

Conflict Studies Research Centre



**Untangling the
Karabakh Knot**

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Key Points

- * With all parties to the conflict over Nagorno-Karabakh unwilling to compromise and continuing to use very negative and belligerent rhetoric, the prospects of a peaceful resolution look remote. Fundamental issues remain unresolved and the threat of renewed hostilities remains very real, as the opposing sides remain entrenched in intransigent positions.
- * The 'wall of money' that Azerbaijan expects to receive over the coming years from its hydrocarbon reserves could significantly alter the status quo, shifting the balance of power towards Baku and making it less likely to seek a resolution. Armenia is totally isolated from the oil windfall and perceives it to be a threat. Both countries believe that time is on their side.
- * This is one of the most worrying unresolved conflicts in the Caucasus region and there is a need for greater international involvement, particularly on the part of the EU and Nato. The international community needs to take preventative action and put more pressure on the parties involved to resolve the dispute peacefully in order to avert the threat of a complex emergency that would destabilise the entire region. Resolution of the Nagorno-Karabakh dispute is the key to stability across the South Caucasus.

The unresolved dispute between Armenia and Azerbaijan over the majority Armenian-populated enclave of Nagorno-Karabakh attracts little international attention, despite the fact that the two countries are still officially at war over the mountainous region. The growing strategic significance of the Caucasus region within the contemporary security environment means that efforts to resolve the conflict have been stepped up by several international and regional actors. This article examines the current position of Armenia and Azerbaijan on a possible negotiated settlement to the conflict and efforts to find a way out of the political impasse over the status of Nagorno-Karabakh.

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The unresolved dispute between Armenia and Azerbaijan over the majority Armenian-populated enclave of Nagorno-Karabakh has dropped off the radar of the international community, leading many to assume that the danger has passed. However, although it is over a decade since a cease-fire agreement was signed, the two countries are still officially at war over the mountainous region. Armenian forces emerged victorious from the war, which ended with a cease-fire in May 1994, but the ensuing stalemate has brought no real peace or stability and there are fears that the conflict could be easily reignited.¹

The fighting may have come to an end, but fundamental issues remain unresolved and the threat of renewed hostilities remains very real, as the opposing sides remain entrenched in intransigent positions. There are no international peacekeeping troops on the ground, only unarmed monitors from the Organisation for Security and Co-operation in Europe (OSCE), and the cease-fire is poorly enforced at a local level, meaning there are sporadic clashes between Armenian and Azeri military forces in the region.² There is deep mistrust and antagonism on all sides, towards each other and towards the involvement of external actors as mediators. This is one of the most worrying unresolved conflicts in the Caucasus region, both because it is between two sovereign states and because the three principal regional powers – Russia, Turkey and Iran – all have a differing stance towards the issue, raising fears that if there was a renewal of fighting, it could rapidly become internationalised.

The Armenian and Azeri presidents have held discussions intermittently, but negotiations over the disputed territory have failed to produce any tangible result in recent years. The peace process came to a virtual standstill during 2003 as a result of parliamentary and presidential elections held in both countries. It was kick-started in 2004 and efforts to achieve a negotiated settlement to the frozen conflict have been stepped up by several international and regional actors, including the OSCE Minsk Group, the United Nations (UN) and the Council of Europe, while Russia and the US have both issued recent statements on the conflict.³ This article will examine the current position of Armenia and Azerbaijan on a possible negotiated settlement to the conflict and efforts to find a way out of the political impasse over the status of Nagorno-Karabakh.

Obstacles on the Path to Peace

Before examining recent efforts to find a solution to the enduring conflict, it is pertinent to consider the current position of each party and investigate major obstacles that still stand in the way of a peaceful settlement. One key, and very elementary, hindrance is the continuing debate over the number of parties to the conflict. The enclave of Nagorno-Karabakh is demanding full sovereignty for its

majority ethnic-Armenian inhabitants, and is thought to be ultimately seeking unification with neighbouring Armenia. Azerbaijan is only prepared to offer autonomy within the Azeri state and Baku does not negotiate directly with the region, claiming that the only parties to the conflict are Armenia and Azerbaijan as reflected in the OSCE document of 1992. It views the region as a separatist area of its own territory and refuses to recognise the regional leadership as legitimate. It will only accept the participation of Karabakh representatives in the peace process if they renounce their desire for secession from Azerbaijan.

Nagorno-Karabakh has no direct relations with Azerbaijan and negotiations are conducted through Armenia. The enclave's leader, Arkady Gukasyan, has consistently rejected the OSCE's idea of a phased approach to settling the conflict, which would entail Armenian withdrawal from occupied territories prior to the start of proper peace negotiations, and has stated that the region will not give up its goal of independence and international recognition for Karabakh, which has been identified as the primary objective of the region's administration, particularly the activities of the 'foreign ministry'.⁴ The administration of the separatist region is fairly sceptical of the ongoing peace process, which in their opinion lacks legitimacy because the talks are bilateral rather than multilateral: 'It must not be forgotten that the Nagorno-Karabakh problem was raised by the Nagorno-Karabakh people and is about the status of Nagorno-Karabakh.'⁵ Armenia supports this, arguing that representatives of the 'republic' must be allowed to participate in any talks. Armenian Prime Minister Andranik Markaryan has ruled out concessions to Azerbaijan, vowing that 'Armenia's territory can never be a subject of bargaining' and insisting that the region should have a status that will ensure the security of the people of both Nagorno-Karabakh and Armenia.⁶

