the OSCE Fact-Finding Mission (FFM) to the Occupied Territories of Azerbaijan Surrounding Nagorno-Karabakh (NK)*, www.euro-parl.europa.eu.

¹¹⁵ The first forced relocations took place at the turn of 1988 (see Appendix 1).

¹¹⁶ Armenia and Azerbaijan understand and interpret these principles – especially the territorial integrity of states and the right of peoples to self-determination – in drastically different ways (see the main text of this report).

These are as follows:

- The return of the territories surrounding Nagorno-Karabakh (the ‘occupied territories’) to the control of Azerbaijan;
- An interim status for Nagorno-Karabakh, providing guarantees of security and self-governance;
- A corridor linking Armenia to Nagorno-Karabakh;
- Future determination of the final legal status of Nagorno-Karabakh through a legally binding expression of will (i.e. a referendum);
- The right of all internally displaced persons and refugees to return to their former places of residence;
- International security guarantees (including – it is assumed – a future peacekeeping operation).

The first, unpublicised version of these principles was presented to the parties to the conflict by representatives of the Minsk Group at a meeting on 29 November 2007 in Madrid. The above-mentioned elements were announced for the first time in their current version in a shared statement by the presidents of France, Russia, and the United States (i.e. the co-chairs of the Minsk Group) issued on 10 July 2009 at the G8 Summit in L’Aquila.¹¹⁷ Since then the Madrid Principles have been referenced as a basis for resolving the conflict on many occasions by both the co-chairs of the Minsk Group (for example in the press release on 9 March 2019)¹¹⁸ and representatives of other international organisations, including the European Union, but also (although usually in a more general way) by the authorities in Armenia and Azerbaijan.

¹¹⁷ [Statement by the OSCE Minsk Group Co-Chair countries](#), The Organisation for Security and Co-operation in Europe, 10 July 2009, www.osce.org. Representatives of Armenia and Azerbaijan have independently repeated on many occasions that overall they agree with the Madrid Principles and accept them (of course this does not exclude the differences that exist between them in regards to more detailed issues). Baku readily refers to documents from the OSCE Lisbon Summit which took place in December 1996, and which recommended Azerbaijan’s territorial integrity as the principle for resolving the conflict (Nagorno-Karabakh’s self-determination was to take place within its borders). Armenia kept its distance from these stipulations. [Лиссабонский документ 1996 года](#), The Organisation for Security and Co-operation in Europe, 3 December 1996, www.osce.org.

¹¹⁸ [Press Statement by the Co-Chairs of the OSCE Minsk Group on the Upcoming Meeting of President Aliyev and Prime Minister Pashinyan](#), The Organisation for Security and Co-operation in Europe, 9 March 2019, www.osce.org.

The fact that these principles remain valid today (February 2020) is evidence that on the one hand, the conflict remains static and there has been no progress in the peace process, and on the other hand, that the number of possible elements to resolve it is limited. Admittedly, these elements had already been identified earlier and formed the basis for two options for resolving the conflict that were presented to the parties in 1997. The first was the **package solution**, which assumed that an agreement in regards to Nagorno-Karabakh's status would come in parallel with the withdrawal of Armenian (Nagorno-Karabakh) forces from the 'occupied territories'. This option was preferred by Yerevan – and Stepanakert – as it allowed them to maintain pressure on Azerbaijan until the end in the form of a 'security zone' around the former NKAO. The **'step-by-step' solution**, in turn, foresaw that the status of Nagorno-Karabakh would be agreed upon after the 'occupied territories' were transferred to Baku's control, which the Azerbaijani side preferred.¹¹⁹ The Madrid Principles are in fact a synthesis of both these options with strongly articulated security guarantees, which the international community should provide (the positions held by both sides would be divided up within the framework of this peace operation, which would decrease the risk of renewed military action).

The main obstacle to implementing the Madrid Principles (and setting up a process of real conflict settlement) is **the complete lack of trust between Baku and Yerevan**. Each side's fear of initiating any kind of activity – as it might be deceived by the adversary who may not take the same steps – increases their leaders' fear of losing power. Thus, the expression of readiness to reach an agreement could result in a rebellion by the elite (as was the case with Ter-Petrosyan in 1998) and/or violent social protests (which would be a result of excessive expectations and the lack of will to make any concessions).¹²⁰ In addition, the Nagorno-Karabakh conflict has become an internal factor for both states, which can be exploited as an effective political instrument (for more about this, see the main text of the report). In this situation, both sides are

¹¹⁹ The readiness of then President Levon Ter-Petrosyan to compromise in this regard generated resistance among Armenia's elite which forced him to resign (see the main text of this report).

¹²⁰ In the assessment of Hrant Mikaelian, the author of a report entitled 'Societal perceptions of the conflict in Armenia and Nagorno-Karabakh' released in January 2018, a large share of the para-state's residents desire unification with Armenia, treating the NKR's full independence as a compromise solution. 'К вопросу о единстве и разделении НКР и Республики Армении. Общественное мнение и политика', Kavkazskiy Uzel, 28 January 2018, www.kavkaz-uzel.eu. According to this report 23.5% of those surveyed in Armenia and the NKR believe that over the next five years (the research was carried out in summer 2017) it will be possible to resolve the conflict based on peace talks; 26.8% expect war to break out in that time, while 42.5% think that the current situation will continue. 'Общественное восприятие карабахского конфликта в Армении и НКР', Kavkazskiy Uzel, 24 January 2018, www.kavkaz-uzel.eu.

more interested in maintaining the *status quo*. Russia, which has been taking advantage of the current situation by selling weapons to both sides, among other things, wants to ensure that the conflict resolution process will primarily take its own interests into account (see the next parts of this appendix).

The OSCE Minsk Group and its achievements

Armenia and Azerbaijan joined the Conference on Security and Co-operation in Europe (CSCE) on 30 January 1992, soon after they had gained independence. At that time the CSCE was on its way to changing into an international organisation, which helped it to become involved in the Nagorno-Karabakh peace process – or to be more precise, to initiate it (for more on the earlier peace initiatives see the next parts of this appendix).¹²¹ The decision to establish a permanent forum for the peace talks was taken at the meeting of the Ministerial Council in Helsinki on 24 March 1992. The first conference was meant to take place in Minsk, which also gave its name to the newly established body, although in the end the conference took place in Rome.¹²² The composition of the group was finalised during its meetings in 1992–93. In addition to France, Russia, and the United States, as well as Armenia and Azerbaijan, the group's members also include Belarus, Finland, Germany, Italy, Sweden and Turkey. Italy was the first chair of the group.

