

The Karabakh trap

Dangers and dilemmas of the
Nagorny Karabakh conflict¹

By Thomas de Waal ²

Introduction

The unresolved Armenian-Azerbaijani dispute over Nagorny Karabakh (NK) still looms threateningly over the South Caucasus, but is low down the international agenda. NK is generally termed a “frozen conflict,” but the term is misleading and potentially dangerous; in fact the dispute is in a state of dynamic change that could eventually lead to the resumption of fighting.

The facts on the ground are changing while the opposing sides, isolated from each other for two decades now, have a poor grasp of what the other is thinking. As the situation changes, the danger in particular of a breakdown of the self-regulating ceasefire on the Line of Contact (LOC) between the two armies is especially worrying.

This paper is an analysis of how the facts of the conflict are changing, of why the peace process is failing to move forward and the dangers that lie ahead over the next five to ten years. It is aimed at stimulating a debate about the long-term strategic options available to the parties involved in the conflict with the goal of helping to move forward a peaceful resolution.

Both sides are caught in a Karabakh trap – the situation hurts them in the long run but appears to suit them in the short-term

At the heart of the current deadlock over NK is a central paradox: it is in the long-term interests of everyone to effect a peaceful resolution of the dispute, yet all the key players are more or less comfortable with the status quo, despite all its negative aspects. The leaders responsible for taking decisions on a peace process prefer not to make decisions that could win their countries long-term benefits, calculating that the risks involved in making compromise are too great.

For one chief reason, the conflict can be said to be “thawing.” This is that the ‘losing’ side is growing more confident and more impatient to change the situation in its favour. The fact that, on top of the disputed region of NK itself, seven districts of Azerbaijan are wholly or partially occupied by Armenian forces is a source of continuing pain to Azerbaijanis and makes the situation unsustainable in the long run. “I don’t want to hand on this problem to my son, that’s why I am for war,” says an educated Azerbaijani in his thirties and that view is likely to gain more currency.

This paradoxically leaves the Azerbaijani authorities with less room to manoeuvre as Azerbaijan grows wealthier. The government’s own proclamations about the new status of their country lead to a gap in public expectations between what is thought to be achievable and what is actually possible, making it harder to negotiate the idea of compromises such as the handover of powers of self-government to the NK Armenians.

On the other side, Armenians are caught in a different trap. Since the ceasefire agreement of May 1994 which cemented their success on the battlefield, Armenians have

repeated the message that a victory has been won and it only remains for Azerbaijan and the world to accept this. Armenian minister of defence Seiran Ohanian (himself a Karabakhi) said on July 29 2008, “Azerbaijan went down the military path in resolving the conflict. The Nagorny Karabakh issue has already been resolved by force [in the Armenians’ favour], now we need to bring the issue to a logical resolution by diplomatic means.”

NK is perceived by Armenians as a purely Armenian territory liberated from Azerbaijan. A younger generation is growing up in both NK and Armenia, which knows NK only in this way and hears that the seven Armenian-controlled regions outside NK are “liberated territories” not to be given up. Yet Armenia continues to suffer economic pain and international criticism because of the dispute. “Karabakh is the stick that everyone holds above our heads,” admits one Armenian official.

Both sides are thus caught in a “Karabakh trap,” their long-term prospects hurt by a situation that is damaging in the long run, yet which appears to suit them in the short-term.

Another paradox that bedevils this dispute is that the leaders on both sides have made considerable progress on the details of a peace agreement in confidential talks and yet back home they continue to talk an aggressive language of “no surrender.”³ The aggressive rhetoric and pervasive “hate-speech” around the NK dispute from many voices makes for a context of fear and distrust. There is almost no self-criticism or attempts to help the other side think of creative ways out of problems, with each instead preferring to lecture the other. In this highly rhetorical climate, all issues are highly instrumentalized.

To an outsider this forms a depressing picture. The situation is “no one’s fault” but requires a new frame of reference if the region is to avoid the danger either of another wasted decade with Armenia and Azerbaijan under-achieving their potential or, worse, a renewed outbreak of fighting.

The remainder of this paper falls into five parts:

1. The current state of the peace process.
2. The situation on the Line of Contact.
3. The situation in the region.
4. The military capacities of both sides and possible dangerous scenarios in which the conflict “thaws” and force is used.
5. Some brief conclusions on potential strategic options for the actors involved.

Current state of peace process

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The NK peace process is perhaps one of the most closed and confidential negotiating processes in the world. In large part this is because of the continuing authoritarian traditions in these post-Soviet societies, in which leaderships preserve a monopoly on decision-making.

Less than a dozen officials in both countries and half a dozen international officials are involved in it full time. The small group of regional experts interested in the issue are kept at arm's length from the actual negotiations and there is little wider debate on the substance of proposals within Armenian or Azerbaijani society. The elected authorities of the Karabakh Armenians and Karabakh Azeris (who have no political role in Azerbaijan) have no formal involvement in the peace process, even though their homeland is the subject of negotiations.

The Minsk Group co-chairs have no spokesman or press secretary and internationally the talks get virtually no media coverage. The American, French and Russian mediators talk about the merits of a peace process in their visits to the region but are constrained by issues of confidentiality. The result is a very slow-moving and opaque process. One international observer says of it, "this is not a proper peace process, merely conflict management."

On the negotiating table currently is a "Document of Basic Principles" of around three pages and 14 or 15 points, which sets out the first phase of a settlement. The document is the culmination of the "Prague Process" which kicked off with a meeting between the foreign ministers of Armenia and Azerbaijan in Prague in April 2004. At its heart is the formula that the issue of the status of NK – the crucial issue which triggered the dispute in February 1988 and has dominated it ever since -- has to be postponed for several years so as to allow progress on other issues. The Minsk Group mediators expressed this formula on March 19 2008 by saying that the territorial integrity of Azerbaijan must be upheld, "while holding that the future status of Nagorno-Karabakh is a matter of negotiations between the parties." Despite its secret nature, the basic outline of the document is fairly well known.

- Armenian withdrawal from six-and-a-half of the occupied territories, with phased withdrawal from Kelbajar and special arrangements made for Lachin.
- Deployment of up to 10,000 international peacekeepers between NK and the occupied territories, especially in the Kelbajar region.
- NK provided with an "interim international status" that gives some of its current elected officials greater legitimacy and its citizens international access, but falls short of international recognition.
- A popular vote (whose details have yet to be determined) to be held at an unspecified future date to determine the future of NK.

