
In Pursuit of Peace in Nagorno-Karabakh

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INTRODUCTION

Conflict continues to exist in the Caucasus between the pre-dominantly Christian Armenia and pre-dominantly Muslim Azerbaijan over rights to the highly contentious Nagorno-Karabakh and the seven surrounding territories that provide a buffer zone. For the Armenians in control of Nagorno-Karabakh the fundamental concern is security, while the leaders in Azerbaijan understand the main issue to be their territorial integrity. As Azerbaijan continues to raise its defense spending, Armenians increasingly fear a violent campaign. Over the past 17 years, Armenia and Azerbaijan have been stuck in a never-ending quagmire of negotiations that have produced no results.

The gathering of Black Sea leaders in Bucharest for a one day conference on June 6, 2006 served as an opportunity for the latest set of talks between the presidents of Armenia and Azerbaijan. Before the conference began, the Azerbaijani and Armenian leaders met twice—on June 4 and again on June 5—to discuss the status of Nagorno-Karabakh. Although they spent several hours together on both days in detailed discussion, little progress was reported. Prior to these meetings, media in both countries had been suggesting that negotiations finally might be headed in the right direction. Neither Presidents Ilham Aliyev of Azerbaijan nor Robert Kocharian of Armenia faced elections this year, which many hoped would give both leaders enough room to push aside the hardliners in their respective countries and focus on the benefits of settling the conflict. Both presidents are under pressure to reach a framework agreement on solving the Nagorno-Karabakh conflict by the end of this year, but they continue to face a long, uphill battle.

The ongoing conflict in Nagorno-Karabakh has hindered economic growth between the two countries and poses security issues for the entire region. In 2006, there have been four high-level meetings without notable progress. The United States had no representative in attendance at the latest round of mediation, leading some to believe that Washington is losing hope for a near-term Armenian-Azerbaijani peace accord. For a year that began with high hopes of a settlement, the results to date have proven disappointing. The leaders of Armenia and Azerbaijan may meet again later this year in a last-ditch attempt to use what the mediators have described as a “golden opportunity” to end the Karabakh conflict. Whether or not this occurs may well determine the future of the Nagorno Karabakh region and the surrounding areas.

LATENT CONFLICT

Since the end of the 18th century the status of Nagorno-Karabakh has not been understood, negotiated, nor had its destiny controlled solely by either Armenia or Azerbaijan. As the Armenians were trying to incorporate the region into Armenia, Russia intervened and twice gave the territory to Azerbaijan. The scars and differences of these years have left their mark on current negotiations and contribute to present day tensions.

1920 marked the commencement of 71 years of Russian rule over the Transcaucasus. It took the Soviet Army three years to finally gain control over the region and settle the issue of the three autonomous states. During the period of Sovietization, Soviet leadership settled disputes over the status of Nagorno-Karabakh between Armenia and Azerbaijan. Initially, the revolutionary committee of Soviet Azerbaijan, led by Stalin, favored giving the Nagorno-Karabakh enclave to Armenia. In December 1920 the Committee “issued a statement that Karabakh, Zangezur, and Nakhichevan were all to be transferred to Armenian control.”¹ Although Stalin issued the proclamation, Azerbaijan protested the decision. When anti-Bolsheviks in Armenia defied Moscow, they destroyed any prospect of Russia granting the territory to Armenia.² Within four months the December decision was reversed by the ‘Treaty of Brotherhood and Friendship’ between the Soviet Union and the Republic of Turkey, which gave Azerbaijan control of both Nakhichevan and Karabakh. Yet by 1921, the entire region was under the control of the Bolsheviks and the three independent states of Karabakh, Zangezur, and Nakhichevan that were autonomous ceased to exist. In March 1921, it was then decided in an agreement between Turkey and the Soviet Union, that Nagorno-Karabakh be made an Autonomous Oblast controlled by the Azerbaijani Soviet Socialist Republic.³

In July 1921, the Communist party reversed the decision and voted to include Karabakh in the Armenian SSR. The very next day, Azerbaijan protested the decision and once again it was reversed.⁴ However, in that decision to reverse control, there was a provision that gave Karabakh substantial autonomy and awarded them autonomous Oblast status to include the Nagorno region as part of Karabakh. The Armenians were disappointed because they felt the Bolsheviks had promised them Karabakh. Since the 1920s, the aim of Armenia has been to

¹ Svante E. Cornell, “Undeclared War: the Nagorno-Karabakh Conflict Reconsidered,” *Journal of South Asian and Middle Eastern Studies*, vol. XX, no. 4, Summer 1997, 1.