The OSCE Minsk Group had some share in working out the ceasefire agreement which came into force on 12 May 1994. The initial statement was signed, in addition to the representatives of Azerbaijan, Armenia and unrecognised Nagorno-Karabakh Republic,¹²³ by Vladimir Kazimirov, who represented Russia in the Group.¹²⁴ In the months preceding the ceasefire Russia and the

¹²¹ This was something that Russia worked hard to achieve, as it had (and still has) real instruments to influence the situation in the South Caucasus. Moscow wanted to strengthen its position by taking advantage of the means and prestige of an international organisation (Russia treated the CSCE/OSCE as a certain counter-balance to the West after the collapse of the Soviet Union).

¹²² This body was initially called the OSCE Minsk Conference, but soon after the name was changed to 'Group'.

¹²³ The so-called Bishkek Protocol, the ceasefire agreement itself, as well as a February 1995 obligation to respect the ceasefire provisions are the only documents that were signed collectively (albeit not simultaneously) by Azerbaijan, Armenia and the separatist Nagorno-Karabakh Republic. On this basis – but also that of the CSCE's final document signed in Budapest in 1994, which states that the ceasefire was reached by the 'parties to the conflict' – Yerevan and Stepanakert have periodically put forward claims for the NKR to participate in the peace process talks as a third party.

¹²⁴ The Bishkek meeting organised on 4–5 May 1994 was formally initiated by four bodies: the CIS Inter-parliamentary Assembly, the Russian Federal Assembly, the Russian MFA and the parliament of Kyrgyzstan. The real driving force for this meeting came from Russian diplomats who were working very closely with the Kremlin. В. Казимиров, *Мир Карабаху* [Peace for Nagorno-Karabakh], Moscow 2009, p. 146.

CSCE were disputing the format of the peace process. Moscow, fearing that the Minsk Group would become dominated by Western states, wanted pluralism in this regard (as well as the participation of the CIS, which is under its control, as another intermediary). Meanwhile the CSCE was of the opinion that the responsibility for the Nagorno-Karabakh peace process should be borne by one specialised entity, namely the Minsk Group, which in the end is what happened.

In December 1994, at the CSCE Summit in Budapest¹²⁵ the Minsk Group's mandate was agreed on in more detail. It covers the preparation of peace proposals, including the establishment of peace-keeping forces operating under the aegis of the OSCE. In August 1995 the position of personal representative of the OSCE's Chairperson-in-Office for the conflict was established. This function was assigned to a Polish diplomat, Ambassador Andrzej Kasprzyk, who still holds it today (February 2020).¹²⁶ His main office is located in Tbilisi, his duties include reporting on the situation in the conflict area and working as an intermediary between its sides (the representative pays regular visits to Baku, Yerevan, and Stepanakert where he meets with representatives of the local authorities). In 1997 the final structure of the Minsk Group was decided on, with three permanent co-chairs: France, Russia and the United States. These states are currently (February 2020) represented by Stéphane Visconti, Igor Popov and Andrew Schofer.

The greatest achievement of the Minsk Group is the formulation of the principles for resolving the conflict which have been accepted by Baku and Yerevan. The group has also managed to develop an effective mediation mechanism – under the aegis of the co-chairs, summits between the heads of Armenia and Azerbaijan are held (meetings at a lower level, including at the foreign minister level, are also organised). It has also created a platform for the international community to co-ordinate conflict-related activities. It is undoubtedly also true that, thanks to the work of the Minsk Group, no large-scale military action has taken place in Nagorno-Karabakh since 1994. The group reacts to any disturbing signals by issuing statements and undertaking diplomatic interventions. However, as a collective body, whose members need to first formulate a shared position, it works more slowly in unexpected crisis situations – such as the outbreak of the four-day war in 2016 – and it can

¹²⁵ At this summit the decision was made to create the OSCE, which started its activities on 1 January 1995.

¹²⁶ *Ambassador Andrzej Kasprzyk*, The Organisation for Security and Co-operation in Europe, www.osce.org.

be less effective than national diplomacy. This war was also an example of the effective intervention of Moscow, which led to an armistice that was agreed in a short period of time (see the main text of this report and the next parts of this appendix).

Independent initiatives by the Minsk Group Co-chairs

a) Russia

In the early phase of the conflict, which took place in what was still the Soviet period, Nagorno-Karabakh was an internal issue for the Kremlin.

For that reason – but also because this conflict affected its strategic interests – Russia has, from the very beginning, been aspiring to play the role of its main mediator. The Kremlin’s advantage in this respect included a very good knowledge of the region, as the result of its long-lasting dominance there, as well as a network of personal connections that included the institutions of force in Armenia and Azerbaijan, together with the majority of their political elites (apart from some dissident circles). Russia’s goal was to stop the collapse of the Soviet Union, but when this failed, it changed to not allowing any other actors to become involved in the region. Russia also wanted to maintain a monopoly over the transportation of Caspian oil and gas onto global markets. For this reason the Russian initiatives of that time should be called quasi-peace initiatives. The first of them dated back to September 1991, when Presidents Boris Yeltsin of the Russian Federation and Nursultan Nazarbayev of Kazakhstan issued a declaration that they would take on the role of intermediaries.¹²⁷

As mentioned earlier, Moscow made the effort to involve the CSCE in the peace process, although in the beginning its Western partners in the Minsk Group were unwilling to accept Russia’s privileged position. However, determined to keep its influence (or even increase it) in the South Caucasus, Moscow did not relinquish the individual initiatives which it undertook – to increase their importance – under the aegis of the CIS. The culminating point of these efforts was the 1994 armistice and ceasefire. Since that moment Russia has focused on building up its position within the Minsk Group, and has become one of its permanent co-chairs. At the same time, it has developed bilateral relations with Baku and Yerevan, becoming over time an important (or in the case of Armenia, essential) partner for them.

¹²⁷ Both presidents went to Baku, Yerevan and Stepanakert and then met the leaders of Armenia, Azerbaijan and separatist Nagorno-Karabakh in Zheleznovodsk in the North Caucasus.