The idea is to give both sides something of what they want as a first step – the return of the occupied territories to Azerbaijani hands, security guarantees for the Karabakh Armenians and the eventual prospect of a vote on independence – in the belief that progress and renewed contact can build up the mutual trust required to craft a long-term solution.

The major sticking point for the Armenian side in the document is the status of Lachin which links Armenia to NK by road and is regarded by Armenians as the "lifeline" linking the two territories. More broadly, the Armenian side is wary of international "security guarantees" that weaken its own capacity to defend NK. For the Azerbaijani side, the main anxiety, especially after Kosovo's declaration of independence in February 2008, is the nature of the popular vote to be held in the future on the status of NK.

In the words of one Azerbaijani official, "we are worried that the document contains hidden mechanisms for us losing Karabakh."

The optimistic view of the Madrid document is that the two sides are close to agreement and merely need "one

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- 1 This paper was written as part of a project entitled "Thinking Strategically about Karabakh" funded by Conciliation Resources as part of the British-government-financed Consortium Initiative on the Nagorny Karabakh peace process. It is designed to stimulate discussion about long-term trends and strategic options in the Nagorny Karabakh dispute. A draft version was discussed in many meetings during the author's visit to the region with Mr Roelf Meyer from January 14-24. This is the final version of the paper – an earlier draft version was published without permission. The views expressed here are those of the author alone. The author is grateful to everyone at Conciliation Resources, especially Jonathan Cohen, Rachel Clogg and David Orchant in their support for the project.
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 - 3 For example, in a 2008 New Year speech, President Aliiev said, "If the Armenians of NK want to determine themselves, let them do it within the territorial integrity of Azerbaijan, if they don't want that let them leave NK and make a second state for themselves in another place." On February 17, 2008 President Kocharian said, "I don't swap Armenian land [for] Armenian land. We have not lost a single square meter [of land] during my presidency." Both statements signalled a mistrust in the peace process from the two men actually leading it.
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last push" to bridge their differences. The pessimistic view is that the leaders fundamentally lack the political will to sign it. In the words of one sceptical international official, "Putting a signature on that paper is *terra incognita*. Both leaders are instinctively cautious. Why make that move?"

The August 2008 war in Georgia refocused attention on the dangers of the NK conflict and on the Madrid document. The 2 November 2008 "Moscow declaration" reaffirmed the parties' commitment that it continues to be the basis of negotiations, and gave the peace process new impetus. But the very different interpretations put on the vaguely worded Moscow document in both countries do not inspire confidence for an imminent breakthrough.

The NK issue has both an internal and an external dimension. Ultimately the actors on the ground will make the key decisions. In the words of one expert, the peace process cannot move forward because "the [internal] resistance is bigger than the [external] pressure."

The pessimistic view is that the leaders fundamentally lack the political will to sign an agreement.

The conflict still has a low international profile. While most international actors share an overall commitment to peace in NK, there is a widespread perception that the conflict is not too dangerous and does not merit a massive allocation of new resources. This is partly because the conflict is viewed as intractable and frozen and not worth the effort of senior officials who have other business to attend to; and partly because most of the big powers have interests on both sides – specifically Armenian lobbies on the one hand and the energy security agenda on the other hand – that prevent them from applying pressure on the parties.

Yet the latter-day "Great Powers" still have the capacity to push the parties on the ground to an agreement or to block one they do not like.

Lack of space means that discussion here will focus on Russia and the United States. Other players have a lesser role.⁴ Moscow and Washington are the key capitals. In the formula of one diplomat, the Armenian and Azerbaijani leaders can best sell a deal to their publics if they can "complain to their people they were mugged by an American and a Russian."

Russia, once a strong ally of Armenia, now has a more balanced relationship with Armenia and Azerbaijan. This tendency was strengthened after the five-day war with Georgia in August 2008, when a strategic priority emerged

to isolate Georgia and be "bad cop" with Tbilisi and correspondingly to demonstrate good intentions and be "good cop" with Yerevan and Baku.

For years, many commentators have argued that Moscow has no fundamental interest in resolving the NK conflict and that the status quo suits it well. According to one Armenian expert, "Russia will lose first Armenia and Azerbaijan, then Kazakhstan, if NK is settled." Although this is quite likely to be the view of many in Moscow, especially in the armed forces, Russia also has other interests in the region that would benefit from a peace agreement.

Russia maintains its military alliance with Armenia, but its influence is mainly projected there through ownership of strategic assets, including the railways, electricity network, nuclear power station and gas pipeline. At the same time, Moscow now identifies Azerbaijan as a major partner. Dmitry Medvedev signalled his intention to deepen the relationship with a visit to Baku on 3 July 2008, in which the two countries signed a comprehensive partnership agreement that underlined Azerbaijan's territorial integrity.

With new economic interests in both countries, Russia has a stronger motivation for opening up an Azerbaijan-Armenia-Turkey corridor that bypasses Georgia – and therefore in resolving the NK conflict. (Moscow also supports Turkey's latest initiative on the Caucasus.)

The Moscow Declaration of November 2 is historic in being the first document signed by both the Armenian and Azerbaijani presidents since the 1994 ceasefire. It reaffirms a commitment to a negotiated solution. However, its formulations are too vague to promise quick progress.⁵

The United States is another energetic mediator in the NK dispute. It also has a number of competing agendas in the South Caucasus. The Armenian lobby in Congress, supported by the powerful US Armenian Diaspora, remains strong. Washington's inter-governmental relationship with Baku however is now stronger and is based on Caspian energy security, cooperation in the "war on terror" and over-flight rights for US aircraft to Afghanistan.

NK is a lower priority for the US than other conflicts in the Middle East, Afghanistan or Darfur. Some US officials are wary of committing too much energy to NK and involving high officials after the experience of the Key West meeting in March 2001, when then US secretary of state Colin Powell took part in the talks but in the words of one US diplomat "it all vanished like meringue." However, Key West also shows that, if the right moment arrives, the USA can deploy strong diplomatic resources to push for a final peace settlement of NK.

4 The EU has delegated its mediating role primarily to France within the Minsk Group (with France successfully arguing that its ability to negotiate would be undermined if it were to transfer responsibility to the EU and decision-making by consensus between 27 states). The EU is expected to be able to step in more effectively to help facilitate a peace agreement on the ground once one is eventually signed. Turkey is an important player with leverage over both countries but is too close to Azerbaijan to have a mediating role. Iran's relations with Azerbaijan and the US are too poor for it to have anything but a secondary role. A change in the political situation in Iran could strongly affect the NK situation in either positive or negative ways but it remains the "sleeping giant" of this dispute.