² Thomas De Wall, *Black Garden* (New York University Press, New York, 2003), 129.

³ Cornell, 2.

⁴ Goldenberg, *Pride of Small Nations*, 159; and Robert Gullen, “A Reporter at Large,” *The New Yorker*, 15 April 1991.

reverse this situation. To this day, repercussions are still felt from that outcome and the switched verdict remains a topic of debate among Armenians and Azerbaijanis.

Despite Moscow's seeming indecision in regard to which country should control Nagorno-Karabakh, there was no confusion as to what the dominant culture should be or to which country ultimate allegiance was required. As was the case with many Soviet republics, the population was expected to assume the identity of a "Soviet citizen." This meant that Armenian and Azerbaijani cultural identity, beliefs, and institutions were suppressed to make room for what Moscow believed best for its empire. In particular, Armenians in Nagorno-Karabakh complained, "there was no Armenian language television, the history of Armenia was not taught in Armenian language schools, and Armenian churches were not open for worship and were crumbling."⁵ Conversely, the Nagorno-Karabakh Azerbaijani minority believed their cultural rights were disregarded by the Armenian majority in Nagorno-Karabakh.⁶ As now appears evident, Russian authorities simply froze the conflict in time, so all that was needed to bring the debate to the table again was a vehicle. That vehicle became *glasnost*, *perestroika*, and the eventual collapse of the Soviet Union. While the tension between Armenia and Azerbaijan simmered during the Soviet era, it was not until the 1980s under the emergence of *glasnost* that the disagreements became more explosive and the actors more vocal.

CONFLICT EMERGENCE

Thomas De Wall claims "it was the Armenian and Azerbaijani tenants, quarreling over Nagorno-Karabakh, who first exposed that the Soviet structure was a tottering wreck."⁷ He identifies three factors that moved the tensions from division to conflict. First, Gorbachev's *glasnost* and *perestroika* allowed just enough political openness for argument over Nagorno-Karabakh to rekindle. Nagorno-Karabakh Armenians used the "autonomous region" characteristic to their advantage, and in 1988 they voted for succession to Armenia.⁸ This request was followed by large demonstrations, protests, and harassment of the Azerbaijani minority who were living in Nagorno-Karabakh.

As a result, waves of Azerbaijani refugees fled to the Azerbaijan port city of Sumgait—which would eventually face its own ethnic strife due to the large influx of internally displaced persons (IDPs).⁹ A second factor which moved the countries closer to conflict was the existing and underlying historical tension between the two groups. These old fears and prejudices resurfaced as journalists and academics brought old contentions to light through the media.¹⁰ A final contributing factor was the protests in the region combined with the "gradual collapse of Moscow's authority," which worked to escalate the tension into conflict.¹¹

⁵ Thomas De Wall, *Black Garden* (New York University Press: New York, 2003), 141.

⁶ *Ibid.*, 141.

⁷ *Ibid.*, 142.

⁸ *Ibid.*, 142.

⁹ Cornell, 5.

¹⁰ De Wall, 143.

¹¹ *Ibid.*, 143.

CONFLICT ESCALATION

In 1988, an ever-increasing number of Azerbaijani IDPs fled Nagorno-Karabakh and entered the Azerbaijan port city of Sumgait. On 27 February, the Azerbaijani media reported that two ethnic Azerbaijani youths were killed in Nagorno-Karabakh. This triggered retaliation by the Azerbaijani majority in Azerbaijan towards ethnic Armenians, but the reaction in Sumgait was by far the worst.¹² Rumors of ethnic cleansing and Armenian atrocities traveled with the new Azerbaijani IDPs and that, coupled with dire economic conditions and nationalistic political motives, initiated the pogroms in Sumgait. Many Armenians living in Sumgait were forced from their homes, beaten, and as many as 29 were killed while the local police, primarily Azerbaijani, offered scant assistance to the Armenian population.¹³ By the end of the violence in Sumgait “almost all of the 14,000 Armenians left the city. Outside Sumgait, the violence shocked the community of approximately 350,000 Armenians throughout Azerbaijan, thousands of who left the republic.”¹⁴ It should be noted that there were many Azerbaijani citizens who tried to help the Armenians flee or tried to protect them but the sheer magnitude of the situation limited their capabilities. The events that took place in Sumgait marked the beginning of violent repercussions initiated by both Azerbaijan and Armenia that continued throughout the late eighties and into the early nineties.