Both Armenia and Azerbaijan made statements on the dispute during the 59th session of the UN General Assembly in September 2004. President Ilham Aliyev affirmed that 'Azerbaijan will never reconcile with the occupation of its territories, violation of its territorial integrity and results of ethnic cleansing'.⁷ He accused Armenia of 'the massive illegal settlement of the Armenian population in the occupied Azerbaijani territories', and charged Yerevan with falsifying history and destroying Azerbaijan's cultural heritage.⁸ He went on to describe the area as an uncontrolled and unmonitored 'grey zone' that had become a haven for criminal activity and represented a threat to peace and security in the entire Caucasus region. In response, the Armenian Foreign Minister Vartan Oskanyan stated that Armenia was ready to 'compromise and collaborate with neighbours who are ready to join us in making history, not rewriting it'. However, this apparently accommodating position was undermined by his subsequent accusation that Azerbaijan 'was first in introducing ethnic cleansing to the Soviet space, first in engaging mercenaries and international terrorists in its own defence, first in discarding the rules of engagement in international organisations'.⁹ He went on to state that 'Armenians prevailed in the military confrontation unleashed by Azerbaijan as a response to the peaceful demands of the Armenians of Nagorno-Karabakh for self-determination. Contrary to the assertion of Azerbaijan's president, Armenians have occupied those lands for over 2,000 years and not just in the last 10. Nagorno-Karabakh has reversed the injustice of the Stalin years [a reference to the enclave being assigned as part of Azerbaijan by Stalin] and is free and democratic, tolerant of minorities.'¹⁰

Domestic Impact

The Karabakh issue plays a prominent role in the domestic politics of both Armenia and Azerbaijan and has triggered the downfall of governments in both, as opposition groups use the issue to put considerable pressure on the authorities. There are concerns that Aliyev, who succeeded his father as president in October 2003, will take a more militant approach towards the issue in order to boost his legitimacy within Azerbaijan. The country is suffering from considerable socio-economic disruption as a result of some 800,000 refugees from Nagorno-Karabakh who are still living in temporary accommodation within Azerbaijan and the majority of the population is staunchly opposed to any compromise with Yerevan.¹¹ Thus, the government needs to be perceived to be taking a strong position against Armenia's 'annexation' of the enclave. Aliyev has made it clear that he intends to pursue his father's objectives of transforming the country into a regional power, restoring its territorial integrity and uniting the population. By securing a resolution to the conflict and regaining Azeri territory lost to Armenia, he could considerably strengthen his political position and boost popular support for his authoritarian regime.

There are fears within Armenia that a resurgent Azerbaijan, buoyed up by the revenue from high oil prices, might attempt to resolve the conflict militarily. The huge financial rewards that Azerbaijan is set to reap over the coming decade may well mean that it is less inclined to seek a negotiated resolution. However, these oil revenues also provide a very good reason why Baku may decide against military action. The Azeri economy is highly dependent on the revenues from its hydrocarbon reserves, the development of which requires considerable foreign investment, and a renewal of the war with Armenia would damage Azerbaijan's prospects of attracting further investment. Furthermore, the country's military forces are still considered to be too weak to conduct a successful military operation against the enclave.¹²

The lack of a resolution to the conflict has had a serious impact on Armenian economic development and there is considerable resentment at the price, both diplomatic and economic, that the country pays for the continuing conflict.¹³ Similar to the situation in Azerbaijan, there are fears that Armenian president Robert Kocharian, a former leader of Nagorno-Karabakh who has pursued a hard line in negotiations, may seek to boost his popularity by taking a more intransigent position towards Azerbaijan over the territory. In recent months an opposition group, whose existence is based entirely around the dispute, has re-launched itself, after a period of inactivity lasting almost 10 years (since 1996). The Organisational Committee for the Defence of Nagorno-Karabakh aims to unite people from different parties and organisations to call for the full independence of the enclave. According to representatives of the committee, it resumed its work 'because of the recent developments around the settlement of the Nagorno-Karabakh conflict, in particular the adoption of a PACE [Parliamentary Assembly of the Council of Europe] resolution, statements by the US State Department, Iranian President Mohammed Khatami and Turkish Prime Minister Recep Tayyip Erdogan'.¹⁴ However, despite the belligerent rhetoric of this group, they do not appear to be representative of popular opinion and there is evidence that the local populace does not believe there will be a resumption of military operations between Armenia and Azerbaijan. In an opinion poll conducted by Armenian pollsters Vox Populi, only 21% of those questioned thought a return to war possible, although 53% expressed a lack of confidence in their leaders' ability to resolve the Karabakh conflict.¹⁵