In the following years, **Moscow made two attempts to resolve the conflict independently**, each time using its mandate as the co-chair of the Minsk Group and stressing the leading role of the Group in the peace process. **The first initiative took place in autumn 2008**, shortly after the Russian-Georgian war. On 2 November in Barvikha, near Moscow, Presidents Medvedev, Aliyev and Sargsyan signed a declaration in which they expressed their readiness to resolve the conflict by peaceful means, based on the rules and norms of international law (references were also made to the Madrid Principles). This was the first document since the 1994 ceasefire to be signed jointly by representatives of Armenia and Azerbaijan. It appears that Aliyev and Sargsyan decided to take this step after they had witnessed Russia's intervention in Georgia, which illustrated Moscow's determination to defend its own interest and its readiness to use military force abroad. It remains unknown whether the Russian side had a ready plan (a 'roadmap') to settle the conflict, but it is quite evident that it was taking the elements that had been pointed out by the Minsk Group into consideration, namely the Madrid Principles (which would most likely be supplemented by the participation of Russian soldiers in the peacekeeping forces and security guarantees from Russia). It is possible that in the Kremlin's view, the resolution of the Nagorno-Karabakh conflict was to have formed part of a new security architecture in the region, which would also have included the normalisation of Armenian-Turkish relations. Such conclusions can be drawn from the parallel intensification of contacts between Moscow and Ankara (whose Prime Minister Recep Tayyip Erdoğan proposed the establishment of a Caucasus Stability and Cooperation Platform, which would include the three countries of the region, Russia and Turkey), and between Ankara and Yerevan.¹²⁸ Up until January 2012, nine more trilateral meetings took place (with the participation of the presidents of Russia, Armenia and Azerbaijan), although they brought no tangible results; however, after the June 2011 meeting in Kazan, the parties stated that progress had been made towards an agreement on individual elements of the regulation. It turned out that Moscow was unable to overcome the aversion that exists between both sides to obtain some mutual concessions, or to impose its own will on them.

Moscow's second independent attempt to resolve the conflict took place after the four-day war in April 2016 and the Russian mediation which led to the ceasefire (see the main text of this report). The Kremlin's political will and

¹²⁸ As a result, two Armenian-Turkish protocols were signed in autumn 2009 (see the main text of this report).

conviction that this time its instruments would allow it to impose its agenda on the peace process could be seen in the intensive ‘shuttle diplomacy’ conducted by Prime Minister Medvedev and the Foreign Minister Lavrov, who visited the region and held a series of meetings with representatives of Armenia and Azerbaijan’s governments in Moscow.¹²⁹ More evidence of Russia’s determination to control the process could be seen in Medvedev’s declaration that Moscow’s goal was to “finally” settle the conflict, and that Russia is a “natural” intermediary because of its close ties and strategic relations with both states. Again, no peace plan was announced on this occasion, but should there be one in the future, it would certainly not go beyond the Madrid Principles, with Baku regaining control over the ‘occupied territories’ and security guarantees for the unrecognised Nagorno-Karabakh Republic¹³⁰ (these elements, together with the unblocking of transport routes and deploying Russian peacekeeping forces in the conflict zone – possibly as a formal CIS mission – were referred to in journalistic reports and analytic discourse as the ‘**Lavrov plan**’). However the attempt to ‘force the sides to peace’ failed once again; on this occasion, the main reason could have been the resistance it faced from Armenia’s authorities and society (a part of Armenian public opinion blamed Moscow for its territorial losses in the four-day war). It is possible that Moscow came to the conclusion that imposing concrete solutions on the parties, including the presence of Russian peacekeeping forces, would have been too high a political cost to bear.¹³¹

Both in 2008–09 and in 2016 the Minsk Group supported Russian mediation, even though this enforced Moscow’s position at the cost of the other co-chairs (the 2008–09 attempt allowed Russia to take the initiative in the peace process, and that of 2016 made it the main mediator and essential participant in the conflict settlement process). This strengthening of Russia’s position was connected to the above-mentioned change in the priorities of the West, which was becoming less interested in the region (see the main text of this report), and which in time informally recognised it as an area of Russian responsibility. In this new context, the positions of Russia and the West – including the United States – towards the conflict converged: the interest of both Moscow and Washington

¹²⁹ In addition, a trilateral summit took place in St Petersburg on 20 June 2016 gathering the three presidents, Putin, Aliyev and Sargsyan. It confirmed the decisions of the Vienna Summit of 16 May 2016 (see the next parts of this appendix).

¹³⁰ W. Górecki, *Nagorno-Karabakh...*, *op. cit.*

¹³¹ In January 2015 a soldier stationed at a military base in Gyumri murdered an Armenian family, which generated stormy protests throughout the country. M. Falkowski, ‘[Protests in Armenia as a manifestation of the state’s systemic crisis](#)’, 1 July 2015, www.osw.waw.pl.

lay, first and foremost, in maintaining a stable situation and preventing any possible escalation of the tensions. **In this situation, it should be acknowledged that the ‘Lavrov plan’ is still in place today, and should the right moment come, Moscow will make another attempt to implement it.**

b) The United States

The United States’ most intensive activity as an intermediary in the conflict settlement process took place at the turn of this century.

On 27 April 1999 the US Secretary of State Madeleine Albright, with the active participation of President Bill Clinton, orchestrated the first summit between the presidents of Armenia and Azerbaijan (at that time Robert Kocharyan and Heydar Aliyev). It took place in Washington DC and coincided with the celebrations of NATO’s fiftieth anniversary. At the US’s initiative, both presidents met several more times, in Geneva and Davos among other locations. However, their most important meeting, in which Secretary of State Colin Powell participated (the United States was then acting as a co-chair of the Minsk Group) took place in early April 2001 in Key West, Florida. The proceedings of this meeting were kept secret. However, based on leaks, it is known that the discussions included a plan to create a self-governing political body out of Nagorno-Karabakh and the Lachin corridor which would operate under the protectorate of France, Russia and the United States (the ‘occupied territories’ were to return to Baku’s control). The project was also intended to plan for the unblocking of the transportation routes, including the railway connection between the main part of Azerbaijan and Nakhchivan. In addition, the issues of Iran’s participation in the peace process and the possibility of allowing a delegation from the Nagorno-Karabakh Republic to the talks were discussed during the summit. Despite some hope of a breakthrough (the co-chairs of the Minsk Group talked about ‘significant progress’) and the initial announcement, the next summit, during which the discussions on the plan presented above were to have been continued, did not take place. There was also a 16-month break in meetings between the presidents. The most probable reason for this failure was the fear of both presidents – especially Kocharyan – that any concessions announced would threaten their power (the Key West Summit was criticised by the opposition in Armenia).