5 <http://kremlin.ru/text/docs/2008/11/208670.shtml>

The ceasefire regime

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The 175-km Line of Contact outside NK is the weakest point in the dispute. A network of mine-fields and trenches make the LOC akin to a World War I battlefield. According to informal estimates from the OSCE, around 30 soldiers lost their lives on the LOC in 2008 due to sniping incidents and mine explosions. However, other deaths amongst the armed forces on either side may not be reported.

The ceasefire is basically "self-regulating," being monitored only by Ambassador Andrzej Kasprzyk and five field assistants. This forces the two sides to act (on the whole) responsibly and means they cannot blame outside forces on incidents on the LOC. But the OSCE mandate is extremely weak. The OSCE monitors must inform either side of their intention to visit a certain section of the LOC in advance and cannot arrive unannounced. With so few observers (compare this to the 130 UN observers located in the Abkhazia conflict zone), it is comparatively easy for either side to conceal from international eyes what it is doing.

The likelihood of more violence on the LOC is a real danger for various reasons. There are probably around 30,000 troops on the Armenian side and a slightly larger number on the Azerbaijani side. The trenches have moved physically closer since the 1994 ceasefire agreement

was signed. The two sides also have more sophisticated weaponry, such as mortars and sniper's rifles, than they did 10 years ago.

International observers agree that while sniping incidents may occur as a result of accidents or low-level provocations, both armed forces are under fairly tight political control and any fire directed at the other side with weapons such as mortars would need political authorization.

On March 4-5 2008, the most serious fighting since 1994 occurred on the LOC near the village of Levonarkh in the Martakert (Aghdere) district north of NK.⁶ Whatever actually occurred there, the fighting is a bad omen for the future. In the words of one international official, "there is nothing we can do to stop this happening every week."

Situation in the region

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3a. The Azerbaijani side

Azerbaijan is changing fast as a result of its vast new oil revenues. Everyone agrees on this fact, but no one knows where the process of dynamic change is leading it.

The country's international profile is much stronger than a decade ago and leading Azerbaijanis appear to be making up for what they perceive as years of insufficient respect towards them. In the words of one international expert resident in Baku, "In meetings with diplomats, foreign parliamentarians, and NGO workers government officials have made comments like, 'You need us more than we need you' or 'You can't speak to us this way anymore.'" Azerbaijan now has 50 embassies abroad. A lavish military parade in Baku on June 26 2008 – the first

since 1992 – was the occasion for the country to show off its new military might. President Aliiev now routinely talks about Azerbaijan as an "indispensable" nation, contrasting his country's energy assets with the gloomier condition of Armenia. He has been leading the push for a multi-vectored foreign policy, keeping good relations with Russia and the USA as well as Islamic and Asian states.

Azerbaijan's oil revenues have shot up since the opening of the Baku-Tbilisi-Ceyhan pipeline in 2006.⁷ Recent predictions by BP suggest that if further investment is made in the Azeri-Chirag-Guneshli field, "peak oil" could be maintained for six or seven years beyond the previously forecast peak year of 2012.

However, as oil prices fluctuate dramatically, Azerbaijan also looks set to suffer from the classic symptoms of

⁶ Details of what happened are unclear, but the immediate cause appears to have been one side moving into a new "forward position" ahead of its usual trenches, the other side moving to capture the position and a battle ensuing. Around four Azerbaijanis were killed and there were also Armenian casualties (the Armenians reported wounded but did not confirm reports of deaths). Mortars were used, artillery was drawn up but not used and the incident only ended after 24 hours following intense telephone diplomacy by OSCE roving envoy, Amb. Kasprzyk.

⁷ The AIOC international consortium has a production sharing agreement (PSA) with Azerbaijan that ends in 2024. It says it is on target to export one million barrels of oil a day from the Azeri-Chirag-Gunashli (ACG) fields by the end of 2008, providing revenues of up to 30 billion dollars. It has been estimated that with oil at 60 dollars a barrel, Azerbaijan could earn 220 billion dollars from ACG alone.

"Dutch Disease," of being an economy overly dependent on natural resources. The energy sector provides few jobs.⁸ Azerbaijan's challenge is that no sooner has it started to experience the bonus effect of a vast injection of cash, than it must try to deal with the implications of what an eventual decline in revenue will mean for the economy. The country has little more than a decade to deal with this problem. It could start to experience social problems as a result, with high unemployment and a gap between rich and poor causing political strains.

The conflict with Armenia remains the issue that over-rides all others in Azerbaijan and perhaps the one consensus issue for all Azerbaijanis. Azerbaijanis perceive their country as being a "wounded state" so long as large areas of its territory are under Armenian occupation. Their frustration is very understandable, yet their policies have only entrenched Armenian determination to control these territories. Baku's policy of non-engagement with the NK Armenians has only pushed them further away from Azerbaijan.⁹

The president himself looks more and more confident. He is now the undisputed leader of the country and was comfortably re-elected in October 2008, in large part because the opposition has been effectively crushed. He is emerging from the shadow of his father, who dominated Azerbaijan for 35 years and is likely to be more confident and assertive in his second term and act to retire some of Heidar Aliev's "old guard." Opinion polls suggest Ilham Aliev is more trusted than any other figure or institution in the country.

Azerbaijan looks set to suffer from the classic symptoms of an economy overly dependent on natural resources.

However, to be leader of Azerbaijan means constantly to be balancing a number of competing groups, all of whom have claims on the president's patronage. In the words of one international expert, "It's a very careful dance, balancing the clans, the handout of money, influence, power ministries, centres of power."

This balancing act is also being performed internationally, where there is an aspiration towards a self-sufficient foreign policy, comparable to that of Kazakhstan, with a strong relationship being built with both Washington and Moscow.

On NK, Aliev sounds tougher than his father in his public pronouncements. At the 2008 military parade he said, "We must be ready at any moment to liberate the

occupied territories by military means." In the words of one international observer, "tough rhetoric [on NK] chops off room for the opposition," which has strong nationalist roots. Another diplomat believes however that President Aliev would not continue negotiations over NK if he did not believe they could work and notes that in the president's belligerent speeches towards the Armenians "he always gives himself a let-out clause."

This reflects a more aggressive mood in the media and in public discourse, with the younger generation displaying more bellicose tendencies than the older generation, which has memories of Soviet-era co-existence with Armenians.¹⁰ Surveys show that the non-resolution of the Armenian-Azerbaijani conflict is the biggest concern of ordinary people, ahead of poverty and unemployment.¹¹ All this suggests that the political elite in Azerbaijan, either by accident or design, has left itself very little room to make the kind of compromises in the NK issue that will need to be the basis of an eventual peace deal.