In the meantime, authorities in Moscow deployed troops to the area to deter the violence, but this proved to be a disaster. The addition of troops and equipment served as a catalyst, escalating the conflict and increasing the violence. By 1989 Soviet troops were in Baku, Yerevan, and Karabakh. By the time the Soviet Union fell apart, the remaining stockpiles of the Soviet Army that included mortars, machine guns, and tanks fueled the war instead of shotguns, shovels, and stones.

STALEMATE

The reasons this conflict has gone into a stage of stalemate are too lengthy and complex to be listed in their entirety. Many external actors have complicated the negotiating situation from the inception of third-party mediation. Terhi Hakala attributes the lack of a consolidated peace process mainly to the numerous actors involved.¹⁵ From the beginning “the parties to the conflict were taking advantage of the situation by trying to gain as much as possible from the different fora. So called ‘forum shopping’ and ‘mediator shopping’ was common up until 1995.”¹⁶ This exploitation by the parties led to the streamlining of mediation, and “the division of labor between the UN and the OSCE was made clear. Nagorno-Karabakh is an OSCE crisis and the role of the UN remains that of providing background support.”¹⁷

Although it is clear that the Organization for Security and Cooperation in Europe (OSCE) is to head up the mediation one key element remains to hinder the situation—Russia’s continued support to Armenia. As oil diplomacy becomes a larger regional factor, some

¹² Cornell, 5.

¹³ De Wall, 33 and 41.

¹⁴ Ibid., 40.

¹⁵ Terhi Hakala, “The OSCE Minsk Process: A Balance After Five Years,” *Helenski Monitor*, no.1, (1998), 8.

¹⁶ Ibid., 8.

¹⁷ Ibid., 8.

believe that Russia will seek to expand its influence over Armenia, and for that matter, Nagorno-Karabakh. Considering that Russia is one of the co-chairs of the Minsk Group this has made for a complex and slow mediation process.

As is the case with any resolution between states, politics plays in the equation. This is particularly true in the conflict over Nagorno-Karabakh. The slow process and lack of a resolution over the status of Nagorno-Karabakh and the seven Armenian occupied territories can best be viewed through the lens of strategic negotiation. For example, when Armenia is asked to come to the negotiation table to discuss Nagorno-Karabakh, Armenia takes the position that Nagorno-Karabakh is its own state and that they have no sovereign authority to speak on behalf of Nagorno-Karabakh. Conversely, Azerbaijan refuses to recognize political authority in Nagorno-Karabakh because it would imply consent of Nagorno-Karabakh sovereignty. This political game has long contributed to the prolonging of a resolution. Furthermore, whether strategically intended or not, Armenia has built public institutions and infrastructures in Nagorno-Karabakh and encouraged Nagorno-Karabakh to hold elections to convey to the international community that they are their own state. To counter what it considers encroachment, Azerbaijan has condemned the results of any elections and forbid the building of public institutions without the consent of Azerbaijan. Hence, the impromptu state building on the part of Nagorno-Karabakh, via Armenia, has kept them away from full faith negotiations as they work to establish political legitimacy for Nagorno-Karabakh. Azerbaijan, on the other hand, has also stayed away from full faith negotiations by working to expand their military capability by increasing defense spending. This trend will be discussed in the next section.