The US’s engagement in the conflict’s settlement at that time appeared to be driven by a desire to assist newly independent states and spread the ideas of peace and democracy among them, as well as a result of lobbying by the energy sector, which at that time believed that no infrastructure projects in the region

could be implemented unless the conflict was resolved (see the main text of this report). However, after the failure of the Key West Summit, the US did not undertake any other important initiatives on its own as part of the peace process.

Face-to-face meetings between Armenia and Azerbaijan's leaders

Summits between the leaders of Azerbaijan and Armenia are an important part of the peace process. Their high level is dictated by the nature of the presidential system, which operates in Azerbaijan and was also in place in Armenia until 2018. The first such meetings took place, as mentioned earlier, at the initiative of the US (Aliyev's meetings with Kocharyan, and previously with Ter-Petrosyan, took place as part of various multilateral forums, including those within the CIS. However, they did not engage in their own in-person talks on resolving the conflict before 1999). Later, such meetings were also initiated by Russia, and on a few occasions they were convened by the interested parties themselves (such were the Aliyev-Kocharyan summits held in Nakhchivan's Sadarak). However the great majority of the Armenian-Azerbaijani summits were convened under the aegis of the OSCE Minsk Group.¹³² The dialogue between the leaders helped to reduce tensions in the conflict zone and maintain the peace process at different time periods. However, it has not led to either even a partial breakthrough, or at least any visible progress towards the settlement of the conflict. President Ilham Aliyev met with Robert Kocharyan and then with Serzh Sargsyan (Armenia's president from 2008 to 2018) on many occasions. The most important talks took place on:

- 10–11 February 2006, in Paris and Rambouillet. The Azerbaijani foreign minister, Elmar Mammadyarov, said to the media that the sides had reached an agreement “on seven out of nine disputed points”. According to leaked information, point eight assumed the withdrawal of Armenians from Kalbajar, while point nine determined the status of Nagorno-Karabakh. With no progress in place, these talks were called to a halt;
- 16 May 2016, in Vienna after the four-day war. During this meeting the presidents agreed to unconditionally fulfil the 1994 and 1995 ceasefire agreements, to monitor incidents and implement a mechanism for their

¹³² All in all, H. Aliyev and Kocharyan met over 20 times. In 2002 the presidents assigned their personal representatives for the conflict (this role was given to the deputy ministers of foreign affairs of both states), however this format proved little effective and after some time it was abandoned.

supervision by a team of the personal representative of the OSCE Chairperson-in-Office on the conflict;

- 16 October 2017, in Geneva. The presidents agreed to take measures to decrease tensions along the demarcation line.

The first encounter between Ilham Aliyev and Nikol Pashinyan, who after the ‘velvet revolution’ of spring 2018 became Armenia’s prime minister, now the top position in the country’s reformed political system, took place during the CIS Summit in Dushanbe on 28 September 2018. At that meeting the politicians agreed to establish a channel of communication between them, and declared that both sides would work together to prevent further incidents. The next meeting took place on 22 January 2019 in Davos (during the World Economic Forum), while another was held on 29 March in Vienna, under the aegis of the Minsk Group. Before this meeting – the first to be organised independently, and not as a part of a larger event – Pashinyan used a series of speeches to support a change in the peace process format and the inclusion of the Nagorno-Karabakh Republic into the talks. In addition to the arguments mentioned earlier (that Nagorno-Karabakh is a separate entity and as such should participate in the making of decisions that affect it), he stressed that unlike Kocharyan and Sargsyan, he had not been a leader from Nagorno-Karabakh before, and hence he could not speak on the para-state’s behalf.¹³³ The attempt to change the format of the talks was firmly opposed by Ilham Aliyev,¹³⁴ as well as by the Minsk Group and the European Union. However, over the next few months Pashinyan reiterated this idea. During the Vienna meeting the elements for resolving the conflict were once again reviewed, and the two sides’ readiness to maintain the ceasefire was confirmed. In addition, the development of humanitarian co-operation was announced, in the hope of building up mutual trust (on a different occasion Pashinyan talked on the need to get the “societies of Armenia, Artsakh and Azerbaijan” prepared for future peace).¹³⁵ It was agreed that personal meetings at this level would continue (the latest for the moment took place on 15 February 2020 during the Munich Security Conference).

¹³³ ‘Пашинян в прямом эфире раскрыл подробности венской встречи с Алиевым’, Sputnik, 1 April 2019, ru.armeniasputnik.am.

¹³⁴ Service of Interfax agency *Президентский Вестник*, no. 41, 6 March 2019.

¹³⁵ Service of Interfax agency *Президентский Вестник*, no. 44, 12 March 2019.

Other initiatives and peace plans

During the last quarter-century, other states have also proposed peace initiatives. These were states that did not belong to the Minsk Group (Iran) as well as those that had formally participated in this entity's work (Turkey). In addition, a number of international organisations became involved in the peace process. Below is an overall review of these initiatives.

In the spring of 1992, Armenian-Azerbaijani negotiations were held in Tehran. They were organised **under the aegis of Iran**, although they were broken off after another Armenian offensive was launched in Nagorno-Karabakh. Over the next few years, Iran offered its mediation services and proposed formats for talks on a few occasions, but all these initiatives were refused (by Azerbaijan, although the US was also opposed to Iran's involvement, even though this topic did come onto the agenda during the Key West Summit: see above). In April 2003 the Iranian foreign minister Kamal Kharazi, while in Baku, proposed the establishment of a 'security system for the Caucasus states' which would include the three states of the region and their neighbours (Russia, Iran and Turkey). This proposal, which was put forward during the peak of Azerbaijan-US rapprochement and a parallel crisis between Washington and Tehran (it took place after the US-led coalition's attack against Iraq) was not seriously received in the region. Tehran offered its mediation services again in January 2016, in connection to its increased regional ambitions after the nuclear deal had been concluded and the international sanctions against it lifted.

