



DIRECTORATE-GENERAL FOR EXTERNAL POLICIES OF THE UNION
POLICY DEPARTMENT

THE NAGORNO-KARABAKH CONFLICT: RECENT DEVELOPMENTS AND BACKGROUND

POLICY BRIEFING

Abstract

For some time after the 2008 war in Georgia, new dynamics in the South Caucasus region raised hope that decisive progress towards a settlement of the Nagorno-Karabakh conflict could be made, but since about a year, a negative trend is obvious. Peace talks have stalled, the Armenian and Azerbaijani presidents now meet more rarely, belligerent rhetoric has been stepped up, an arms race is going on, military exercises on both sides of the frontline have grown bigger and fatal shooting incidents are frequent.

The Nagorno-Karabakh issue contributed strongly to the shaping of the environment in which Armenia and Azerbaijan were born out of the Soviet Union as independent states. The 1992-94 war, won by Armenia, cost some 20 000 lives and made hundreds of thousands of persons internally displaced. Almost two decades later, the South Caucasus region remains deeply fractured by the conflict, which also continues to be tightly linked to domestic political developments in the two countries.

The risk of a new war is real. At present, the possibility that an incident at the frontline escalates out of control looks most alarming. In the medium and longer term, a changed military balance as the result of massive Azerbaijani investments will likely increase the risk of a deliberately started war.

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1 RECENT DEVELOPMENTS

For a number of reasons, there is currently much pessimism in relation to the Nagorno-Karabakh conflict. Peace talks have stalled, the Armenian and Azerbaijani presidents now meet more rarely¹, belligerent rhetoric has been stepped up, an arms race is going on, military exercises on both sides of the frontline have grown bigger and fatal shooting incidents are frequent.

In the peace talks, the focus has increasingly been on the incidents at the line of contact. International mediators (see below) have urged the sides to withdraw snipers, but this has not been accepted. In the most recent meeting of the presidents of Armenia and Azerbaijan, with the Russian President Medvedev in Sochi on 5 March, these agreed to investigate incidents at the frontline. Whether this agreement is actually making a difference is, however, not entirely clear.

The opening of an airport in Nagorno-Karabakh, earlier planned for May 2011 and vehemently opposed by Azerbaijan, has been postponed indefinitely². Azerbaijan earlier threatened to destroy aircrafts landing at the airport. To this, the Armenian president responded that he will be on the first flight. More recently, Azerbaijan has concentrated on seeking to mobilise the International Air Transport Association (IATA) against the plans.

2 BACKGROUND

2.1 Brief history³

The borders of the Nagorno-Karabakh region were defined by the Bolsheviks in 1923 and the region was given autonomous status within Azerbaijan. Josef Stalin was Commissar on Nationalities at the time. The reasons for the decision have never been fully clarified. The resident population was almost exclusively Armenian, but economically, the region was well integrated with Azerbaijan. During the Soviet era, the ethnic Armenian dominance decreased somewhat, but remained strong.

When freedom of expression grew in the Soviet Union under the Glasnost policy of its last leader, Mikhail Gorbachev, proponents of secession of Nagorno-Karabakh got ever more vocal. Tension between the Armenians and the Azeri minority in Nagorno-Karabakh rose and Azeris started to leave or being pushed out of the region. An Azeri counter-reaction against Armenians living elsewhere in Azerbaijan followed.

In February 1988, a pogrom against Armenians erupted in the town of Sumgait, claiming dozens of victims. A forced population exchange begun with Armenians in Azerbaijan leaving for Armenia, and Azeris in Armenia moving to Azerbaijan. In January 1990, anti-Armenian and anti-Soviet mobilisation by Azerbaijani nationalists sparked a pogrom against Armenians in Baku. Gorbachev declared a state of emergency, Soviet troops stormed the city and clashes claimed many lives.

After the break-up of the USSR, the conflict escalated into war. Immediately after the restoration of the Republic of Azerbaijan on 31 August 1991, Nagorno-Karabakh declared itself independent. In reaction, the Azeri parliament on 26 November annulled the autonomous status of the region. A war in 1992-94, continued in spite of four UN Security Council resolutions calling for an end to the hostilities and for withdrawal of occupying forces⁴, brought Nagorno-Karabakh, as well as the whole of four adjacent provinces of Azerbaijan and parts of three other such provinces, under

¹ They are scheduled to meet together with the Russian President Medvedev in the Russian town Kazan on 25 June 2011.

² RFE/RL: *Nagorno-Karabakh Flights On Hold Despite Airport Reconstruction*, 16 May 2011.

³ Partly based on Thomas de Waal's acclaimed book *Black Garden. Armenia and Azerbaijan through Peace and War*. New York University Press 2003 (available in the EP Library).

