

NAGORNO-KARABAKH: OBSTACLES TO A NEGOTIATED SETTLEMENT

The conflict over Nagorno-Karabakh (NK) between Armenia and Azerbaijan remains immune to a political solution despite the two decades of intensive international mediation. The parties to the conflict are using negotiations to buy time and maintain a fragile status quo, even if they find it unfavourable in the long run. The external actors either lack tangible interest in breaking the current political impasse or are unable to do so. The complexity of issues and geopolitical realities around the NK conflict render it intractable and make its resolution ever more challenging.



Russia's ambiguous mediation role: Dmitry Medvedev and the presidents of Azerbaijan and Armenia, Ilham Aliyev (left) and Serzh Sargsyan (right). Astrakhan, 27 October 2010. Reuters / RIA Novosti

Despite the prevalent misperception, the conflict over Nagorno-Karabakh is far from being frozen. In the absence of an international peacekeeping force, the “negative peace” – that is, the absence of war – in Nagorno-Karabakh rests on conventional military deterrence and self-regulation by the parties. Since 1994, a self-controlled ceasefire has been in place, but exchanges of fire are a regular occurrence along the Line of Contact (LoC) between NK and Azerbaijan, causing both military and civilian casualties. The precarious security situation along the frontline is exacerbated by militant rhetoric, an asymmetric arms race, and continuous ceasefire violations that increase the risk of an accidental resumption of hostilities.

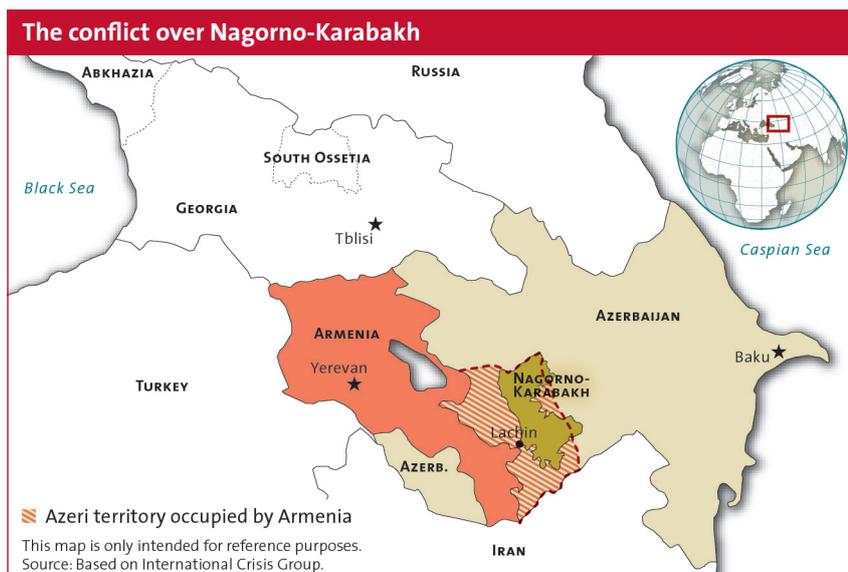
A close look at the reasons why both the conflict parties and the external actors have an interest in maintaining the status quo provides an insight as to why the peace process is currently in a stalemate. The governments of Armenia and Azerbaijan have no real interest in reaching a negotiated outcome as proposed by the OSCE Minsk Group, the main mediating body comprising Russia, France, and the US. The political elites in Yerevan and Baku continue to use the conflict for their political gains. The government of the de facto Nagorno-Karabakh Republic has been formally excluded from the peace process since 1998. Isolated and unrecognized by the international community, NK is represented in the peace process through Ar-

menia. Increasingly, the NK authorities are becoming impatient with this exclusion from the direct negotiations.

The geopolitical context is not favourable for progress in the OSCE-led peace process either. Russia, Turkey, and the US, the main powerbrokers in the region, seem to be content with the current status quo in light of their own strategic interests. Moreover, they are shaping the power imbalance and arms race through their involvement in the arms trade and security alliances. Despite its intentions to act as a mediator, Iran has only limited options for becoming engaged in peacebuilding in the NK context. The EU has been unofficially present through France, but remains largely passive as an institution. Georgia neither has the interest, nor is it well positioned, to contribute to the Nagorno-Karabakh peace process. At this point, power politics seems to have restricted, if not blocked the necessary space for the engagement of another third party. High-level mediation, as ineffective as it has been, seems to be the prerogative of Russia, which views the South Caucasus as its strategic stronghold.