In April 1993 **Turkish diplomats** – together with Americans and Russians – participated in the preparations of the first peace plan, which was intended to halt military operations and bring about the withdrawal of Armenian forces from the 'occupied territories'. After Stepanakert rebutted these ideas, Ankara, which openly supported Baku, did not undertake any new peace initiatives. The only exception was the Caucasus Stability and Cooperation Platform which (as mentioned earlier) was the idea proposed by Prime Minister Erdoğan in August 2008, and was intended to include the three states in the region as well as Russia and Turkey.

The possibility that the **European Union** would become involved in the Nagorno-Karabakh peace process – as a force that would support the OSCE Minsk Group – was put forward in 2003 by the EU's Special Representative for the South Caucasus, Heikki Talvitie (he was the first holder of this newly

established office; from 1995 to 1996 he represented Finland in the Minsk Group). At present, the European Union is financing a large project of five European non-governmental organisations called the European Partnership for the Peaceful Settlement of the Conflict over Nagorno-Karabakh (EPNK).¹³⁶ The budget for its third stage, which lasted from May 2016 to April 2019, amounted to over €4.7 million.

In 2004 **NATO** established a new position, the Secretary General's Special Representative for the Caucasus and Central Asia. It was first filled by Robert Simmons, who held the post until 2010. During one of his first visits to the region, Simmons declared that the Alliance could send peace-keeping forces to Nagorno-Karabakh.

In the years 2004–05, documents regarding the Nagorno-Karabakh situation were prepared by the **Parliamentary Assembly of the Organisation for Security and Co-operation in Europe** (Göran Lennmarker's report) and the **Parliamentary Assembly of the Council of Europe** (David Atkinson's report, which formed the basis for the passing of a resolution calling for a peaceful resolution to the conflict). In the **European Parliament**, in turn, Per Gahrton presented a proposal to unblock Armenia's borders and renew railway connections in exchange for returning to Azerbaijan five out of the seven districts in the 'occupied territories'.

Several complex peace plans were put forward in the 1990s. Among the most important ones which the parties to the conflict discussed were:

- **the Paul Goble plan**, which was premised on an exchange of territories (Armenia was to receive the Lachin corridor and a connection with Nagorno-Karabakh, while Azerbaijan would get the corridor running through Zangezur in Armenia, and thereby a land connection with Nakhchivan; Armenia would thus have lost its border with Iran, see Map);
- **the John Maresca plan**, which was premised on granting Nagorno-Karabakh – within its 1988 borders – the status of an 'associated state' (it would formally remain part of Azerbaijan, but it would enjoy a far-reaching independence, including the right to have representative offices abroad);
- **the plan to create an Azerbaijan/Nagorno-Karabakh confederation.**

¹³⁶ See www.epnk.org.

From Baku's perspective, the best option was to keep Nagorno-Karabakh – within the borders of the former NKAO – as an autonomous entity within Azerbaijan (with 'the highest possible status' declared for it); while from that of Yerevan, it would be best to unify the Nagorno-Karabakh Republic with Armenia, or possibly recognise it as an independent state. Clearly, each scenario is unacceptable to the opposite side.

APPENDIX 3. The conflict's military dimension¹³⁷

The relative balance of forces

The Nagorno-Karabakh question is central to both Baku and Yerevan's security architecture. According to Azerbaijan's military doctrine, which was ratified in 2010, the "occupation by the Republic of Armenia of a part of the territory of the Republic of Azerbaijan" is the main national security threat faced by the country. Baku's goal is to reach such a commanding military advantage over Armenia and the para-state that it could negotiate with them from a position of strength and, in the case of war, ensure victory. Armenia's military doctrine, which was ratified in late 2007, is defensive in nature. It states that Armenia guarantees and ensures the security of the "people of Artsakh and their chosen path of development".

The four-day war which took place in April 2016 showed that at the moment neither side is able to resolve this conflict militarily to its advantage. First and foremost, the military potential has been shown to be of less significance than the political situation, at least for the moment.

It should be assumed that Russia would not allow Armenia to fail, and it would most likely intervene early enough to prevent that, if such a need arose: probably at the first stage of any hypothetical war. In turn, should an existential threat to Azerbaijan arise, it is possible that Turkey would intervene.¹³⁸

Secondly, the difference in the two warring parties' potentials is not yet large enough to assure a military victory for either army. Indeed, the military advantage that Azerbaijan has over Armenia is constantly increasing, although for the moment it is still neutralised by natural conditions and the nature of any possible future clashes: Armenian forces would defend the positions they occupy (in the north the demarcation line runs along a mountain range to a large extent, while in the east it resembles a straight line in long sections), while Azerbaijan's forces would have to fight for them. In addition, Armenia is a formal member of a defence alliance (the Collective Security

¹³⁷ The data cited in this Appendix comes mainly from the *Military Balance 2019* report, The International Institute for Strategic Studies, Routledge, pp. 185-187 (referred to in this report as *MB*), and the report *В ожидании бури: Южный Кавказ* [Waiting for the Storm: the South Caucasus], ed. К. Макиенко, Moscow 2018 (in this report referred to as *KM*). The author also used the SIPRI report (*SIPRI Yearbook 2018. Armaments, Disarmament and International Security*, Oxford University Press 2018, pp. 209-210 and 295).

¹³⁸ The idea of victory is understood here as the total capitulation of the adversary, and not just an alteration to the demarcation line as was done in 2016. See 'Кто в итоге победит в Карабахском конфликте?', Kavkazskiy Uzel, 30 March 2018, www.kavkaz-uzel.eu.

Treaty Organisation, CSTO), while Azerbaijan relies only on general security guarantees, which are stipulated in an agreement it concluded with Turkey.¹³⁹

Both armies are similar in size, irrespective of the two states' disproportion with regard to size and population (Baku controls 74,500 km² or around 86% of the officially recognised territory of Azerbaijan, inhabited by ca 10 million people; Armenia together with the *de facto* NKR is 41,850 km² in size, and has just over 3 million inhabitants), as well as in GDP, for reasons including the hydrocarbon resources Azerbaijan possesses, as well as the Azerbaijani/Turkish blockade of Armenia (in 2019 Azerbaijan's nominal GDP amounted to around US\$45 billion, or US\$4500 *per capita*; that of Armenia was US\$13.3 billion, or US\$4400 *per capita*). The armed forces of Azerbaijan number around 70,000 soldiers, and those of Armenia plus the NKR around 65,000 (45,000+20,000). The number of reservists eligible for mobilisation amounts to 300,000 in Azerbaijan, while in Armenia it is 210,000 (MB).