The Karabakh Azeris and IDPs are a surprisingly quiet voice on the NK issue. They are gradually being integrated into Azerbaijani society. All "tent-camps" have been closed, although many people still live in sub-standard accommodation or have been re-housed in remote parts of the country with poor facilities. This largely discontented, and effectively disenfranchised, group could in theory become a strong political force. It could put its weight behind a peace agreement on the grounds that around 85 per cent of IDPs will have the right of instant return to their homes if a Basic Principles document is signed. It could also be a radical opposition force – with NK Azeris for example expressing unhappiness that they will not win the instant right of return under an agreement.

It is hard to discern a long-term strategy in Azerbaijan. At the moment Baku is pressing its case in international fora such as the United Nations. Internationally, diplomatic pressure and an enhanced profile can ensure that the international community will reaffirm its support for Azerbaijan's territorial integrity – indeed the Minsk Group mediators already do so. However diplomatic pressure can deliver only so much – and is unlikely significantly to shift positions in Moscow, Washington or Brussels. Recent events in 2008 suggest that Baku will not be able to get Western countries to declare Armenia the "aggressor" in the NK dispute, as they did with Serbia over Kosovo.¹² A statement by the Minsk group co-chairs on February 19 2009 effectively rebuked Baku for attempting to circumvent the peace process.¹³

8 In a labour force of four million, less than 100,000 Azerbaijanis work in the oil sector, with just 1,800 Azerbaijanis working for BP, the largest partner in AIOC.

9 Baku continues to object strongly to any institution-building or foreign presence in NK, even on such banal matters as Radio Liberty appointing a correspondent there who will provide Azerbaijan with much-needed information from the territory.

10 For example the anniversary of the February 1992 Khojali massacre is now marked with more ceremony than it was a decade ago and films of the dead of Khojali are even shown in schools.

11 A series of opinion polls conducted in December 2005, December 2006 and February 2007 by the PULS-R organization suggest that the public takes a hard-line view, with, in the last poll, 62.3 per cent of respondents adopting a position of "no compromise" on the issue and only 4.1 per cent approving of the "highest autonomy in the world" for NK – a formulation that President Aliev has used on foreign trips.

This leaves the leadership with the difficult choice of either leaving in place a status quo that is regarded as increasingly unacceptable to the younger generation or going forward with a peace deal such as the Madrid Document that – however much it reflects the underlying realities of the situation on the ground – much of the Azerbaijani public is not ready for and will regard as a disappointment.

3b The Armenian side

Armenia spent most of 2008 in crisis. Ongoing fallout from the disputed presidential elections in February and the tragic violence in Yerevan on March 1 has split society and is still a challenge for new president Serzh Sarkisian.

This makes political consolidation the number one concern for President Sarkisian and his team. Though generally said to be more open and consensual than his predecessor, he is playing a much weaker hand. He also faces a very difficult economic climate. Armenia's economic situation is hugely better than it was a decade ago. Armenia's energy situation is now comfortable, thanks to the Russian-assisted Metsamor nuclear power station and a gas pipeline to Iran. Armenia was called the "Caucasian tiger" in a 2007 World Bank study which praised its "stellar" double-digit growth rates. However the country is vulnerable to the downturn in the world economy. This year, fuel and food prices are rising and subsidies on Russian gas are being lifted.

The August 2008 crisis in Georgia underlined Armenia's isolation and vulnerability within its closed borders. The blowing up of the Grakali railway bridge in central Georgia on August 16 on the line linking Armenia to the Black Sea coast basically shut down Armenia's trade for a week and cost it at least half a billion dollars in revenue. At the same time, the Georgia crisis enabled Sarkisian to focus on foreign affairs as a way of strengthening his position. It speeded up an initiative to thaw Turkish-Armenian bilateral relations that combined with a general push by Ankara to engage with the Caucasus and launch a "Stability and Cooperation Platform." Turkish president Abdullah Gul visited Yerevan on September 6 to watch Armenia and Turkey play football and held talks with Sarkisian.

The Armenians insist that the issue of re-opening the border with Turkey, closed since 1993, is not linked to the NK issue. The Turkish side has given mixed signals on this and is constrained by its own domestic politics as well as its close alliance with Azerbaijan. It seems unlikely that Ankara will make a move on this without at least some Armenian

action on the NK question. What is important is that Turkey has created some positive momentum and goodwill which can be used in 2009.

There is more of a debate on NK in Armenia than Azerbaijan, however the issue is still seen as key to modern Armenia's identity and is highly instrumentalized. A central paradox is the issue of discussion of the seven "occupied territories" outside NK. Although everyone knows they must be given up as part of a peace deal, the issue has become almost taboo and they are routinely called "liberated territories." When at parliamentary hearings in 2005 Serzh Sarkisian, then defence minister, uttered the seemingly undeniable phrase, "Aghdam has never been our homeland" he was criticized by Dashnaks and others for saying this.

An Armenian expert notes that the concept of "42,000 square kilometres" – the territory covered by Armenia, NK and the occupied territories – is gaining currency. "Psychologically Armenians feel NK, Lachin and Kelbajar [but not the other territories] are Armenian land," said the expert. "In five or ten years time that will be different."¹⁴

The events of autumn 2008 have proved that NK remains a central issue. On October 17, Sarkisian received a boost when former president and opposition leader Levon Ter-

For Karabakh Armenians, the resolution of the conflict is a truly existential issue of their own security.

Petrosian called a moratorium on public protests for two or three months because a critical period had been reached in the peace process.¹⁵

However, Sarkisian faces resistance – on other fronts. On October 30 several opposition parties launched a new movement called Miatsum (Unification) to campaign against the return of what they called "liberated territories."¹⁶ Ter-Petrosian's truce is likely to come to an end in the spring, as Armenia marks the first anniversary of the March 1 violence. This will coincide with growing economic discontent, fuelled by the return of tens of thousands of Armenian workers who are likely to lose work in Russia and provide manpower for the opposition.

The Armenians of the "Nagorny Karabakh Republic"¹⁷ are a central factor in the dispute, but their voice is heard only indirectly. Non-recognition and isolation mean that it is hard to discern what is their true position on a number of issues. In many ways NK is a de facto province of Armenia.

12 In the March 2008 UN resolution on NK initiated by Azerbaijan three permanent members of the Security Council (the Minsk Group co-chairs) voted against and the other two abstained, while the other 26 EU countries abstained.