Events unfolding

The origins of the NK conflict date back to the early 19th century, when Armenians and Azeris fought continuously over the region. The predominantly (94%) Armenian-populated territory was transferred to Soviet Azerbaijan as part of Joseph Stalin's nationalities policy in 1923. Despite the au-



thoritarian Soviet regime, Karabakh Armenians periodically contested the enclave's status in the course of the 70 years of Soviet rule and petitioned to be transferred to the Armenian Soviet Socialist Republic in 1945, 1965, 1977, and 1987. All of these efforts were rejected by Moscow so as not to create similar precedents across the Soviet Union.

The current conflict over Nagorno-Karabakh dates back to 1988, when the predominantly Armenian population of Karabakh launched its independence movement and demanded unification with Soviet Armenia. The Armenian-led Karabakh movement has to be viewed in the context of Mikhail Gorbachev's *perestroika* and *glasnost* reform policies. These policies allowed more freedom for national aspirations to gain momentum and shape a nationwide independence movement in Armenia and Karabakh as well as all over Soviet Union. In February 1988, the local authorities in Soviet Karabakh passed a resolution favouring unification with Soviet Armenia, later to be followed by another resolution calling for complete independence. The central politburo in Moscow rejected these claims to independence fearing any precedents that could cause a wave of nationalist movements all over Soviet Union.

What started as a peaceful political upheaval turned into ethnic violence and eventually full-fledged war between Armenia and Azerbaijan in 1992, following the collapse of the Soviet Union. A Russian-brokered ceasefire was signed in 1994 in Bishkek, Kyrgyzstan. Armenia came out of the war with a military victory, taking

control over Nagorno-Karabakh and the Lachin corridor connecting it to mainland Armenia. To guarantee strategic depth and create a security buffer zone, it also occupied seven Azeri districts (15% of Azeri territory) surrounding Karabakh. The war resulted in an estimated total of 25,000 to 30,000 casualties on both sides, 750,000 internally displaced persons (IDPs) in Azerbaijan both from Karabakh and the occupied districts, and around 360,000 Armenian refugees from Azerbaijan. Today, the internationally unrecognized Republic of Nagorno-Karabakh is a de facto independent state with a democratically elected government and a population of 140,000.

Conflict issues and direct actors

The ethno-territorial conflict over Nagorno-Karabakh has a multidimensional nature that involves political, socio-economic, and security-related issues ranging from territorial disputes to ethnic hostility. Legally, it is a clash between the law of territorial integrity for Azerbaijan and the right to self-determination for Nagorno-Karabakh. Four main issues have been on the negotiating table for the past 18 years, including the political status of NK and the Lachin corridor; the withdrawal of the Armenian forces from the occupied Azeri territories; security guarantees for Karabakh and Armenia in case the occupied territories are returned; and the return and resettlement of the Azeri IDPs. The four issues are at the core of the Madrid principles, which is the main framework for the peace process led by the Minsk Group.

The most contested issue for the conflicting parties is the status of Nagorno-Karabakh. Armenia fully supports complete

independence for Karabakh, while Azerbaijan refuses to consider any option short of full jurisdiction over Nagorno-Karabakh, suggesting a high level of autonomy instead. Azerbaijan prioritises the return of its territories and the resettlement of its IDPs over the status issue, and has proposed a referendum on the NK status throughout all of Azerbaijan. Armenia, on the other hand, insists that the solution of the NK status and provision of security guarantees precede the withdrawal of its forces from the occupied districts. The de facto authorities of the NK are uncompromising when it comes to their self-governance and insist that a referendum take place only in Karabakh, before the withdrawal of the Armenian forces from the occupied territories. In the wake of any eventual political settlement, international peacekeeping forces would guarantee the security of NK. The modalities of the referendum and the peacekeeping forces are largely unknown.

The lack of progress in the OSCE-led negotiations is a result of the reluctance of both direct conflict parties and important indirect actors to seek a politically viable negotiated outcome. As unattractive as the current status quo is in the long run, both Armenia and Azerbaijan view the conflict as a zero-sum game and are unwilling to make concessions that would lead to any breakthrough in the negotiation process.