In recent years both states have spent around 4.5% of their GDP on defence. In the case of Azerbaijan the figure was around US\$1.88 billion in 2019 (compared to US\$1.61 billion in 2018 and US\$1.55 billion in 2017); in the case of Armenia it was US\$530 million in 2019 (compared to US\$506 million in 2018 and US\$435 million in 2017). Yet the amount that Azerbaijan spends on defence makes almost 60% of Armenia's entire national budget, which in 2019 equalled US\$3.16 billion dollars.¹⁴⁰ According to an announcement made by PM Pashinyan, Armenia's defence spending in 2020 is to increase by 25.3% compared to 2019.

Azerbaijan's military potential

Azerbaijan has around 440 tanks (according to MB this includes 95 of the T-55, 244 of the T-72, and 100 of the T-90S tanks respectively) and over 850 armoured fighting vehicles (including BMP-1, BMP-2 and BMP-3, as well as BTR-80A, BTR-82A, MT-LB and Matadors), as well as 122mm and 152mm artillery systems, self-propelled mortars, multiple rocket launchers (Grad, Smerch, Kasirga), the Cardom Recoil Mortar System, the Tochka Tactical Operational Missile Complex and surface-to-air missile systems (Krug, Osa, Strela, Igla, and others).

¹³⁹ In 2010 Azerbaijan and Turkey signed an Agreement on Strategic Partnership and Mutual Support. Based on Article 2, if one of the sides falls victim to a military attack or aggression by a third state or group of states, the parties will offer each other assistance "using all possible means".

¹⁴⁰ In 2019 the budget of the Nagorno-Karabakh Republic was around US\$230 million.

According to MB, the Azerbaijani air force has at its disposal 16 to 18 MiG-29 fighter aircraft, 21 bombers and attack aircraft (Su-24 and Su-25 among others), 12 Albatros jet trainers, almost 100 helicopters (Ka-32, Mi-2, Mi-8, Mi-24, Bell 412) and 4 transport aircraft (An-12 and Yak-40). According to KM, Azerbaijan is also in possession of Il-76 transport aircraft. The state also has drones; during the four-day war in 2016 it used Israeli IAI Harop drones, which had never been used before in combat anywhere in the world, while in August 2017 Azerbaijan purchased 15 Hermes 900 unmanned aerial vehicles (also made in Israel).

In addition, Azerbaijan has its fleet on the Caspian Sea, although it plays no role in the Nagorno-Karabakh conflict.¹⁴¹

The military potentials of Armenia and the Nagorno-Karabakh Republic

Armenia's land forces have a maximum of 220 tanks (KM) at its disposal. Most of them are modernised Soviet T-72s (according to MB, Armenia has 101 T-72 tanks, and in addition three T-54 and five T-55 tanks) and a maximum of 200 armoured fighting vehicles (KM; MB estimates their number at around 150), as well as 62 122mm and 152mm self-propelled howitzers (KM). In addition, Armenia's arsenal includes ballistic missile systems: Iskander-E (with 4 launchers), Elbrus (with 8 launchers) and Tochka-U (with 4 launchers). Armenia also has long-range surface-to-air missile systems (S-300PT and S-300PS) as well as medium-range surface-to-air missile systems (Krug, Dvina, Buk) and short-range surface-to-air missile systems (Kub, Pechora – MB). Since 2017 it has purchased (on loan) from Russia a Smerch multiple rocket launcher together with ammunition, an Avrobaza-M electronic intelligence system, a TOS-1A multiple rocket launcher system with transport vehicles, and 9M113M rockets (KM).

Armenia's air force has 15 Su-25 attack aircraft, four or five transport aircraft (mainly Il-76) and over a dozen training aircraft (mainly Yak-52) at its disposal, as well as 4 to 6 Albatros jet trainers and 30 to 50 helicopters (mainly Mi-8 and Mi-24). According to KM, Armenia also has 14 MiG-29 fighter jets.

¹⁴¹ As mentioned above, according to the 2018 Convention on the Legal Status of the Caspian Sea, the presence on the Caspian waters of military forces of non-littoral states is strictly forbidden. In autumn 2015 Russia shelled Syria from ships that were stationed in the Caspian Sea (some of its rockets flew over Azerbaijan), which was interpreted as a signal that Moscow regards this basin as its own sphere of influence.

Discussing the military equipment of the NKR, MB claims that in part it could formally belong to Armenia (for more on the relations between Armenia and the para-state see the main part of this report). It includes T-55 and T-71 tanks, BMP-1, BMP-2 and BRDM-2 armoured fighting vehicles, 122mm and 152mm self-propelled howitzers, Konkurs and Shturm wire-guided anti-tank missile systems, Elbrus ballistic missile systems.

Russia as the main arms supplier to both sides of the conflict

The armies of Armenia and Azerbaijan – like all their state structures – were created under conditions of military conflict. Initially, they took weapons (by different means) from Soviet Army warehouses located on both republics' territories. According to an interpretation that was popular at the beginning of the 1990s, one of the reasons for the brutal pacification of Baku on 20 January 1990 (see the main part of this report) was the seizure of a large amount of armaments which was not authorised by the Soviet military command.

Following the agreements on the division of the Soviet military forces (the most important such agreement, which formed the basis for the establishment of the national armies in the former Soviet republics, was signed on 14 February 1992), Russia transferred 220 tanks to both Armenia and Azerbaijan, and a similar number of armoured fighting vehicles, as well as 285 artillery units, aircraft and helicopters. In spring 1992, Azerbaijan took over the post-Soviet ammunition depots in Agdam (around 1000 railway cars overall, with artillery ammunition and small arms such as bullets) which helped significantly during its summer offensive.