Mediation Efforts

With both Armenia and Azerbaijan refusing to compromise, recently there has been an intensification of international efforts to resolve the long-running stand-off. The OSCE has been the main external actor involved with the issue since the early 1990s. Although it was criticised for not preventing war breaking out in the first place, Nagorno-Karabakh was the first major conflict in which it had been involved and it must be remembered that at the time the organisation itself was undergoing a considerable transformation. Its mediation efforts have been hampered by its broad membership, which includes Russia, Turkey and the US, all of whom have an interest in the conflict and who have often worked at cross-purposes.¹⁶

The OSCE Minsk Group, co-chaired by France, Russia and the US, is a coalition of member states dedicated to seeking a negotiated settlement. Since 1999 the Armenian and Azeri presidents have been meeting regularly within the Minsk Group framework to discuss the conflict, but have not come any closer to resolution and their peace talks were beginning to seem increasingly perfunctory. However, there has been renewed optimism with the initiation of the 'Prague process', a stage-by-stage solution introduced in 2004, which represents a new phase in negotiations and has got the two sides talking again. According to a report by the Minsk Group co-chairs, a new method of negotiation was agreed on that involved 'no agenda, no commitment, no negotiation, but a free discussion, on any issue proposed by Armenia, Azerbaijan, or by the co-chairs'.¹⁷ This method has had positive, if barely perceptible, results, encouraging the co-chairs to propose starting substantive negotiations on the same basis.

The Prague process has been greeted with cautious anticipation in both Baku and Yerevan. In an interview on Azerbaijani television, broadcast at the beginning of 2005, Aliyev expressed his confidence that a 'new stage' in the dispute had been reached, stating that '[w]e are making every effort for the talks to continue in a direction that will meet our interests'.¹⁸ Addressing the OSCE Council of Ministers' meeting in Sofia, Bulgaria in December 2004, Armenian foreign minister Vartan Oskanyan stressed his country's continuing belief in the Minsk process.¹⁹ However, speaking after a meeting in Prague in January 2005 with his Azeri counterpart, Oskanyan confirmed that while some tentative progress had been made, the issue 'can be resolved only when both sides, and eventually Karabakh which will be part of the process, make compromises'. He sounded a note of caution about being too optimistic about progress made: 'We think we have entered a more serious stage in the negotiations and at this phase it is necessary to make more reserved statements in order not to put the other party in a difficult situation or not to get into such a situation oneself'.²⁰

The OSCE is not just involved in the negotiation process, it also maintains a presence on the ground to try to acquire a true picture of the situation. In February 2005 it sent a fact-finding mission to Nagorno-Karabakh to investigate claims that Armenians were being illegally resettled in areas outside of the enclave's administrative borders. The Azeri authorities allege that under a programme officially sanctioned by the Armenian government, people who are being settled in the enclave receive privileges such as tax and land benefits and exemption from military service.²¹ The mission did find evidence of settlers on the territories it inspected, although it did not ascertain whether this was the result of a calculated Armenian government policy. The Azeri claim has been vehemently denied by the Armenians who accused the OSCE mission of having a pro-Azeri stance. An article in Armenian newspaper *Ayots Ashkar* on 2 February questioned the purpose of the

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mission and accused the OSCE of double standards. The article claimed that the mission would only be monitoring areas controlled by Armenians and not those under the control of Azerbaijan. It accused the OSCE of breaking its own principles by demonstrating a selective approach towards the dispute and thus showing that it '*de facto* recognises the sovereign right of Azerbaijan to carry out ethnic cleansing'.²² There is a deep mistrust of external actors involved in the conflict, a suspicion that undermines efforts to resolve the dispute peacefully.

The limitations of third-party actors such as the OSCE has been recognised by Bernard Fassier, the French co-chairman of the OSCE Minsk Group, who made it clear that, while the group can help to facilitate negotiations, it cannot resolve the Karabakh conflict: 'The Minsk Group is a political forum. It can put forward political ideas. However, it does not have financial resources to implement those ideas.' He went on to suggest that the EU should perhaps play a greater role, as 'it has enough economic capacity'.²³ The EU is continuing its tentative relations with the region and has included the South Caucasus in the European Neighbourhood Policy (ENP), a reversal of previous policy that shunned engagement with the region. Although the ENP does not offer potential membership of the EU, it does offer a 'privileged relationship' with the aim of sharing the Union's stability and prosperity. This is a noble objective, but there has been little tangible progress made in furthering relations with either Armenia or Azerbaijan. In spite of the European Commission recommending the 'significant intensification' of relations through the development of an Action Plan, the inclusion of these countries into the ENP has yet to translate into substantive programmes.²⁴

Nevertheless, the inclusion of the three South Caucasus states in the ENP is of considerable significance, recognising the importance of the region to European security. The conflict has implications not only for stability in the Caucasus region, but also for Europe and the wider international community. As the EU and Nato seek to expand their borders, it is becoming more important to focus on conflict resolution on the periphery, where the presence of weak or unstable states poses a threat to the stability of member states. Thus, organisations such as the OSCE and EU need to play a more active role in the search for a peaceful resolution of the numerous separatist conflicts in the South Caucasus.