13 <http://www.osce.org/item/36355.html>

14 The expert says that "lands outside Karabakh are being taken over. There are state programmes for the lands in the west (e.g. Lachin and Kelbajar). In the southern territories, Jabrail and Fizuli, meadows are being cultivated spontaneously. People don't live there but it's good farm land, farmers come and go."

15 This was a significant concession given that several Ter-Petrosian supporters are still in jail after the March 1 clashes.

16 For example on October 31 2008 MP Zaruhi Postanjan of the otherwise pro-Western Heritage Party said bluntly, "I am not ready for territorial concessions."

Its currency is the Armenian dram, half the budget comes from an "inter-state transfer" from Yerevan, NK residents hold Armenian passports. The Armenian and "NKR" armed forces act as one unit.

The main difference is one of outlook. For NK Armenians, the resolution of the conflict is a truly existential issue of their own security and identity and the predominant view is that Azerbaijan poses too strong a threat to their existence and the international guarantees being promised under the Madrid Document are not robust enough to justify giving up the occupied territories. One Karabakh Armenian says, "constructive ambiguity will not help, because death is not an ambiguous concept."

In Armenia, many are now more flexible on the Karabakh issue and prepared to see compromises made, for example for the sake of opening the Turkish border. The younger generation of NK Armenians has grown up with no knowledge of Azerbaijan except as an aggressor. There was anger that there was no NK signature on the Moscow Declaration, despite years of institution-building and self-proclaimed independence. This explains why Serzh Sarkisian, although he comes from Karabakh, was given a hostile reception when he visited his homeland on November 14-15 2008.

In this context Sarkisian is seeking to protect himself by promising that he will not move forward without public support. He said publicly that he wants to see

NK represented at the negotiating table. He instructed parliament to pass a law on referenda that will allow for a non-binding popular vote to be held on any potential peace agreement. On November 20 2008, he held five hours of talks with several dozen opposition leaders on the NK issue.

As in Azerbaijan, it is the president who is afforded the clearest vision of what the non-resolution of the NK conflict means in terms of his country's reputation and future prospects. (This makes Serzh Sarkisian and Ilham Aliiev strangely the loneliest men in their countries, with insights that perhaps only Levon Ter-Petrosian can share.)

Sarkisian is aware and is constantly reminded that long-term trends for Armenia are not favourable, so long as NK is unresolved. The worldwide affirmation of Azerbaijan's territorial integrity throughout 2008 sent the message that NK will not be allowed to achieve independence in the manner of Kosovo and its status will remain precarious so long as a peace deal is not signed.

Sarkisian has now been allowed some small space for manoeuvre by the Turkish initiative, the Moscow Declaration and Ter-Petrosian's temporary truce. However, recent developments suggest that there are "red lines" he cannot cross – for example the participation of NK Armenians in discussion about the next phase of an agreement, and security guarantees for Lachin – which are likely to be unacceptable to the Azerbaijani side.

Scenarios



What follows are several bad scenarios in which the NK dispute deteriorates into violence, preceded by a discussion of the meaning of the military balance in the South Caucasus and of the capabilities of Armenia and Azerbaijan.

It is important to stress that these scenarios are not especially likely – the most probable scenario is a continuation of the status quo – but, bearing in mind the gravity of what happened in South Ossetia in August 2008, it is important to consider them and factor them into long-term thinking about the NK dispute.

Timing is important here. Recently the international consensus was that Azerbaijani oil revenues would start to decline from 2012-13, which would also coincide with the end of President Ilham Aliiev's second term and a possible succession crisis. The International Crisis Group identified this as a dangerous point when the risk of military action was at its greatest. However, the succession issue no longer seems problematic with plans being made to change the constitution to allow Ilham Aliiev to stand for a third term. And if oil revenues are set to continue at a higher level until 2019 (see above) this calculation changes and Azerbaijan has more time to make strategic choices.

The military balance

"Mutual insecurity" remains the most corrosive element of the NK dispute. A new arms race is further fuelling insecurity.

Azerbaijan's military budget was 1.2 billion dollars in 2008, three times that of Armenia, and is set to approach two billion dollars in 2009. Azerbaijan is buying a lot of new equipment and gaining from US and Turkish training of its armed forces. Money is being spent on all sectors of the military. The most significant purchases are more than 30 MiG-25 fighter aircraft and twelve Smerch long-range missiles bought from Ukraine. The latter can reach NK and could be part of a future Azerbaijani offensive against the territory.

The new equipment clearly gives Azerbaijan massive new military capability, but there are many who doubt that it can be an effective tool in "liberating" NK. One line of criticism of the growing budget is that military reform lags behind expenditure. In the words of one analyst, what we

have seen so far is "modernization not reform." Corruption remains a problem and there is a great deal of institutional conservatism. Furthermore, the corps of professional soldiers, though growing, is still small and it must rely on a conscript army that inevitably changes every 18 months. Another Western expert argues, "The emphasis on defence spending is not about bringing about a military solution to Karabakh. Saying 'We won't let this stand' is a domestic tool and about putting pressure on Armenia."

The structure of the armed forces remains rigid, with little initiative being given to junior officers.¹⁸ However, if real military reform is embarked on, this could also pose new dangers as it might give the army a taste for political independence, with Turkey's powerful military providing a potential new model for some officers. "The Azerbaijani leadership is not under full control," warns one western expert. "In some officers' quarters you don't see portraits of the president, you see portraits of Ataturk on the walls."

The Armenian armed forces have a better established military tradition than the Azerbaijanis and it has a dominant role in Armenian society as a result of the 1994 victory in the NK war. (This in turn leads to problems of corruption and of a distorted economy). Armenia's military budget is much smaller than Azerbaijan's although Armenian experts argue that they need a smaller budget to maintain a defensive capacity.¹⁹ "The Armenians don't have too many worries because of their friend [Russia]," says a Western expert, reflecting the view that the Armenians are able to buy weapons at cut-price rates from Russia and also draw on the CIS integrated air-defence system with the Russian base at Gyumri. In January 2009 a scandal erupted over allegations that Russia has supplied \$800 million worth of weaponry to Armenia. Although Moscow and Yerevan have denied this, if true, this would be consistent with Russia's concern to preserve a balance a military balance between the two sides.

The Armenians' equipment base is much more modest than Azerbaijan's. They do have SU-25 ground attack aircraft and Chinese "Typhoon" multiple-rocket launchers with an 80km range. Some Armenian experts also claim the armed forces have 32 Scud-B missiles with a 300km range acquired from Russia in 1994-6 after the end of the NK war. If so, this would give the Armenians an offensive weapon that could wreak destruction on Azerbaijani

targets, such as oil installations. Several Western experts are sceptical about the claim, but another said, "Why wouldn't they be there?"