After Abulfaz Elchibey and the Popular Front of Azerbaijan came to power, Azerbaijan started to distance itself from Russia and the post-Soviet integration structures. It did not sign the Collective Security Treaty (concluded in Tashkent on 15 May 1992), nor did it ratify the Charter of the CIS. This change in Baku's foreign policy led to Moscow's support for Armenia during the Nagorno-Karabakh conflict (see the main text of this report), which was proven by Russia's supply of arms to Armenia and Russian air force support for Armenian operations in Nagorno-Karabakh (information about this support started to emerge in early autumn 1992). Reports released by international organisations stated that the Armenian offensive in February 1993 was manned by divisions of 'unclear state provenance', which in practice meant they came from Armenia and Russia. Russian troops also supported Armenian forces in stopping the Azerbaijani army's attack in early 1994. Even though Azerbaijan's

next president, Heydar Aliyev, decided that the country would formally join the CIS and the Collective Security Treaty (24 September 1993; it remained a member until 2 April 1999), Moscow did not stop supporting the Armenian side.

Armenia receives practically all of its weapons from Russia. The first batches were transferred to it, at no cost, in 1994–96, and their value was estimated at around US\$1 billion (it is also known that some of the deliveries were then transferred to the NKR, of which Moscow must have been aware). That delivery included 84 of the T-72 tanks, 50 of the BMP-2 infantry fighting vehicles, 8 of the SCUD-B (Elbrus) class tactical ballistic missile systems together with 32 rockets, 27 Krug surface-to-air missile systems with 349 rockets, and 40 Igla air defence systems with 200 rockets. This information was revealed during a closed meeting on 2 April 1997 by the head of the Russian State Duma's defence committee, Lev Rokhlin. The details were to have been explained by a commission comprised of representatives of Russia, Armenia and Azerbaijan, but its work did not lead to any conclusions.

At the turn of 1999, Russia provided Armenia with weapons worth another US\$1 billion. This delivery included 10 MiG-29 fighter jets, as well as the S-200 surface-to-air missile systems and radar stations. In the following years it continued deliveries on a smaller scale, selling weapons to Armenia at domestic Russian prices (according to SIPRI data, the value of these deliveries amounted to US\$100 million in the years 2013–17, while the loans that Russia provided to Armenia amounted to US\$200 million). By the end of 2019, Armenia had received four of the Su-30SM multi-task fighter jets which it purchased on credit, while in February 2020 talks began over the purchase of a new batch of these jets. The Russian military base has permission to remain in Armenia's Gyumri until 2044. It can intervene on the Armenian side in case clashes in Nagorno-Karabakh resume (see the main text of this report).

Russia also remains the most important weapons provider to Azerbaijan (other important exporters of weapons to this state include Turkey, Israel and Ukraine). Baku intensified its weapons purchases in the first decade of this century, after the BTC oil pipeline and BTE gas pipeline were launched, while the largest transactions were made from 2008 to 2017. In September 2018, after talks with Putin, President Aliyev estimated the value of weapon purchases from Russia at US\$5 billion, and stated that this amount would continue to rise. According to SIPRI data, the Russian Federation was the source of 65% of the weapons purchased by Azerbaijan in 2017–18 (weapons purchased from Israel amounted to 29%). Moscow explains the sales of weapons to two states

in conflict (with Armenia receiving them at preferential rates) by its aspiration to maintain a balance of power in the region. In practice, it wants to make both countries more dependent on Russia and develop its influence and instruments in the South Caucasus (which would allow it, among other things, to further 'manage' the Nagorno-Karabakh conflict).

The author would like to thank Aleksandra Głodek for her assistance in collecting data for this appendix.

APPENDIX 4. The Nakhchivan Autonomous Republic

The Nakhchivan Autonomous Republic (NAR) is an exclave of Azerbaijan, separated from the rest of the country by Armenia's territory.¹⁴² It also borders with Iran and along a short section with Turkey. Its surface area is around 5500 km², while the population amounts to around 450,000. The capital is the city of Nakhchivan, which is inhabited by around 80,000 residents.¹⁴³

After the fall of the Russian Empire, Nakhchivan also became an area of dispute between Azerbaijan and Armenia. Unlike Nagorno-Karabakh, this area was inhabited primarily by an Azerbaijani population (by the end of the nineteenth century they made up around 64–68% of residents as compared to 31–34% ethnic Armenians). However Armenia's authorities at the time highlighted the historical claims and this area's historical connections with Yerevan (it had been part of the Russian Yerevan *guberniya*). Turkey, which also laid claim to Nakhchivan, sent its troops into the area in 1920 and established a protectorate there. It decided to cede this territory only on condition that within the Soviet state being established at the time, Nakhchivan would belong to Azerbaijan and not be transferred to a different entity. Provisions guaranteeing this status – including the maintenance of a border between Turkey and Azerbaijan – were included in two Soviet-Turkish treaties concluded in Moscow and Kars in 1921. On their basis, Nakhchivan received the status of an autonomous republic. After the collapse of the USSR these treaties granted Turkey a mandate to become involved in the Nagorno-Karabakh conflict on the Azerbaijani side, and to act as a *de facto* guarantor that Nakhchivan would continue to belong to Azerbaijan.

In 1990, the Nakhchivan Supreme Soviet decided firstly that the republic should leave the USSR, and after a few months, that it should become autonomous within the Azerbaijan state (based on the above-mentioned two Soviet-Turkish treaties), which was restated in the NAR's 1998 constitution. The conflict forced almost all the ethnic Armenians to leave (even in Soviet times their share of the exclave's population had been in continual decline, while the share of Azerbaijanis continued to rise; in 1926 their respective proportions were 10.8% to 84.5%, in 1970 the figures were 2.9% to 93.8%, and in 1989 they were 0.65% to 95.9%; see the main text of this report).

¹⁴² And in fact by the unrecognised Nagorno-Karabakh Republic as well.

¹⁴³ Nakhchivan is also the name used for the whole of the NAR and the historical area it is located on.

In 1991, power in Nakhchivan was taken by its native son Heydar Aliyev, as chairman of the local Supreme Soviet; from 1969 to 1982 he had been leader of the Azerbaijan SSR, while from 1982 to 1987 he was the First Deputy Prime Minister of the Soviet Union. At the time of the Nagorno-Karabakh war, thanks to his personal authority and good personal relations with the authorities in Armenia, he did not allow the creation of a Nakhchivan frontline or the outbreak of any fighting (there were only sporadic exchanges of fire in some border areas). Aliyev conducted an active foreign policy, initiating the opening of a bridge on the border with Turkey (humanitarian aid and food supplies entered along it) and purchasing electricity from Iran. In this way Nakhchivan remained not only stable and safe but also – as compared to the rest of the country – relatively wealthy. His reputation as a good manager helped Aliyev return to power in Baku in 1993. It is noteworthy that President Elchibey, whom Aliyev removed from power, also came from Nakhchivan; after he fled Baku he moved to his native village, which he was not allowed to leave until the formal end of his term.