The OSCE has boosted its cooperation with other European organisations and in February 2005 reached agreement with the Council of Europe that both organisations would continue to interact closely on initiatives regarding a settlement of the conflict.²⁵ Although the Council of Europe is not directly involved in negotiations, it spends a considerable amount of time reviewing the situation and has called upon the OSCE's Minsk Group to step up its efforts in pursuit of a resolution of the stalemated dispute, praising the 'tireless' efforts of the group's co-chairs.²⁶

As discussed above, the involvement of external actors is not always welcome and can have a potentially negative effect, amply demonstrated by the impact of a resolution issued by PACE in January 2005, adopted to coincide with the fourth anniversary of both states' accession to the Council. Tensions between Baku and Yerevan were inflamed by the resolution, which followed a report on the situation presented to the Political Affairs Committee in November 2004 by rapporteur David Atkinson. The Assembly drew attention to the fact that the occupation of foreign territory by a member state 'constitutes a grave violation of that state's obligations as a member of the Council of Europe' and urged both governments to comply with the commitments associated with their accession in 2001 'to use only peaceful

means for settling the conflict, by refraining from any threat of using force against their neighbours'.²⁷ The resolution also urged both sides to not only refrain from further military action, but also to refrain from 'propagating military action'.

Each side manipulated the wording of the resolution to gain political capital and serve their own interests. Aliyev regarded the resolution as a triumph for Azerbaijan, as it made use of the term 'separatist forces' and described the Armenian forces as 'occupiers'.²⁸ Although the description of occupation was used in reference to Azeri territory outside of Nagorno-Karabakh, it was interpreted by Baku to include the enclave. In a worrying sign of growing impatience and militancy, the Azeri deputy foreign minister Araz Azimov warned that the PACE resolution was a 'last warning' to Armenia and that Yerevan had to change its position: 'Azerbaijan states once again that the country's territorial integrity is inviolable and indubitable, and the best security guarantee is to liberate the territories invaded.'²⁹ This statement raised fears that a renewed Azeri offensive was being planned, although, as mentioned above, this remains an unlikely prospect as such action would jeopardise the much-needed inflows of foreign investment into Azerbaijan's oil industry and also because of the poor state of the country's armed forces.

Armenia took a more non-committal tone, highlighting the nonbinding, consultative nature of the resolution. Seeking to accentuate the resolution's positive findings for Armenia, several officials pointed out that the document called on Azerbaijan to begin talks with both communities in Nagorno-Karabakh to determine the region's status, a petition that was initially proposed by the Armenian delegation to the Council of Europe. In Yerevan's eyes, this represented a modest success as it meant the enclave's representatives may be given a chance to be a party to the negotiations.

The PACE resolution recognised the possibility that the negotiations taking place under the auspices of the Minsk Group co-chairs may fail and suggested that, if this occurred, Armenia and Azerbaijan, as signatories of the UN Charter, should consider using the International Court of Justice. The UN has served as an important forum for Armenia and Azerbaijan to expound their positions. President Aliyev has been very critical of the lack of UN action, attacking its 'passive and silent attitude' particularly the 'silent stance of the Security Council', which, in his opinion, has had 'a devastating impact on the settlement process. Ignoring the [UN] resolutions, trying to consolidate the results of its military aggression and not being punished for that, Armenia has consequently launched an outrageous policy of the massive illegal settlement of the Armenian population in the occupied Azerbaijani territories'.³⁰ Azerbaijan is keen for greater international involvement in the resolution of the conflict and has called for the EU, Council of Europe and UN to play a more active role.³¹

The Chairman-in-Office of the OSCE, Slovenian Foreign Minister Dimitrij Rupel, has urged permanent members of the UN Security Council to use their influence to push negotiations forward. Addressing the Security Council in New York in March 2005, Rupel called on its members to play a more active role in seeking an end to some of the protracted conflicts within the OSCE region, stating that 'the leverage of powerful states ... can be crucial. I urge you to exert that pressure in the context of OSCE mediation efforts to help resolve these long-standing conflicts.'³² However, the UN Security Council has continued to resist calls for it to participate more, largely the result of the presence of Russia, an ally of Armenia, and the US, which

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has a large and powerful Armenian diaspora, as well as considerable economic interests in Azerbaijan, largely within the oil sector.

Seeking Foreign Support

The conflict dominates the foreign policies of both countries, with each seeking allies to strengthen their position, reinforcing fears that a renewed conflict could quickly become internationalised. Russian support for Armenia means that it could easily be dragged into fighting, particularly as Armenia is a member of the Collective Security Treaty Organisation, which guarantees mutual military assistance if a member is attacked. Furthermore, there are two Russian military bases on Armenian territory, at Yerevan and Gyumri, and joint military exercises between the two have been conducted in Armenia, the most recent taking place in August 2004. Of particular concern is the prospect of heavy equipment from the two Russian bases in Georgia, which Moscow has pledged to close by 2008, being sent to its bases in Armenia. Azerbaijan has expressed its opposition to this, but ultimately has little influence over events.