NK itself, beyond the reach of international monitors or CFE inspections, is a blank spot in military terms for outsiders. Its military was until recently also semi-autonomous and there were previously some hawks in NK who favoured a pre-emptive military strike against Azerbaijan before it gets too powerful (See below).

The Armenian military is helped by geography. The 1994 ceasefire line reflects a limit reached by Armenian forces in which they have defensible high ground behind them, stretching back into the highlands of Karabakh. They have spent the intervening period building several concentric lines of defences in this area. Given the fact that an offensive army needs a supremacy of at least three to one, the Azerbaijani side needs to amass a much greater superiority than it currently has in order to launch an offensive in this terrain.

"The situation on the frontline is inherently unstable if you have forces so close together."

Some Armenians argue that the "arms race" in the Caucasus lessens the risk of war because it increases the destructive capacities of both sides and will therefore act as a deterrent. However the risks are now much greater. A new war over NK would very likely be far more destructive than the previous one, with much higher casualties. Most experts agree that the use of ground troops – conscript armies – would be unavoidable and they would be involved in a very bloody confrontation in the plains around NK.²⁰ Azerbaijan's oil and gas industry would probably also become a target for the Armenians. This would be immensely damaging for Armenia internationally, but it would be the best way for them to hurt Azerbaijan in case of an offensive. In October 2007, the deputy speaker of the Armenian parliament, Vahan Hovhannisian, said, "[the] first thing that would be destroyed in case of Azerbaijani aggression is its oil capacities."

The BTC pipeline runs 15 km from the LOC but is well buried underground. There are pumping stations along

17 "NKR" is an entirely ethnically Armenian entity closely linked both politically and economically to Armenia but with its own political institutions. It declared independence in December 1991, but has not been recognized as such by any state, including Armenia. Its population statistics are disputed. In 1989 the Soviet-era Nagorny Karabakh Autonomous Region had a recorded population of 189,000 with 145,000 Armenians and 40,000 Azeris. All the Azeris, save a tiny handful, fled or were expelled by the conflict. Many Armenians have also left for economic reasons. According to the central electoral commission, during the "presidential elections" of July 2007, 71,286 voters were cast from an electorate of around 92,000 voters. Although there is no way of verifying these figures, they suggest that the current population may be a little over 100,000.

18 One Azerbaijani expert called the three chief military men (defence minister Safar Abiev, chief military commissar Aliaga Husseinov and presidential adviser Vagif Aliiev) in the country "peacemakers," saying they were too comfortable in their posts to make the army battle-capable. The expert added that there were "three or four generals out of 20 who are capable" but these men were currently in marginal positions.

19 Former defence minister Vagarshak Harutiunian is on the record as saying, "I'm glad that the Azerbaijanis are buying aviation, it's an expensive luxury."

20 Israel's ultimately unsuccessful attack on Hizbollah in Lebanon in 2006 suggests that an overwhelming air offensive is not necessarily enough to defeat a less well equipped but well dug-in adversary.

the length of the line which are more exposed and the two inside Azerbaijan might be targets.²¹ The nightmare scenario would be some kind of attack on the Sangachal oil terminal south of Baku. In any event an Armenian aim would be to frighten off Western oil workers and investors and make Azerbaijan's oil and gas exports look like an unsafe investment.

Five "bad scenarios" follow under which the current status quo could deteriorate into violence.

4a Madrid sabotaged

Under this scenario, the presidents move forward into signing a Basic Principles document, but the promised peace process is sabotaged by domestic resistance that destabilizes the situation.

Any agreement on the Madrid Document or a revised version of it will inevitably be accompanied by a coordinated campaign locally and internationally, with a media blitz and staged events to celebrate achievements such as the opening of the Armenian-Turkish border and the return of Azerbaijani IDPS. However, on the Armenian side, resistance could manifest itself in a number of ways:

- Rejection of the peace agreement in a national referendum in Armenia, NK or both places.
- Public rallies by veterans, refugees from Azerbaijan and opposition parties in both Armenia and NK, Dashnaks going into open opposition to government, calls to impeach the president.
- Protests in occupied territories, with Armenians camping there and refusing to be evicted in Israeli style and/or blocking of the road in Lachin to Armenian government or international officials and peacekeepers.

Similarly, on the Azerbaijani side, a backlash can be expected against the first phase of a peace deal, especially taking into account the fact that Karabakh will remain under Armenian control. Azerbaijanis will also see that the occupied territories are entirely empty, ruined and mined, and will be confronted with the reality that they will not be habitable again for another decade.

Azerbaijani resistance could come from different groups:

- Protests in which the most vocal participants are the members of the Karabakh Liberation Organization, veterans and IDPs from Shusha or Lachin (who will not, in contrast to others, have an immediate right of return to their former homes under the first phase of a deal).
- A significant constituency in Azerbaijan – people sympathetic to radical Islam and hostile to both the West and Russia – could raise its head for the first time and target Western institutions for protest. Estimates of the size of this constituency vary, but it could be used as a political instrument in this case.

A further complication will arise in that the Madrid Document is (of necessity) founded on "constructive ambiguity" in which the Armenian side presents it as a mechanism for the ultimate secession of NK under a popular vote and the Azerbaijani side presents it as a deal

that upholds the territorial integrity of Azerbaijan and which does not allow a popular vote on status to take place without the return of Karabakh Azeri IDPs. Without the larger framework of trust that has accompanied other peace processes that have employed "constructive ambiguity" to good effect, such as Northern Ireland, the rival interpretations of the agreement would risk blocking further progress on the next phase of an agreement.

Some resistance to a peace agreement is inevitable and, if on a low level, can be managed. Any violence is unlikely to escalate beyond sniping incidents or stone-throwing. Peacekeepers will separate the two sides – although there will be potential for individuals to cause trouble by crossing into the territory of the other side. Azerbaijani IDPs from Aghdam, Fizuli and other regions will have a "buy-in" to a peace deal, knowing that their right of return is within their grasp as long as peace is maintained. Armenians will see immediate benefits through the opening of the Turkish border and restored transport communications. The key factor here is international planning: there would need to be a sufficiently robust international effort to buttress the implementation of the deal and present positive material benefits from an agreement as soon as possible.

4b Ceasefire breakdown

If the status quo persists and no agreement is signed, this is the most likely scenario by which things could get worse. In the words of one military analyst, "the situation on the frontline is inherently unstable if you have forces so close together." This has been accentuated by the use of deadly long-range sniper's rifles over the past two years.

