



CHATHAM HOUSE

Chatham House, 10 St James's Square, London SW1Y 4LE

T: +44 (0)20 7957 5700 E: [contact@chathamhouse.org](mailto:contact@chathamhouse.org)

F: +44 (0)20 7957 5710 [www.chathamhouse.org](http://www.chathamhouse.org)

Charity Registration Number: 208223

## Russia and Eurasia Summary

# Nagorny Karabakh: Closer to War than Peace

Thomas de Waal

Senior Associate, Carnegie Endowment for International Peace

25 July 2013

The views expressed in this document are the sole responsibility of the author(s) and do not necessarily reflect the view of Chatham House, its staff, associates or Council. Chatham House is independent and owes no allegiance to any government or to any political body. It does not take institutional positions on policy issues. This document is issued on the understanding that if any extract is used, the author(s)/ speaker(s) and Chatham House should be credited, preferably with the date of the publication or details of the event. Where this document refers to or reports statements made by speakers at an event every effort has been made to provide a fair representation of their views and opinions, but the ultimate responsibility for accuracy lies with this document's author(s). The published text of speeches and presentations may differ from delivery.

## Introduction

This document is a meeting summary of *Nagorny Karabakh: Closer to War than Peace*, delivered by Thomas de Waal, Senior Associate, Carnegie Endowment for International Peace, Washington DC, on 25 July 2013 at Chatham House.

Recent developments in Armenia and Azerbaijan- leadership changes, an arms race, and the oil boom in the latter country -have affected the Nagorny Karabakh conflict in different ways. The seminar covered these developments, as well as difficulties and prospects for resolving the conflict

## Summary

The conflict over the Nagorny Karabakh region has generally failed to grab the attention of an English-speaking audience. However, Nagorny Karabakh has one of the world's three most militarized ceasefire lines, along with North Korea and Kashmir. The Line of Contact between Armenian and Azerbaijani forces receives limited public attention which does not reflect its importance. There is only a small international presence monitoring the ceasefire, in the form of six monitors from the Minsk Group of the Organization for Security and Cooperation in Europe, who visit the line twice a month. Nagorny Karabakh is often mistakenly called a 'frozen conflict' but it is in fact still in motion and the dynamics of the situation remain essentially negative.

Developments over the past ten years have deepened the conflict divide. The Armenians in control of the disputed territory of Nagorny Karabakh itself have rebuilt the region and deepened its links with Armenia. But the biggest change has been in Azerbaijan, whose GDP has risen twenty-fold. This has affected not only Azerbaijan's economic situation but, just as importantly, its self-perception. Azerbaijan now identifies itself as a stronger political player than Armenia, and now spends more on its military budget than Armenia does on its entire state budget. It buys weapons from a number of countries, recently acquiring offensive weapons from Russia. For its part, Armenia also purchases cut-price weapons from Russia. At the same time Russia currently offers Armenians an attractive resettlement programme in Siberia, sapping Armenia's population.

In his speeches, President Ilham Aliyev both talks up Azerbaijan's new importance and also denigrates Armenia's weakness. However, whilst

Azerbaijan is keen to present Armenia as a country on its knees, Armenia has also made progress over the last decade, albeit not on the same scale as Azerbaijan. Although in private Aliyev may adopt a more conciliatory approach with Armenia, his concern with winning the public vote in presidential elections this October appears to take precedence. Azerbaijan's voters have now congregated around one oppositional candidate, challenging the president's authority.

The events of 2012, particularly the Ramil Safarov case, further exacerbated Azerbaijani-Armenian relations. Safarov, who killed an Armenian soldier in Hungary, was publically pardoned by the Azerbaijani authorities upon his return to Baku, after serving eight years of a life sentence, and welcomed as a hero in his homeland. Large-scale Armenian protests followed, although many Azerbaijanis privately condemned the Baku authorities' reaction to Safarov as ill-advised.