The US has also increased its involvement in both Armenia and Azerbaijan. The Caucasus region has been growing in importance to the US over recent years, identified as both a source of and key transit route for hydrocarbons from the Caspian Sea. While Armenia has been America's traditional ally in the Caucasus, since the 2001 US terror attacks an increasing amount of American dollars have been spent on other countries in the region.³³ In January 2002 President Bush waived Section 907 of the Freedom Support Act that prohibited technical aid to Azerbaijan and military assistance to Armenia, meaning the US is now able to help Azerbaijan's border security to prevent terrorist infiltration/exfiltration, and enhance intelligence and law enforcement cooperation.³⁴ In July 2004 the US Congress approved a parity policy that allocated US\$5m of military aid each year for both countries and in 2002 the US opened a de-mining centre to train Armenian soldiers.³⁵

In spite of the fact that the US operates a policy of parity with regard to its military aid to the two countries, increased US support for Azerbaijan has raised concern in Armenia. An article in Armenian newspaper *Ayots Ashkhar* in June 2003 envisaged the possible deployment of US troops in Azerbaijan as an attempt to isolate Armenia and undermine its relations with Iran. It also suggested that US troops would initially be deployed to implement a peace agreement on the Nagorno-Karabakh conflict and that Turkey would play a key role in establishing a 'cordon sanitaire' around Iran.³⁶ In some respects, this article merely reflects Armenia's attitudes towards its neighbours, particularly its animosity towards, and fear of, Turkey. Furthermore, in April 2005 it was announced that the US would not deploy military bases in Azerbaijan, perhaps mindful of the impact such a move could have on regional stability. While the US may be providing military aid to the country as part of its fight against terrorism and smuggling, the bulk of such assistance has been maritime. US Army Colonel Mike Anderson, chief of the Europe Plans and Policies Division at US European Command (EUCOM), stressed that the US has 'no intention of beefing up the Azeri army to go back and attempt to retake Nagorno-Karabakh'.³⁷

Azerbaijan has undoubtedly engaged in considerable sabre-rattling over recent years, even as it continues to push ahead with the tentative peace process. While a renewed offensive appears an unlikely prospect, if Aliyev were to decide that the

military is in a position to avenge its defeat by Armenia, the ensuing conflict could spell disaster for the volatile South Caucasus and may necessitate the deployment of international peacekeepers or peacemakers, together with a substantial humanitarian aid package and forces to protect energy infrastructure in the region. Even with considerable investment, Azerbaijan's armed forces are unlikely to be in a position to conduct a 'surgical' strike to retake Nagorno-Karabakh and the resumption of large-scale conflict would herald a war of attrition, with the civilian population bearing the brunt of the fighting. Of great concern is the prospect of a renewal of fighting over the enclave rapidly becoming internationalised, particularly with Russian military bases in Armenia and Turkish support for Azerbaijan. The international community needs to take preventative action and put more pressure on the parties involved to resolve the dispute peacefully in order to avert the threat of a complex emergency that would destabilise the entire region. Azerbaijan needs to be persuaded that it stands to lose far more than it would gain from any attempt to impose a military solution on the Nagorno-Karabakh dispute. There is no military solution to this latent conflict – it can only be solved by political means.

Conclusions

There is a need for greater international involvement, particularly on the part of the EU and Nato. However, there is currently a lack of resolve in the international community to sort out the problem. One reason for this is the fear of setting a precedent and the need to balance the seemingly contradictory principles of territorial integrity and self-determination. However, the numerous unresolved conflicts within the South Caucasus can no longer be regarded as issues that are extraneous to European security. As the borders of organisations such as the EU and Nato edge further eastwards, greater attention needs to be paid to security on the periphery. The presence of unresolved armed conflicts such as Nagorno-Karabakh undermine the stability of the Caucasus region, not just because of the threat of a renewal of fighting, but because they have created 'black holes' outwith government control, providing ideal conditions for security challenges such as terrorism, organised crime and illegal trafficking to flourish.

With all parties to the conflict unwilling to compromise and continuing to use very negative and belligerent rhetoric, the prospects of a peaceful resolution look remote. Even now, 11 years after the cease-fire was implemented, the statements and language used by all sides remain as vociferous as they were prior to the 1992-94 war. The issue is manipulated by the leaders of both Armenia and Azerbaijan to boost their domestic and foreign positions and is a key driver of policy in both countries. Furthermore, both countries believe that time is on their side. However, in the long-term it is likely to be Armenia, and by extension Nagorno-Karabakh, that will suffer most from the lack of any resolution, as it continues to endure the economic consequences of its 'victory'. There is a fear in Armenia that, in the short term, oil-rich Azerbaijan will be in an economic and financial position to settle the conflict by force, whether Armenia likes it or not. The 'wall of money' that Azerbaijan expects to receive over the coming years from its hydrocarbon reserves could significantly alter the current status quo, shifting the balance of power towards Baku and making it less inclined to seek a peaceful resolution. At the same time, Armenia is totally isolated from the oil windfall and perceives it to be a threat. This may fuel hawkishness on the Armenian side, in order to pre-empt the perceived risk of future Azeri aggression. Therefore, as long as the OSCE's efforts to mediate remain fruitless, the possibility of renewed hostilities cannot be discounted.