The motivation to test or weaken the ceasefire is greater on the numerically stronger and more frustrated Azerbaijani side. One scenario is that a small incident is allowed to escalate. "You lob an artillery shell into their positions and 20 or 30 Armenians die," says one Western military expert. "Within 24 hours you have an escalation." Another scenario is a gradual but deliberate escalation of fire across the LOC. "Azerbaijan could use mortars every night and drive casualties up," says another military analyst, noting that the demographic balance is in Azerbaijan's favour.

This scenario would be the most difficult one for the international community to handle. There would be calls to strengthen the ceasefire regime and send more monitors. But, as South Ossetia has shown, it is worth anticipating this scenario now, rather than when the situation has already deteriorated.

4c Azerbaijani "Operation Storm"

If the peace process falters badly (probably a few years down the line), this is the first of three scenarios in which full-scale war is declared. One scenario is for a limited Azerbaijani offensive against two or three of the occupied territories to the east and south of NK, such as Aghdam, Fizuli and Jabrail. The model would be Croatia's Operation Storm of 1995 when it rapidly re-conquered lands held by the Serbs. Baku would hope that international criticism

would be muted as these territories are unequivocally part of Azerbaijan, with no Armenian inhabitants.

"The pretext could be securing the Iranian frontier," said one Azerbaijani official. "It would be a quick operation."

The dangers in this for Azerbaijan would be twofold. First, there would inevitably be casualties amongst ground troops moving into plains currently held by Armenians and this could cause a backlash in Azerbaijan. An Azerbaijani military expert has recently estimated that an operation of this kind would lead to the deaths of 10,000 soldiers.²² Secondly, this operation would fall short of Azerbaijan's main political goal which is to recover NK itself. "If they can't take all of NK, it's politically suicidal," says one Armenian expert. For its part, Armenia would probably respond to such an offensive by emulating Turkey in Northern Cyprus, moving troops into NK overtly and officially recognizing the government there. If there were then to be another ceasefire, it would freeze hostilities at a more aggressive level for another generation.

4d Azerbaijani all-out offensive

The next scenario is perhaps the "nightmare scenario" for observers of the NK conflict, an all-out Azerbaijani attack to re-conquer NK. This could take two forms, either an all-out attack against both Armenia and NK or a more limited operation against NK alone.

The option of an attack across the entire frontier would be militarily more tempting to Azerbaijan, but also more risky. "We could attack along the whole front from Kazakh to Nakhichevan," says one Azerbaijani military analyst. "Their forces are much weaker on the Armenian border. We have strong supremacy on the border with Nakhichevan."

This is the most dangerous scenario, as it would mean a war in the middle of the South Caucasus, with neighbours inevitably being affected. However, it is likely that the Russian military would feel compelled to intervene from its base in Gyumri under the terms of Moscow's alliance with Armenia and because of the CIS Collective Security Treaty. Armenia, with its back against the wall, would also unleash the worst of its destructive weaponry.

Were Baku to launch an offensive against NK alone, it would aim to use artillery to knock out Armenian anti-aircraft systems before deploying aviation and then ground troops. Armenian analysts claim that they have a sophisticated anti-aircraft defence system, supported by the Russians, in both NK and Armenia and would be strong enough to resist the first wave of such an offensive.

Military analysts agree that Azerbaijan would need to use special forces to spearhead such a campaign but that they could not do the job on their own. "The elite troops would

last 10-15 days, then there would be no one to replace them with," says one Azerbaijani military expert.

Plans for any big offensive would not go unnoticed abroad. Outside powers would be likely to monitor an Azerbaijani military preparation and do their best to stop it happening. "The necessary military build-up would be spotted long before, especially the logistics effort," says one Western diplomat. Western powers would then warn Baku of grave consequences if it launched a military strike. Another Western analyst suggests that the Russian military is near enough to be able to intimidate Azerbaijan if necessary.²³

Several Western analysts believe that Azerbaijan cannot win a military confrontation with the Armenians – although, after years of high military spending and correspondingly high political rhetoric, this might not necessarily stop them from embarking on one. "I see the danger of Azeris talking themselves into a new war as the big danger," says one Washington-based expert. The results would almost certainly be much graver than the five-day South Ossetia war, inflicting major loss of life, possibly drawing in the three neighbouring powers, Russia, Turkey and Iran, and leading to the shut-down or destruction of oil and gas infrastructure.

4e An Armenian pre-emptive strike

A final scenario would see Armenian forces, worried that they were losing the arms race with Azerbaijan, attempt a "pre-emptive strike" in order to force Azerbaijan to accept its terms. This was the favoured scenario of former NK military chief Samvel Babayan, who said that a "final round" of the conflict was needed to force Azerbaijan into agreeing to surrender NK once and for all.

Former NK Armenian leader Arkady Gukasian told the International Crisis Group in June 2007, "If we find that Azerbaijan's actions pose a direct threat to the security of the people of Nagorno-Karabakh, we may launch a preventive military action to address the threat." This camp appears to be losing ground within NK.

However, this option also looks implausible and risky. The ceasefire line is drawn across the plains because Armenian forces found it hard in the spring of 1994 to proceed any further and were beginning to suffer much heavier casualties. Their losses would be likely to be much greater now, given the greater capacity of Azerbaijani forces. An Armenian pre-emptive strike would in fact be much more likely to be halted and provoke a much broader Azerbaijani counter-offensive. It would also bring down strong international censure on Armenia. Again, it should not be excluded, however, should the Armenian side perceive that an Azerbaijani offensive is imminent. In NK the perception that war is being prepared for has the potential to speed

21 The fire that shut down BTC after a still unexplained explosion hit Valve No. 30 on the pipeline in eastern Turkey on August 5 2008 suggests that the line is indeed vulnerable.

22 Mektii Mekhtiev, quoted on *day.az* on February 6 2009.

23 The Russians now have a new mountain brigade stationed in Botlikh in Dagestan not far from the Azerbaijani border, as well as the Caspian flotilla based in Astrakhan north of Baku.

At the end of 2008 the somewhat brighter prospects for a peace agreement on NK illuminated all the more clearly the many obstacles that remain to progress.

There is the sensation of a "moment of truth" in which the parties must now prove whether they are genuine about continuing negotiations or whether they are more comfortable with a peace process that continues indefinitely but delivers no results.

up an escalation of the situation on the ground.