The recent announcement of the establishment of airplane flights from Nagorny Karabakh to Yerevan has caused outrage in Azerbaijan. The Azerbaijanis maintain that this has broken the Chicago convention, and have threatened unspecified retaliation should an Armenian plane enter Azerbaijani airspace. The Minsk Group has spent the last six months assuaging both sides. Armenia may be biding its time and waiting for political 'cover,' such as a medical emergency, to launch a flight. The so-called 'Karabakh Clan', an Armenian business elite, continue to dominate Yerevan.

The Karabakh Armenians complain that they are excluded from the negotiation table on Nagorny Karabakh and must be involved at some point in the future, arguably the current situation suits the Armenian side fine as the Karabakh Armenians can offer little more to the discussion with Baku. The Karabakh Azerbaijanis ought to be involved in negotiations as well. The current mode of negotiations is very old-fashioned closed-door diplomacy, led by the presidents of Armenia and Azerbaijan, where just five or six people are involved in the negotiations with little involvement from others.

Yet, it is important to stress that, outside the political context of the conflict, there is still much that ties the two peoples together. In Georgia ethnic Armenians and Azerbaijanis continue to live side by side in many villages. The important difference there is that a neutral Georgian policeman maintains order and is a neutral arbiter in any disputes.

The Minsk Group negotiators continue their mediation efforts, but they have few carrots or sticks to offer either side to back up their diplomacy. The co-chairs lack the authority they used to have, due to the strengthening and increased sovereignty of the countries, particularly Azerbaijan. Perhaps the most opportune moment to resolve the conflict may have been in 1997-8, when Levon Ter-Petrosian, president of Armenia, wanted a deal but was deposed by his inner circle of Karabakhi and Armenian officials.

Should the Minsk Group or other negotiators be able to change the incentive structure, a possible deal is still possible. But since it is in some local and international interests to preserve the status quo, Nagorny Karabakh appears to be an intractable stalemate. It is a second-order priority for several international actors, including Russia.

As president of Russia in 2008-12, Dmitry Medvedev made a serious attempt to resolve the conflict. There were a number of objective reasons for this, including Medvedev seeking to enhance his own prestige. However, Vladimir Putin's return to the Kremlin has reduced the importance of the conflict in Moscow, and Putin appears to be more comfortable maintaining the status quo. The extent to which he is prepared to invest political capital in resolving this is unclear. If the US government were to engage more actively with the conflict, the extent to which the administration would be prepared to intervene is also uncertain. The EU's involvement is disrupted by bureaucratic obstructions. The fact that the EU has not involved itself with this conflict clearly demonstrates how dysfunctional it has become.

Other 'near-abroad' countries such as Iran have also tended to abstain from becoming closely involved in the conflict. Turkey, a country with a relatively strong influence over Azerbaijan and Armenia, has strong leverage but currently it carries economic weight in the region but no political influence. Despite the closed border, Turkey is Armenia's 5<sup>th</sup> largest trading partner. Yet, the Turkey-Armenia relations are worse now than before the 2009 protocols were signed and there are fewer contacts than ever between the countries. Potentially, Turkey and Russia could collaborate to influence Azerbaijan and Armenia respectively over Nagorny Karabakh, but, despite unusually good relations between the two countries, there is little sign that this will happen.

A fresh conflict over Nagorny Karabakh would be disastrous for not just Armenia and Azerbaijan but the whole wider region. The potential loss of life in combat and the destruction of economic assets should give both parties

cause to deescalate any latent skirmishes. There are two possible scenarios in which a conflict could break out. First Azerbaijani rhetoric could escalate until Nagorny Karabakh remains the only national idea around which to unite the people. Second, whilst the political decision is normally made to not respond to incidents on the Line of Contact, a bad incident could spiral out of control, particularly given the lack of an international observation presence in the area. Certainly an end to the Nagorny Karabakh conflict would open up avenues for economic development and communication routes, currently thwarted by the closed borders.

The younger generation on both sides is just as aggressive and nationalist as the previous one. One difference is that it appears to be technologically connecting to each other online through Facebook. This may exacerbate or aid the resolving of the conflict, and is an area to further explore.

The future for Nagorny Karabakh looks bleak. Little tangible progress has been made. The conflict will at some point be resolved in some manner or other, probably by a change in the future geopolitical climate that cannot be anticipated.