



BULLETIN

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Prospects for Nagorno-Karabakh Settlement Following the Russia–Georgia Conflict

by Robert Śmigielski

The Russia–Georgia conflict has seriously reduced the threat of another Karabakh war, yet chances are slim for a peaceful solution to be reached in the coming years, given the principal differences between the sides involved. Russian attempts to invigorate the negotiating process are propagandistic in nature, and the country's actual goal is to keep the satisfying status quo.

The conflict between Armenia and Azerbaijan over Nagorno-Karabakh—until 1991, an autonomous region in the Azerbaijan Soviet Socialist Republic, where Armenians account for some 75% of the population—was the bloodiest ethnic strife accompanying the break-up of the USSR. Six-year-long hostilities ended up with a Russia-brokered ceasefire of May 1994. A victorious war brought a *de facto* independence to the Nagorno-Karabakh Republic (NKR), whereas the defeated Azerbaijan also lost seven areas bordering on Nagorno-Karabakh, including a strategic corridor linking the region with Armenia. The NKR army now controls around 14% of Azerbaijan's territory; some 390,000 Armenians and 600,000 Azerbaijanis are refugees.

Peace Negotiation Format in Crisis. Since 1992, the main forum for conflict negotiation has been the OSCE Minsk Group. The fifteen years of its mediation helped prevent a resumption of hostilities, but failed to bring Azerbaijan and Armenia any closer to a compromise, with the status of Nagorno-Karabakh remaining the main sticking point. Armenia and the NKR are demanding NKR's independence, citing peoples' right to self-determination, whereas Azerbaijan, defending the principle of territorial integrity of the state, considers Karabakh its integral part and only agrees to the region's broad autonomy.

Azerbaijan has on a number of occasions expressed dissatisfaction with a lack of negotiating progress, and President Ilham Aliyev talked about restoring the state's territorial integrity by all the means available, including armed. Such rhetoric was accompanied by a steady increase in military spending, reaching US\$1,258m in 2008, an eightfold increase on 2003. Armenia's military budget in 2008 ran at US\$395m, almost four times as much as in 2000. But combined, the armed forces of Armenia and the NKR are a match for the Azerbaijan army, both in terms of quantity and quality. Ruled since 1998 by politicians hailing from Karabakh (first Robert Kocharyan, then Serge Sarkisyan), Armenia provides guarantees of NKR security—and important elements of these guarantees include Armenia's membership of the Collective Security Treaty Organization and the Russian Army's 102nd Military Base, stationed on its territory (in Gyumri).

Determinants of Russia's Karabakh Position. The South Caucasus is regarded by Russia as its zone of influence—not only neighboring on the unstable Russian-held North Caucasus, but also being an area of geopolitical rivalry for control over the corridor to ship Caspian oil and gas westward. Unlike in other CIS-area conflicts, Russia reduced its involvement in the Karabakh feud after 1994, expressing readiness to back a scenario acceptable to both sides. This stance reflects Russia's desire to balance its relations with Armenia (where military cooperation transcends the standard adopted towards members of the Collective Security Treaty Organization) and with Azerbaijan,

a regional energy power. From Russia's point of view, until the summer of 2008, the low effectiveness of the OSCE Minsk Group (where Russia shares the chair with the U.S. and France) was an advantage, enabling it to balance both sides' expectations.

Russia's determination to defend the *status quo* in the South Caucasus was shown in full light during the Russia-Georgia conflict, making more realistic a prospect of Russian military assistance flowing to Armenia if new Karabakh fighting were to break out. There can be no doubt that this will discourage Azerbaijan from following in Georgia's footsteps and seeking to regain the lost territories by force. Azerbaijan will, on the one hand, be more inclined to tighten up its links with Euro-Atlantic structures and, on the other, be forced to limit to diplomatic means its dealings with Armenia. Russia will capitalize on that, much interested as it currently is in achieving any mediating success in the CIS area, even a symbolic one, after it unilaterally recognized the independence of Abkhazia and South Ossetia, thus undermining its role as an arbitrator in territorial disputes between former Soviet republics.

Moscow Declaration and Scandal over Russian Arms Shipments to Armenia. On Dmitri Medvedev's initiative, the Armenian and Azerbaijani Presidents, Serge Sarkisyan and Ilham Aliyev, signed a declaration in Moscow on 2 November 2008 on the settlement of the Karabakh conflict, in which they undertook to make the region stable and secure by means of a political solution. The two invoked the Madrid principles, signed by both countries' foreign ministers on 27 November 2007, which provide for the withdrawal of NKR forces from the so-called security zone around Karabakh, the zone's demilitarization, deployment of an international peace force under the aegis of the OSCE or the UN, a return of refugees and, subsequently, within 10–15 years, a popular plebiscite to determine Karabakh's final status.

The Moscow declaration was Russia's unquestionable media success, the more so as it had been developed and signed without any French or US participation. But it hardly proved a breakthrough in the peace process. Azerbaijan agreed to unfavorable provisions, probably with the Russo-Georgian conflict in mind. The country did not manage to include in the document a reference to respect for the territorial integrity of states, it committed itself not to use force, and it all but consented to a final loss of Karabakh via the referendum. In an attempt to weaken Russia's role as the principal mediator in the Karabakh conflict, Azerbaijani media in early January 2009 reported a transfer to Armenia of several dozen Russian tanks, armored personnel carriers, artillery systems and other materiel. Despite Russia's official denials, the transfer seems to have indeed been made, with a view to keeping both countries' military potentials in balance. To Azerbaijan, this puts in question Russia's impartiality, which is required from a mediator.

Prospects. The threat of renewed hostilities is pretty low at present, with Azerbaijan restrained not only by the Ossetia example and a relative balance in both sides' military potentials (which precludes a blitzkrieg), but also by fears of losing credibility as a supplier of energy sources. But a peaceful settlement stands a slim chance of success as well. Such a settlement would require compromise and mutual concessions, for which none of the antagonists is prepared. In both countries the political regimes are becoming more and more authoritarian (on 18 March, Azerbaijan will hold a referendum on the removal of a two-terms constraint on presidential powers). Any regime making a Karabakh concession could see its public legitimacy battered to an even greater extent, whereas a condition in-between war and peace helps both governments curb democratic liberties and persecute the opposition, under a pretext of fighting the external enemy.

Russia seems to be fully satisfied with the *status quo*, where Armenia is entirely dependant upon it economically, politically and militarily, and Azerbaijan (with the Karabakh conflict unresolved) remains a politically unstable country, its society cherishing strong revanchist sentiments, its relations with its neighbor unregulated, and its budget expenditure increasingly military-oriented. All this detracts from Azerbaijan's appeal as a stable transit country along future Russia-bypassing energy routes. Russia will, therefore, continue maneuvering between Armenian and Azerbaijani expectations, while simultaneously seeking to prevent these countries from getting too close to Western structures. It will also have to factor in Turkey's increased diplomatic effort to mediate between Armenia and Azerbaijan, whether in the form of bilateral negotiations or by promoting the idea of a Caucasus Stability and Cooperation Platform.