An additional roadblock to negotiation has been the lack of motivation by leaders in Baku to resolve the issue of the large IDP population in Azerbaijan—partly because the government believed the IDPs would return to their pre-war homes in a reasonably short amount of time. However, this has not happened. The International Crisis Group reports that the IDPs in Azerbaijan are victims of a “policy aimed partly at reminding internal and external audiences of the unresolved status of the displaced.”¹⁸ Basically, the IDPs have become pawns in an international chess game whose underlying goal is to leverage international support.¹⁹ It should be noted that under the current administration progress has been made to build permanent establishments and promote local integration.²⁰

Despite all the strategic posturing, the key issue which has blocked negotiation has been the cycle of elections in both Armenia and Azerbaijan. Large constituencies in both countries have had the ability to hold the peace process hostage and threaten the political livelihood of leaders by promoting a nationalist agenda. Presidential hopefuls have not wanted to be viewed as “soft” on Nagorno-Karabakh talks. The former Armenian President Levon Petrossian lost power in 1998 because the public perceived that he was not hard-lined enough on the status of Nagorno-Karabakh.²¹

The culmination of all of these issues as well as others has had the affect of isolating the parties into strategic posturing that hinders the peace process. However, one of the largest

¹⁸ International Crisis Group “Nagorno-Karabakh: Viewing the Conflict from the Ground,” (Europe Report, no. 166, September 2005), 16.

¹⁹ *Ibid.*, 16.

²⁰ *Ibid.*, 16.

²¹ Jim Nichol, CRS Issue Brief for Congress, “Armenia, Azerbaijan, and Georgia: Political Developments and Implications for U.S. Interests,” May 12, 2005, 4.

obstructions to peace talks has been diluted this year in light of the absence of either country holding national elections. Without the overhead of internal political posturing, the timing may finally be right to open up meaningful talks over the status of Nagorno-Karabakh. While this has not yet occurred, optimists are not ready to abandon the chance for successful negotiations. In order to break the stalemate, the OSCE will need to reach out to players in both regions and pursue compromises in order for the leaders to capitalize on the favorable political climate.

THE IMPORTANCE OF THIS SITUATION

The conflict in Nagorno-Karabakh is a smaller piece of geo-strategic positioning by Russia to expand its influence over energy resources in Europe and the South Caucasus. Russia's state-owned oil company, Gazprom, has put Russia back on the international scene of influence. Russia seems to be seeking control or influence over the energy resources in Central Asia with the goal of becoming the sole supplier of cheap energy to Europe as well as other states of its former empire.²² Armenia is a prime example of a former Soviet state who now receives all of its energy from Russia. In April 2006, Armenia signed an energy agreement with Russia to secure relatively inexpensive gas until 2009.²³ To guarantee this agreement, Armenia allowed that "Gazprom will buy a 40-kilometer section of pipeline connecting Armenia to Iran,"—this pipeline, incidentally, is Armenia's only possible alternative to Russian supplied energy.²⁴ Hence, this deal makes Armenia dependent on Russia for its energy needs for a long time to come.

The European Union also has realized Gazprom's importance to its energy demands. As it stands, Europe receives nearly a quarter of its energy from Russia and this demand is expected to increase in the future.²⁵ This means Russian relations with leaders in Central Asia have a direct effect on energy supplies to Europe. Russia is attempting to create a supply-side monopoly on all energy going into Europe by circumventing transfer states such as Poland and Ukraine. At the same time, the United States has been leading efforts to work with Greece, Turkey, Turkmenistan, and Kazakhstan to develop plans that limit Russian dominance by favoring the creation of alternative pipelines controlled by Azerbaijan, which benefit Western oil companies.²⁶

The introduction of energy issues into the Nagorno-Karabakh debate means continued distortion of the conflict by outside actors, particularly Russia. It is likely that if the conflict were to re-ignite Russia would aggressively support the Karabakh Armenians as they have done in the past. What would be different this time is that Azerbaijan's military capability has drastically increased due in large part to revenues from the Baku-Tbilisi-Ceyhan pipeline (BTC), which will reach full operational status this year. As a result of the revenue increases from the BTC, Azerbaijan's defense spending will soon dwarf that of Armenia. In 2005, Azerbaijan's defense expenditures reached \$300 million. Military spending is expected to

²² Frederick Kempe, "Russia's Power Play has High Stakes," *Wall Street Journal*, par. 6, 2006.