After the end of the war and the strengthening of Aliyev's position in power, the majority of key offices in Azerbaijan's administration and security structures were assigned to people from Nakhchivan, who were referred to as the 'Nakhchivan clan'. After the president's death and the end of a low-intensity period in the Nagorno-Karabakh conflict (2003, see Appendix 1) military incidents (shelling incidents and later individual diversion acts) started to affect the borderland of the NAR and Armenia as well. In parallel, the authorities started to limit access to the exclave for foreigners, Azerbaijani dissidents, media representatives and third-sector activists. These restrictions made it more difficult to verify reports of the deliberate destruction of relics of Armenian material culture, including monuments. The most widely-publicised case was that of the old Armenian cemetery in Julfa (where the border crossing with Iran is located), which was allegedly completely destroyed by 2006.

After the four-day war in 2016 and Pashinyan's coming to power (in 2018), incidents in the Nakhchivan-Armenian borderland became increasingly frequent. Seemingly, this was related not only to the overall dynamics of the conflict (see Appendix 1) but also the intention of Baku (and perhaps also some elements in Armenia's army) to coerce Pashinyan to undertake greater activity concerning Nagorno-Karabakh; in Nakhchivan, Azerbaijan borders not on the unrecognised Nagorno-Karabakh Republic, towards which the Armenia's new leader had kept some distance in the beginning (see the main text of this report), but on Armenia itself. By the end of May 2018 the Azerbaijani army was apparently

ordered to take over a village and some hills in the exclave's northern borderland (they had been located on neutral territory between both sides' positions).

If military activities are resumed, this time they would be likely to include Nakhchivan as well. For Azerbaijan an important potential target could be the sole motorway which links Yerevan with the south of the country and Iran (at the same time, it is one of two motorways running from Armenia's capital to Nagorno-Karabakh). It runs near the northern border of the exclave, in some places at a distance of less than one kilometre (see Map).

LIST OF ABBREVIATIONS

ANM (Russian abbreviation: AOD) – The Pan-Armenian National Movement, a political party operating from 1990 to 2013 in Armenia, and governing until 1997. Levon Ter-Petrosyan was one of its leaders.

BTC – the Baku–Tbilisi–Ceyhan oil pipeline, a pipeline transferring oil from the Caspian Sea to Europe, omitting Russia. It was partially opened in 2005 (up to Tbilisi), while the inaugural ceremony for its complete opening was held in 2006.

BTE – the Baku–Tbilisi–Erzurum gas pipeline, (or the South Caucasus Pipeline), transporting natural gas from the Shah Deniz (Şahdəniz) gas field in Azerbaijan to Turkey, opened in 2006.

BTK – the Baku–Tbilisi–Kars railway, a rail line running between Azerbaijan, Georgia and Turkey, opened in 2017.

CEPA – the Comprehensive and Enhanced Partnership Agreement concluded between the European Union and Armenia on 24 November 2017.

CIS – the Commonwealth of Independent States.

CSTO – the Collective Security Treaty Organisation (Russian: *Организация Договора о коллективной безопасности – ОДКБ, ОДКВ*), an intergovernmental military alliance currently comprising six CIS states (Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia and Tajikistan).

DCFTA – the Deep and Comprehensive Free Trade Areas, an agreement concluded between the European Union and three Eastern Partnership states: Ukraine, Moldova and Georgia.

EaP – the Eastern Partnership, an EU Eastern Policy programme operating within the framework of the European Neighbourhood Policy, which was initiated by Poland and Sweden and inaugurated in 2009. The programme includes six partner states: Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine.

EAEU – the Eurasian Economic Union (Russian: *Евразийский экономический союз, ЕврАзЭС*), an economic community established on 29 May 2014 by three

founding states: Belarus, Kazakhstan and Russia. It was joined by Armenia on 10 October 2014 and Kyrgyzstan on 23 December 2014.

GU(U)AM – the Organisation for Democracy and Economic Development, a regional organisation of four post-Soviet states: Georgia, Ukraine, Azerbaijan, and Moldova. In the years 1999–2005 Uzbekistan was a member of the organisation, hence the second letter U in the abbreviation.

MG – the OSCE Minsk Group, a specialised unit established in 1992 by the OSCE (at that time the CSCE) to resolve the Nagorno-Karabakh conflict. The group is headed by a co-chairmanship consisting of France, Russia and the United States. It also includes the following participating states: Belarus, Finland, Germany, Italy, Sweden, Turkey, as well as Armenia and Azerbaijan.

NAR – the Nakhchivan Autonomous Republic.

NKAO – The Nagorno-Karabakh Autonomous Oblast (Russian: *Нагорно-Карабахская автономная область*).

NKR – the Nagorno-Karabakh Republic (para-state).

OSCE (CSCE) – the Organisation for Security and Co-operation in Europe, an international organisation, considered a regional organisation in the sense of Chapter VIII of the United Nations Charter, whose goal is to prevent conflicts from arising in Europe. In addition to the European states, its members include the United States, Canada, Kazakhstan, Uzbekistan, Kyrgyzstan, Tajikistan, Turkmenistan and Mongolia. The OSCE was created on 1 January 1995 when the Conference on Security and Co-operation in Europe became an organisation and was renamed from the CSCE to the OSCE.

OMON – Special Purpose Mobile Units, sometimes called ‘Black Berets’ (Russian: *Отряд мобильный особого назначения, ОМОН*), a Russian (previously Soviet) special forces unit operating within the structure of the Ministry of the Interior of the Russian Federation. The unit is used in emergencies such as social unrest, hostage crises and acts of terror, but it also undertakes preventive activities. The term OMON is also used for similar units in other former Soviet republics.

PFA – the Popular Front of Azerbaijan, a political party established in 1988 in Azerbaijan. It ruled Azerbaijan from 1992 to 1993. Abulfaz Elchibey was one of its leaders.

RF – the Russian Federation.

SSR – Soviet Socialist Republic, abbreviation used for the republics of the USSR, for example the Armenian SSR, the Azerbaijan SSR.

USSR – the Union of Soviet Socialist Republics.

Map. Armenia and Azerbaijan. The area of the Nagorno-Karabakh conflict