ENDNOTES

¹ Nagorno-Karabakh is an enclave within Azeri territory, mainly populated by ethnic Armenians. Violence erupted at the end of the Soviet era over demands for autonomy, violence that soon developed into full-blown civil war between Azerbaijan and the enclave, supported by Armenia. The war lasted from 1988 to 1994, resulting in a definitive defeat for Azeri government forces. At least 20,000 people were killed during the fighting and Azerbaijan lost as much as 20% of its territory (Nagorno-Karabakh and the broad Lachin security corridor that connects Nagorno-Karabakh with Armenia). The conflict area includes not only the disputed territory of Nagorno-Karabakh, but also the total or partial territory of eight surrounding districts of Azerbaijan, occupied by the Armenians during the 1992-4 war. Nagorno-Karabakh has no international recognition as an independent state, but has existed as a *de facto* one since 1994 and is closely dependent upon Armenia. Its state institutions are technically separate from Armenia proper, but it maintains very close political links with Yerevan. For further details see Michael P Croissant, *The Armenia-Azerbaijan Conflict: Causes and Implications* (Praeger: Westport, CT, 1998); Svante E Cornell, *Small Nations and Great Powers: a study of ethnopolitical conflict in the Caucasus* (RoutledgeCurzon: London, 2001); Thomas de Waal, *Black Garden: Armenia and Azerbaijan through Peace and War* (New York University Press: New York, 2003).

² According to Azeri reports, an Azeri soldier was killed during clashes at the end of January 2005. Several hundred military personnel and some civilians are killed every year as a result of skirmishes and unauthorised clashes. BBC Monitoring Select Central Asia and South Caucasus, 27 January 2005, p11, *ANS TV*, Baku, 1100 GMT, 27 January 2005. Concerned at growing tension between Armenia and Azerbaijan at the beginning of April 2005, as a result of a significant increase in ceasefire violations along the frontlines, the Co-Chairs of the OSCE's Minsk Group issued a statement called on both sides to focus their efforts on negotiation and mediation. 'Statement of the Minsk Group Co-Chairs', 19 April 2005, CIO.GAL/52/05, London, www.osce.org.

³ In December 2004 Russian President Vladimir Putin expressed Russia's readiness to act as a mediator and guarantor in the conflict, an idea rejected by Azerbaijan, as Russia is perceived to be a strong ally of Armenia and therefore liable to act in Armenia's interests. At the beginning of 2005 the US State Department issued a statement on the conflict in which it stated its commitment to advancing a peaceful settlement and its support for Azerbaijan's territorial integrity. See *The United States and the Conflict over Nagorno-Karabakh*, Fact Sheet, Bureau of European and Eurasian Affairs, US Department of State, Washington DC, 7 February 2005, www.state.gov/p/eur/rls/fs/41401.htm.

⁴ Speaking at a press conference in February 2005, foreign minister of the 'Nagorno-Karabakh republic' Arman Melikyan criticised the 'distorted format of the negotiations in which [Nagorno-Karabakh] is not participating' and stated that if the international community sought a resolution of the conflict within the context of the enclave as an independent entity and thus as a party to negotiations, then a solution would be found. BBC Monitoring Select Central Asia and South Caucasus, 5 February 2005, p11, *Arminfo news agency*, Yerevan, 1520GMT, 4 February 2005.

⁵ BBC Monitoring Select Central Asia and South Caucasus, 24 January 2005, p7, *Regnum news agency*, Moscow, 1058 GMT, 24 January 2005.

⁶ BBC Monitoring Select Central Asia and South Caucasus, 11 December 2004, p10, *Arminfo news agency*, Yerevan, 11 December 2004.

⁷ Statement by HE Mr Ilham Aliyev, President of the Republic of Azerbaijan, at the General Debate of the 59th session of the General Assembly, 24 September 2004.

⁸ Ibid, p2.

⁹ Statement by HE Mr Vartan Oskanyan, Minister of Foreign Affairs of the Republic of Armenia at the 59th session of the General Assembly, 29 September 2004, p2.

¹⁰ Ibid, p3.

¹¹ There are organisations seeking to bring a return to war to Karabakh. A group known as the 'Karabakh guerrillas', standing trial in Baku on charges of attempting to form an illegal armed group, have appealed to President Aliyev, stating that their sole intention in preparing for guerrilla warfare was 'to restore our country's territorial integrity'. In their opinion, 'it is high time to start guerrilla warfare in Karabakh in a confidential way and under state control. Hundreds and thousands of patriots ... who wish our motherland and

state to be powerful and do not seek any benefit, are ready to join this fight.' BBC Monitoring Select Central Asia and South Caucasus, 3 December 2004, p8, *525 Qazet newspaper*, Baku, p2, 3 December 2004. At the beginning of January 2005 a militant Azeri pressure group, the Karabakh Liberation Organisation (KLO), proffered a proposal for 'liberating occupied lands' in Nagorno-Karabakh by military means. The KLO takes the position that all peaceful means of resolving the conflict have been exhausted and thus there is a need for a return to war. It called on the government to not only end talks with Armenia, but also to sever all ties with the country, as well as strengthening the army. BBC Monitoring Select Central Asia and South Caucasus, 6 January 2005, p13, *ANS TV*, Baku, 1700 GMT, 5 January 2005.