²³ Andrew E. Kramer, "Gazprom Reaches Deal with Armenia," *International Herald Tribune*, par. 2, April 7, 2006, section 11.

²⁴ *Ibid.*, par. 3.

²⁵ Judy Dempsey, "Gazprom Sees Growth in European Market," *International Herald Tribune*, par. 4, April 7, 2006.

²⁶ Frederick Kempe, "Russia's Power Play has High Stakes," *Wall Street Journal*, par. 6, 2006.

continue to increase, surpassing Armenia's entire national budget of \$930.7 million in 2005.²⁷ Although Armenia's defense spending has increased from roughly \$100 million in 2005 to \$160 million in 2006, they cannot keep up with Azerbaijan without assistance.²⁸ Since Russia is already supportive of Armenia it is probable that an Armenian request for assistance would be granted, thus returning the players of the conflict back to their original corners.

Collectively, these developments have placed regional security on edge, in particular for the Karabakh Armenians. All of the elements for a re-emergence of violence in Nagorno-Karabakh exist—the effects of which would be detrimental for both regional and global energy demands. If conflict were to re-emerge over Nagorno-Karabakh, it is likely that the rifts in Western relations with Russia would become exposed, as each would support opposing sides.

THE MEDIATORS: PEACEMAKERS OR SPOILERS?

"To my great regret, the war between Armenia and Azerbaijan long ceased to be a war between two rivals This is a war in which the combating peoples have become the pawns of the mightier powers."

Former Azerbaijani President Abulfaz Elchibey

In the majority of cases, third-party mediators are crucial in resolving conflicts. But in the case of Nagorno-Karabakh, the mediators involved in the process have shown an entirely different set of motivating factors than those of the state actors. Where third-party mediators have a vested interest, direct or indirect, in the conflict and/or in supporting one of the conflicting parties, impartiality becomes extremely difficult. The lack of impartiality in the mediators involved in the Nagorno-Karabakh situation has prevented the peaceful resolution. For example, the Minsk Group of mediators has demonstrated a noticeable lack of impartiality and as a result, their mediating efforts have remained rather ineffective.

A partial and biased mediator is less apt to be as effective as one who is perceived by the conflicting parties to be impartial. Impartiality in this sense is a third party that does not attempt to influence the outcomes of key issues for one or the other of the conflicting sides.²⁹ Over the years, three main international organizations have been involved in attempting to mediate the peacemaking processes in Nagorno-Karabakh—the United Nation Security Council (UNSC), the Conference on Security and Cooperation in Europe (CSCE) which later became the OSCE, and the Commonwealth of Independent States (CIS). All three organizations have developed their own strategies, roles, and positions in mediating, and proposed different solutions, but so far none have been successful. In each case, the process has been influenced by regional and international actors, pursuing their own interests.

²⁷ Strategic Forecasting Inc. "Russia's dwindling population ensures rigid foreign policy," 13 April 2006. Universal resource link located at: <http://www.stratfor.com/products/premium/print/php?storyId=102081>; accessed on 11 May 2006.

²⁸ Ibid.

²⁹ David W. Augsburger, *Conflict Mediation Across Cultures*, Kentucky, 1992, 197; Jacob Bercovitch, *Social Conflicts and Third Parties, Strategies of Conflict Resolution*, Colorado, 1984, 31 and 111; Kenneth Kressel, Dean G. Pruitt, and Associates, *Mediation Research*, London, 1989, 410; Thomas Princen, *Intermediaries in International Conflict*, Princeton, 1992, 19-31.

The ineffectiveness of third party mediation in this conflict can be attributed to competition among mediators. Each mediator has been acting out of its own sets of interests which frequently placed them at odds with each other. In seeking to expand their influence, each mediator made attempts to limit the role of, or completely exclude, the other mediators. The competing agendas of the mediators often resulted in the perpetuation of the conflict. In 1992, the CSCE substituted the UNSC as the international mediating organization dealing with Nagorno-Karabakh conflict and they have remained the main mediating organization for the last 17 years. The OSCE established the Minsk Group to facilitate the process. The group consisted of 11 participating states and three co-chairmen representing France, the United States, and the Russian Federation. Although there have been many proposals, none have been implemented for a variety of reasons.