Initial optimism about the Moscow Declaration is beginning to recede, with both sides again exchanging recriminations that the other is not really committed to a genuine peace process. The Armenian side was angry about an interview given to Italian RAI television by Azerbaijani President Ilham Aliyev on November 26, in which he said he did "not exclude" the use of force over NK.

Currently, both sides are trapped in a situation where the incentives not to change are strong and where their societies still talk in terms of total victory. There is still far too little talk about the immense benefits to be derived from even the first phase of the current peace plan, such as the right of return of more than 80 per cent of Azerbaijan's IDPs to the occupied territories and the opening of Armenia's borders.

The language used about the dispute needs to change for progress to be made.

On the Armenian side, there is still a widespread view that "time is on our side" and that NK, like Kosovo, Abkhazia and South Ossetia, is heading towards some kind of partial international recognition. Yet events in 2008 contradict this, with Russia in particular keen to differentiate between NK and the Georgian conflicts. The most likely future for NK is a continuation of its limbo unrecognized existence, with the territory having a second-class international status, no international security guarantees and subdued developmental opportunities. This may be preferable to NK Armenians, rather than some of the alternatives on offer, but it is hardly a rosy prospect. At the same time Armenia's vulnerability was underlined by the Georgian conflict. Its "boom decade" now looks to be over and it may be entering a period of greater isolation.

At first glance, Azerbaijan's prospects are brighter. It is now embarked on what could be called its "boom decade" with all the wealth and improvements that go with it. However, the Azerbaijani boom appears to be too short (in comparison, say to that of Kazakhstan) and too reliant on oil and gas (with its highly variable price) for it to effect a long-term transformation of the country. Within two decades, Azerbaijan will find itself confronting the social and political hangover of the end of its oil boom.

The above analysis concludes that there is no viable military option for Azerbaijan and that a military offensive could be catastrophic for the country. This suggests that Azerbaijan must confront the difficult truth that NK is essentially lost to it, unless it makes major concessions on the sovereignty issue. It can effectively block full independence for NK, but it lacks the resources to force it into submission.

Just because there is no sensible military option this does not mean that a foolish one will not be tried by accident or for the wrong political reasons. The danger of this should not be ignored. What the Russian scholar Valery Tishkov calls "the factor of stupidity" always needs to be part of the NK equation – all the more so after the lessons of the catastrophic war over South Ossetia in August 2008.

Internationally, the diplomatic resources being committed to the conflict appear insufficient. Other agendas take precedence in bilateral conversations. The issue of energy security for example dominates negotiations with Azerbaijan. Yet here the long-term and the short-term again contradict one another. It is worth asking whether a project such as the Nabucco gas pipeline is feasible in a region prone to conflict either in Georgia or over Nagorny Karabakh – energy security and the Karabakh conflict are ultimately closely linked.

There is also a continuing misperception that the NK conflict is "frozen" and that it can be "managed" effectively by the Minsk Group. Yet the Minsk Group co-chairs do not have sufficient sticks or carrots to cajole the parties to the conflict. The co-chairmanship format has proved robust and durable enough to survive international shocks such as the Georgia crisis and to elaborate a sophisticated document such as the Document of Basic Principles. But it is too narrow and too closed to be able to facilitate a broader peace process. It would therefore profit by remaining the main negotiating mechanism but also by standing at the "vanguard" of a larger peace process in which other international organizations – such as the EU, Council of Europe, NATO, as well as other actors with a stake in the future of NK, such as Georgia or Iran, support the overall goal of a peace agreement.

Crucially, the affected societies are not involved in the peace process and there is widespread cynicism about the negotiations. Ordinary people do not feel they have a stake in a peaceful resolution of the conflict. Leaders are fearful of "riding the tiger" of public opinion on this emotive issue,

when it could devour them. The competing claims of the NK Armenians – who assert that they are a third party to the conflict – and of the NK Azeris – who aspire to equal status with the NK Armenians – are not being addressed. Everyone acknowledges that these issues need to be solved, but there is a shared reluctance to do so.

Both internationally and locally, the language used about the dispute needs to change for progress to be made. A change of tone needs to be choreographed so that Armenian and Azerbaijani leaders are seen and heard to be talking a new language not only to their own peoples but to the other side as well.

This means:

- Less use by international officials of formulae about "territorial integrity" and "self-determination" which obscure more than they reveal, and more specific reference to the rights of people, such as NK Armenians and Azeris or Azerbaijani IDPs from the occupied territories and what they stand to gain from peace.
- Reference to the solution of NK as part of a general formulation of a vision for the peaceful future of the Caucasus, with all sides having a stake in its economic projects.
- On the Armenian side, a more explicit distinction being made between the rights of NK Armenians (an Armenian "red line") and the status of the occupied territories. If repeated often enough, this would transmit the message to Azerbaijani IDPs from Aghdam and the other occupied territories that a right of return is within their grasp if a peace deal can be signed in which concessions are made on NK.
- On the Azerbaijani side, an end to talk of war, which undermines any trust on the Armenian side. Although it is unrealistic to expect the Azerbaijani side to formally sign a non-use-of-force agreement, an end to bellicose rhetoric is a prerequisite for progress in the peace process and could contribute to the generation of a positive cycle in relations between the parties. In the same vein, if Azerbaijan behaves like a "wealthy peacemaker," referring to NK Armenians as its potential citizens, rather than enemies or criminals, it will be the first step towards the rebuilding of a relationship that has not existed for 20 years.
- On both sides, mention of regret for the shared tragedy of war, of the deep common culture and history of trade and mixed marriages between Armenians and Azerbaijanis and of the necessity and value of living together as neighbours and partners in the future.

It needs to be emphasised that this kind of change of language and discourse is part of a long-term change in the "re-framing" of the NK conflict, which cannot in itself be expected to deliver instant results. It is also essential that this change of tone be choreographed with international support, as neither side can be expected to take the politically risky step of changing tone unilaterally.

This paper is intended to stimulate discussion rather than prescribe solutions. There are two broad conclusions: that the parties in the dispute need to engage in more creative long-term strategic thinking in the knowledge that neither side can fully "win" the NK conflict; and that they need to identify the international resources they require to achieve the long-term goal of peace and ask the international community to provide them.

Conciliation Resources is an independent charity with over a decade of experience working internationally to prevent and resolve violent conflict, promote justice and build lasting peace. Our practical work is guided by the needs of people living in countries affected or threatened by war. We currently work in the Caucasus, Sierra Leone, Liberia, Guinea, Uganda and Sudan, and are involved in projects in Colombia, Fiji and the Philippines. We also publish *Accord: an international review of peace initiatives*.

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