¹² As Azerbaijan reaps the rewards of significant international investment in the development of its oil and gas reserves, it will be able to invest in its military capabilities, possibly enabling it to win any future war against Armenia over Nagorno-Karabakh. Nevertheless, military effectiveness is hampered by a lack of trust within the political elite of the military. See Alex Vatanka and Denis Trifonov, 'Pulled in all directions: Nato and the South Caucasus' *Jane's Defence Weekly*, 6 October 2004, pp26-29.

¹³ The export markets of Azerbaijan and Turkey are closed to Armenian goods and services, there are high transport costs because of these blockades and the country has a very high level of defence spending, which impinges on other sectors of public spending such as health and education. As a result of the blockades, Armenia has sought to develop relations with Iran as an alternative route to international markets and also as an alternative source of energy.

¹⁴ BBC Monitoring Select Central Asia and South Caucasus, 31 January 2005, p12, *Regnum news agency*, Moscow, 1011 GMT, 31 January 2005.

¹⁵ When asked who could best resolve the problem, incumbent president Robert Kocharian or former president Lev Ter-Petrosyan, 53% answered either 'nobody' or 'hard to say'. The survey questioned 668 residents of Yerevan by telephone. BBC Monitoring Select Central Asia and South Caucasus, 7 December 2004, p11, *A+1 TV website*, 6 December 2004.

¹⁶ The OSCE-led peace process was reinvigorated in 2000 with the beginning of Putin's presidency in Russia and his efforts to improve relations with Azerbaijan. In April 2001 high-profile, intensive negotiations between Armenia and Azerbaijan were held in Key West, Florida and hopes were high that a resolution was close. However, domestic pressures in both countries undermined the process and by 2003 the peace process had come to a virtual standstill, as a result of parliamentary and presidential elections held in both Armenia and Azerbaijan. For further details of OSCE involvement in the peace process see Svante E Cornell, *Small Nations and Great Powers: a study of ethnopolitical conflict in the Caucasus* (RoutledgeCurzon: London, 2001); Thomas de Waal, *Black Garden: Armenia and Azerbaijan through Peace and War* (New York University Press: New York, 2003). For a detailing chronicling of the Prague Process see Elmar Mehtiyev, 'Armenia-Azerbaijan Prague Process: Road Map to Peace or Stalemate for Uncertainty', *Conflict Studies Research Centre 05/23*, May 2005, (Camberley, 2005).

¹⁷ 'Report of the Co-chairs of the OSCE Minsk Group to the OSCE Ministerial Council' to the *Twelfth Meeting of the Ministerial Council*, 6-7 December 2004, Sofia, p148. Between April 2004 and April 2005, a total of nine ministerial level meetings had been held between the two countries. At a meeting between the presidents of Armenia and Azerbaijan held in Kazakhstan in September 2004 the Minsk Group co-chairmen presented a framework that could serve as a basis for a settlement of the conflict. The latest meeting was held in March 2005, between the Armenian and Azerbaijani foreign ministers, initiated and attended by the OSCE Minsk Group co-chairmen.

¹⁸ BBC Monitoring Select Central Asia and South Caucasus, 4 January 2005, p8, *Azad Azarbaycan TV*, Baku, 1630GMT, 3 January 2005.

¹⁹ BBC Monitoring Select Central Asia and South Caucasus, 7 December 2004, p9, *Arminfo news agency*, Yerevan, 7 December 2004.

²⁰ BBC Monitoring Select Central Asia and South Caucasus, 12 January 2005, pp12-13, *Arminfo news agency*, Yerevan, 1510GMT, 12 January 2005.

²¹ BBC Monitoring Select Central Asia and South Caucasus, 2 February 2005, pp10-11, *Trend news agency*, Baku, 1613GMT, 2 February 2005.

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²² BBC Monitoring Select Central Asia and South Caucasus, 3 February 2005, pp12-13, *Ayots Ashkhar*, Yerevan, 2 February 2005, p2.

²³ BBC Monitoring Select Central Asia and South Caucasus, 27 January 2005, p12, *Turan news agency*, Baku, 1616GMT, 27 January 2005.

²⁴ The European Commission has already taken the decision to negotiate Action Plans with Egypt and Lebanon to define a joint agenda for relations with the EU over a three-five year period, whilst Action Plans have been negotiated with Israel, Jordan, Moldova, Morocco, the Palestinian Authority, Tunisia and Ukraine. See 'European Neighbourhood Policy: the next steps', Brussels, 2 March 2005, IP/05/236, www.europa.eu.int.

²⁵ 'OSCE and Council of Europe hold high-level meeting, issue joint declaration', *OSCE press release*, Strasbourg, 23 February 2005, www.osce.org.

²⁶ *Resolution 1416 (2005). The conflict over the Nagorno-Karabakh region dealt with by the OSCE Minsk Conference*. Parliamentary Assembly of the Council of Europe. Text adopted by the Assembly on 25 January 2005 (2nd sitting).