Azerbaijan continues to buy time through the negotiations while strengthening its economy through its oil assets and isolating Armenia from major regional energy projects. The economic development in Azerbaijan is closely linked to a massive military buildup accompanied by bellicose rhetoric at the official level. With a view to taking over Nagorno-Karabakh militarily, Azerbaijan is continuously upgrading its military arsenal by buying new weapons, mainly from Turkey and Israel, but also from Russia. Azerbaijan has increased its defence budget from US\$175 million in 2004 to US\$3.74 billion in 2012, which is twice as large as the entire Armenian state budget. Despite the heavy political and socioeconomic costs of the conflict, Azerbaijan is not interested in resolving the situation through the existing negotiation format.

Armenia's defence budget remains very modest in comparison to that of Azerbaijan, although it has recently upgraded its

military arsenal. Its defence budget in 2012 reached around US\$400 million, up from around US\$180 million in 2006. Armenia has primarily focused on the quality of its command and control, training, morale, and on boosting defensive capabilities. The security alliance with Russia within the framework of the Collective Security Treaty Organisation (CSTO) entails obligations for collective defence of its members and is a reassuring factor for Armenia vis-à-vis a potential threat from Azerbaijan.

Despite the high economic costs of the conflict, the Armenian government does not seem to be interested in achieving a real breakthrough in the negotiations either. The status quo gives Nagorno-Karabakh the space to exercise its right to self-determination, even if it is largely isolated and internationally unrecognized. The de facto NK authorities hope that over time, the independence of NK will become a fait accompli and that their territory will eventually be recognized internationally as an established state.

External actors: peacemakers or peace wreckers?

The complexity of the Nagorno-Karabakh conflict is further exacerbated by the nature of power politics among the main influential actors in the region. The external actors can be categorized into three groups – actors who are well placed, but unwilling to bring change (Russia, US); actors who are willing to bring change, but are not well placed and are largely unable to do so (Turkey, Iran); and those who are neither committed nor able to contribute to the NK peace process (EU, Georgia).

Russia has exercised its influence in the NK context from the onset of the conflict and has clearly monopolized the mediation process within the OSCE Minsk Group. Russia's position as co-chair is ambiguous because of its direct involvement in the conflict both as a security provider for Armenia and as a lead mediator. The closely-knit partnership with Armenia gives Russia a strategic and economic foothold in the South Caucasus vis-à-vis Turkey and Iran. In addition to its strong military presence, Russia has also heavily invested in key infrastructures of Armenia, particularly in the energy sector, the metal industry, telecommunications, and banking. Any change in the status quo is unfavourable for Russian security and strategic energy interests in the region. The resolution of the Karabakh conflict would

Basic Madrid Principles

The "Basic Principles for the Peaceful Settlement of the Nagorno-Karabakh Conflict" as adopted by the OSCE Minsk Group and revised in 2007 included the following:

- Return of the territories surrounding Nagorno-Karabakh to Azerbaijan's control
- An interim status for Nagorno-Karabakh providing guarantees for security and self-governance
- A corridor (Lachin) linking Armenia to Nagorno-Karabakh
- Future determination of the final legal status of Nagorno-Karabakh through a legally binding expression of will
- The right of all internally displaced persons and refugees to return to their former places of residence
- International security guarantees that would include a peacekeeping operation

weaken Russia's foothold in the region and would create alternative possibilities for Armenia to cooperate with Azerbaijan economically, thus damaging the Russian monopoly over certain industries, particularly gas supplies.

The US is involved in the conflict as a Minsk Group co-chair, but has very limited interest and influence vis-à-vis Russia to push for any negotiated settlement of the NK conflict. Despite its increasing economic cooperation with Azerbaijan and good relations with Armenia, the NK conflict remains a matter of peripheral interest for the US, thus limiting Washington's involvement in, and influence on, the efforts to push for a peaceful resolution of the NK conflict.

Since the collapse of the Soviet Union, Turkey has been expanding its sphere of influence in the Caucasus. It has established a close economic and security partnership with Azerbaijan and Georgia, while it has closed borders with Armenia since 1993 in reaction to the NK conflict. Turkey's thorny relations with Armenia because of the genocide recognition issue and the NK conflict are the remaining stumbling blocks on its way to become a dominant regional actor in the South Caucasus. For this reason, Turkey has been increasingly pushing for a mediation role within the OSCE Minsk Group. Given its hegemonic aspirations, troubled relations with Armenia, and its strong economic and military partnership with Azerbaijan, combined with its clearly pro-Azeri policies in the Nagorno-Karabakh context, Turkey is not well placed as a mediator.