The largest obstacle to the peaceful settlement to the conflict in Nagorno-Karabakh is seen as the lack of an “honest broker” in mediation. Taking into consideration shortfalls of the Minsk Group, the inability of the conflicting states to negotiate, and now the international and regional interest in energy, trafficking, and trade routes, it is time to rethink the mediation process and its actors. The OSCE Minsk Group has become stagnant. The co-chairs can no longer be viewed with impartiality or seen to be in the best interest of the conflicting parties due in part to the evolving geo-political situation in the South Caucasus. A new mediator with political strength, revenue, and credibility is required if there is to be progress towards peace.

The European Union (EU) fits the bill as the best potential third party mediator for the Nagorno-Karabakh region for four main reasons. First, they have the ability to use the eventual enlargement of the EU as leverage in negotiations. Second, the EU has the financial resources to provide aid for development and the displaced. Third, the EU has an interest in seeing the conflicts in the neighboring South Caucasus resolved for their own security. Finally, the combination of the EU working closely with the North Atlantic Treaty Organization (NATO) would give the eventual peacekeeping force credibility, ample financial resources, and lend needed impartiality into the stalemated negotiations. By resolving the disputes in the Caucasus, the EU could promote healthy energy competition in the region that is currently dominated by Russia. Moreover, stability in the region would go a long way in deterring the trafficking of humans and drugs through the South Caucasus.

A NATO peacekeeping force under the leadership of the EU should be established in Nagorno-Karabakh prior to a final agreement. In particular, Norway should play a lead role in this process as they have institutional experience in both peacekeeping and proven technical experience in the management of their natural resources. The peacekeeping force would provide security and lead the Decontamination, Decommissioning, and Reutilization (DD&R) efforts, while the EU would work to open up economic opportunities between Armenia, Azerbaijan, and the European economy. Development would also be led by the EU and delegated to other actors in the international community and local non-government organizations. This would break up the current log-jam, build trust between conflicting parties, and act as a tool at the forefront of final peace negotiations.

A WAY AHEAD

The conflict in Nagorno Karabakh remains at an impasse and given the obstacles created by all parties it is extremely unlikely that a resolution will be achieved under the current

configuration. Both the United States and Russia want to continue influencing the region and thus should not be involved in the mediation. While self-interested mediators remain, the potential for a negotiated settlement is remote. It will likely remain this way unless major changes are made to the third party mediation process.

As long as the conflict remains unresolved, it legitimizes Russia's influence and impact in the region. The conflict will continue to be a pawn of future geopolitical battles, which might lead to a strengthened Russian presence in the region, which, in turn, would heighten tensions among the regional actors. The possibility of returning to armed combat in the near future is unlikely because the Karabakh Armenians lack the ability to capture additional territory. Although Azerbaijan is increasing their defense spending and consequently strengthening their ability to recover lost territory, they are not ready to make an offensive run at this time. While full armed conflict may not be imminent, Armenia, Azerbaijan, and the international community should not wait for a framework agreement to be signed before employing a peacekeeping force.

There is a growing sense of urgency to settle the conflict because Armenia is scheduled to hold parliamentary elections in 2007, and presidential elections are due in both countries in 2008. Neither president is willing to make concessions that could alienate voters. Any peaceful settlement that would fall short of restoring Azerbaijan's "territorial integrity" is unacceptable to Baku as is any failure to recognize the Karabakh Armenians' "right to self-determination by the Azeries. It does not appear that these two sticking points will be resolved anytime this year.

The window of opportunity is quickly closing and that is why the Minsk Group desperately wants the two sides to agree on at least a preliminary draft accord before the end of 2006. Resolving the conflict is dependent on the willingness and ability of the international community to provide a peacekeeping force that will guarantee the security of both the Armenian population of Nagorno-Karabakh and the Azerbaijanis who will be enabled to return to the villages in surrounding districts. Optimists once believed 2006 presented an ideal opportunity to move forward with negotiations. Despite the spate of recent setbacks, resolution is not entirely out of the question. The stakes have never been higher. The foundation for a successful peace accord does exist—if the Armenians, the Azerbaijanis, and the third-party negotiators are willing to look past their individual goals and towards the security and well-being of the entire region.