<http://assembly/coe/int/Documents/AdoptedText/ta05/ERES1416.htm>.

²⁷ *Resolution 1416 (2005). The conflict over the Nagorno-Karabakh region dealt with by the OSCE Minsk Conference*. Parliamentary Assembly of the Council of Europe. Text adopted by the Assembly on 25 January 2005 (2nd sitting).

<http://assembly/coe/int/Documents/AdoptedText/ta05/ERES1416.htm>.

²⁸ The resolution stated that 'considerable parts of Azerbaijan are still occupied by Armenian forces and separatist forces are still in control of the Nagorno-Karabakh region'. Aliyev regarded this as a reflection of 'all the Armenian aggression against Azerbaijan including the ethnic cleansing and other issues'. BBC Monitoring Select Central Asia and South Caucasus, 27 January 2005, p13, *ANS TV*, Baku, 1700 GMT, 26 January 2005.

²⁹ BBC Monitoring Select Central Asia and South Caucasus, 28 January 2005, p20, *Trend news agency*, Baku, 1608GMT, 28 January 2005.

³⁰ Statement by HE Mr Ilham Aliyev, President of the Republic of Azerbaijan, at the General Debate of the 59th session of the General Assembly, 24 September 2004, p2. Speaking at the OSCE Council of Ministers in Sofia in December 2004 Armenian Foreign Minister Vartan Oskanyan denied allegations that Armenia was conducting a policy of resettlement in NK and accused Azerbaijan of such behaviour. He also expressed regret that Azerbaijan had 'shifted the problem from a constructive path' by raising the issue of refugees with the UN. BBC Monitoring Select Central Asia and South Caucasus, 7 December 2004, p9, *Arminfo news agency*, Yerevan, 7 December 2004.

³¹ Speaking in London on 13 December 2004, Ilham Aliyev declared that the NK issue should be put on the 'permanent agenda' of international organisations in order to help establish peace in the region. BBC Monitoring Select Central Asia and South Caucasus, 14 December 2004, p15, *MPA news agency*, Baku, 14 December 2004.

³² 'OSCE Chairman urges UN Security Council members to use influence to help end 'frozen' conflicts', *OSCE press release*, New York, 4 March 2005, www.osce.org.

³³ The US is financing the upgrading of the communications system used by the Armenian armed forces, allocating US\$4m in 2002 and a further US\$3.5m in 2003. BBC Monitoring Select Central Asia and Transcaucasus, 17 June 2003, p15. *Arminfo*, Yerevan, 1602GMT, 16 June 2003. American aid was also forthcoming to assist Azerbaijan's State Border Service install engineering equipment on the country's southern borders in order to boost security and the Service was presented with US cutters. Furthermore joint US-Azeri naval exercises were held in August 2003 in the Caspian Sea, highlighting the strategic importance of the region to the US. The Goplat exercises involved 18 US servicemen and 45 Azeris, together with two Mi-8 helicopters and two coastguard boats, seeking to protect oil and gas platforms. The security of Azerbaijan's borders is also under NATO scrutiny and NATO Secretary-General George Robertson has requested member states to help the country reinforce its borders. BBC Monitoring Select Central Asia and Transcaucasus, 19 June 2003, p21. *Uc Noqta*, Baku, 19 June 2003, p3.

³⁴ *US Engagement in Central Asia and the Caucasus: Staying our Course Along the Silk Road*. Remarks by Elizabeth Jones, Assistant Secretary of State for European and Eurasian Affairs, at 'Central Asia: Its Geopolitical Significance and Future Impact' Conference hosted by Title VI Undergraduate International Studies and Foreign Language Programme Directors, University of Montana, Missoula, Montana, 10 April 2003, www.state.gov/p/eur/rls/rm/2003/19606pf.htm. Section 907 restricted US assistance to

Azerbaijan until such time as it removed its blockades of Armenia and Nagorno-Karabakh. This prohibition became law in 1992 as a result of the war. It can be no coincidence that these restrictions were lifted as the construction of the BTC pipeline got underway, a pipeline that will facilitate the development of Azerbaijan's oil reserves by US companies. See F Wallace Hays, 'US Congress and the Caspian', <http://ourworld.compuserve.com/homepages/usazerb/333.htm>.

³⁵ International Crisis Group, *Armenia: Internal Instability Ahead*. Europe Report No 158, 18 October 2004, Yerevan/Brussels, www.icg.org, p24.

³⁶ BBC Monitoring Select Central Asia and Transcaucasus, 27 June 2003, pp9-10. *Ayots Ashkhar*, Yerevan, 27 June 2003, pp1-3.

³⁷ Quoted in Joshua Kuchera, 'US helps forces, gains foothold in Caspian region', *Jane's Defence Weekly*, 25 May 2005, online version.

Want to Know More ...?

See: Elmar Mehtiyev, '*Armenia-Azerbaijan Prague Process: Road Map to Peace or Stalemate for Uncertainty*', Conflict Studies Research Centre, 05/23, May 2005, <http://www.mod.da.uk/csrc>

Thomas de Waal, *Black Garden: Armenia and Azerbaijan through Peace and War* (New York University Press: New York, 2003)

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