Despite its earlier short-lived attempts at mediation and increasingly strong economic ties with Armenia, Iran has had a relatively passive position on the NK issue. Tehran has continuously expressed willingness to mediate in the Nagorno-Kara-

bakh conflict resolution, but to no avail. Its tense relations with Azerbaijan and the US, but also its cautiousness regarding Russia's sphere of influence restrict Iran's outlook of becoming a mediator in the NK conflict.

The EU remains largely marginal in its efforts to resolve the Nagorno-Karabakh conflict. Despite the European Neighbourhood Policy Action Plans for Armenia and Azerbaijan and a number of Track 2 initiatives launched through different NGOs, the EU has mostly been passive and uncommitted to the peace process in the region. Increasingly, it has come under internal criticism and been encouraged to take on a more active role in the NK peace process not least because of its energy security interests.

Georgia as an immediate neighbour is both unwilling and unable to contribute to the resolution of the NK conflict. The Georgian-Azeri economic partnership is strengthened through a common concern both countries share about their territorial integrity and the threat of Russian dominance in the South Caucasus. With Armenia left out of regional cooperation, Georgia has been benefiting not only from energy-related projects, but has also positioned itself as the regional hub for many international initiatives.

The external actors – unwilling, unable, or both – continue to influence the geopolitical context around the Nagorno-Karabakh conflict. A constellation of factors, such as the complexity of issues inherent to the conflict, the immediate actors' diverging positions on these issues, the absence of a mutually hurting stalemate, the lack of inclusivity of the peace process, and the geostrategic interests of the regional powerbrokers render the Nagorno-Karabakh conflict intractable and resistant to a political solution.

Minsk Group: mediation or conflict management?

The OSCE Minsk Group seems to have exhausted all possible approaches for the resolution of the conflict, yet it remains the only major platform for formal mediation. Intensive negotiations together with numerous high-level meetings between the presidents and foreign ministers of Armenia and Azerbaijan have yielded no tangible results.

More often than not, the OSCE Minsk Group has been criticized for its opaque and exclusive nature and its inability to push the peace process forward. Azerbaijan has been accusing the Minsk Group in having a pro-Armenian bias and using the negotiations format for consolidating the status quo in favour of Armenia. Due to its confidential and continuous nature, the OSCE Minsk Group work has not been thoroughly evaluated, so no tangible lessons can be drawn at this point. However, two major shortcomings are striking, both related to the lack of inclusivity of the peace process. Nagorno-Karabakh as a directly affected conflict party and civil society in both Armenia and Azerbaijan have been formally excluded from the peace process. This exclusion would undermine the legitimacy of any political solution and would weaken the sustainability of a potential peace agreement.

Despite all the criticism of its inefficiency, the OSCE Minsk Group mediation has managed to keep the volatile peace in place and has managed to prevent Azerbaijan from attempting a military takeover of Nagorno-Karabakh. With no political breakthrough in sight, the Minsk Group seems to serve the purpose of conflict management and should be supported by the international community in preserving the peace, as elusive as it is at the moment. Another outbreak of war would be detrimental and costly not only to the conflicting parties, but to the security and development of the whole South Caucasus.

Switzerland's role in light of its OSCE chairmanship

Given the geopolitical realities, the strategic interests of the mediators in the region and their grip on the formal mediation process, there is limited space for Switzerland to be involved in official (Track 1) mediation in this context. However, despite the existing obstacles, a carefully designed long-term engagement in the

field of capacity-building for negotiations and specific confidence-building measures (particularly on Track 2) would be very beneficial to the overall peace process if implemented under the necessary preconditions and carried out in a sustainable manner. No lasting peace will be possible without the inclusive participation of civil society in Armenia, Azerbaijan, and Nagorno-Karabakh. With its longstanding tradition of civilian peace support, Switzerland is well placed to launch new Track 2 initiatives if in demand by the conflicting parties and

in alignment with Swiss peacebuilding expertise.

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