⁴ Resolutions adopted by the UN Security Council on 30 April, 29 July, 14 Oct and 12 Nov.1993.

Armenian control. Some 20 000 lives were lost, atrocities like the February 1992 killing of a great number of fleeing civilian Azeris in the village Khojaly occurred and hundreds of thousands of people became refugees or Internally Displaced Persons (IDPs) - the great majority of them Azeris from the Armenian-occupied lands in the seven adjacent provinces. The result was an ethnically cleansed Nagorno-Karabakh region with depopulated lands on most of its perimeter.

2.2 Importance for regional developments

The conflict has led to isolation of Armenia, as Turkey on Azerbaijani insistence keeps its border to Armenia closed. This leaves the landlocked Armenia with only two options for overland transport to and from the outside world: through the vulnerable Georgia or through the sanctions-targeted Iran.

Pipelines for transport of Caspian oil and gas to Turkey have been built through Georgia and a railway from Azerbaijan to Turkey which also circumvents Armenia is currently under construction. Straighter connections via Armenia would make more economic sense. The extra cost of the route chosen probably only represents a small part of the economic cost of the missed opportunities for region-wide cooperation.

Isolated and insecure because of its conflict with Azerbaijan, Armenia is hugely dependent on Russia. The conflict helps Russia maintain an extremely important role in the region.

For Turkey, the conflict hinders its "zero problems with neighbours" from succeeding in relation to the South Caucasus. Turkish-Armenian moves towards opening of the shared border and development of cooperation have been aborted, mostly as a result of Azerbaijani pressure on Turkey for this, and a Turkish attempt to create a security and cooperation platform together with the three countries of the South Caucasus and Russia has been fruitless.

2.3 Links to domestic political developments in Armenia and Azerbaijan

The Nagorno-Karabakh conflict remains a defining issue for even more than the situation on the ground in the contested territories and the international relations in the region. It also continues to be inextricably linked with domestic political developments in Armenia and Azerbaijan.

The conflict shaped the painful birth of both states out of the disintegrating Soviet Union. In Azerbaijan, it was a core issue for the Popular Front of Azerbaijan, around which mass mobilisation occurred. It greatly helped the Popular Front to come to power one year after the independence and it opened the way for Heidar Aliyev to take over a further year later, when Azerbaijan was losing the war. In Armenia, the Nagorno-Karabakh issue determined the rise and fall of the first president, Mr Levon Ter-Petrossian. He was succeeded by the former *de facto* president of the self-declared Nagorno-Karabakh Republic, Robert Kocharian, who in 2008 effectively handed over to Serzh Sargsyan, a former commander of the Nagorno-Karabakh army.

Today, Azerbaijan is ruled by Heidar Aliyev's son Ilham and each of the two main (albeit very weakened) opposition parties is led by a Popular Front veteran⁵. In Armenia, Ter-Petrossian has the greatest capacity to mobilise opposition against "the Nagorno-Karabakh clan", which remains in power, and for the opposition within the parliament, an uncompromising stance on Nagorno-Karabakh is a key demand.

The prospects for settlement of the Nagorno-Karabakh conflict would likely improve if democratisation would occur in the conflicting states. One reason is that for such settlement, a degree of power-sharing and a legal system providing solid guarantees for the upholding of rights will be needed. By their very nature, authoritarian regimes do not easily accept adoption of such

⁵ Ali Keremli of the Azerbaijan Popular Front Party and Isa Gambar of Müsavat ('Equality').

arrangements and if they do, their track records provide fuel for suspicions that they will not honour commitments to implement such arrangements.

2.4 Situation on the ground

Towards the end of the Soviet era, there were about 145 000 Armenian and 40 000 Azeri inhabitants of Nagorno-Karabakh. Today, there are slightly fewer Armenians and no Azeris. The region claims statehood, but is not recognised as a state even by Armenia. Neither is the president, the parliament or any other authority of "the Republic of Nagorno-Karabakh" recognised as legitimate and the same goes for a referendum on independence held there in 2006 as well as for all elections arranged⁶.

Elections in Nagorno-Karabakh pose little challenge to the ruling elite⁷. The region is poorer than Armenia and hugely dependent on support from there.

There are some Armenian settlers on the adjacent, Armenian-occupied territories, but their number is low. For the most part, these territories are ghost-lands.

The frontline, referred to as the line of contact, in some places consists of enemy trenches running very close to each other. Some positions are, moreover, very near villages, the inhabitants of which only work their fields at night⁸. Attempts to gain control of small pieces of additional terrain occur and shooting is frequent. Fatal incidents are not rare: in 2010, at least 25 soldiers were killed. Also civilian lives are lost and one of the most recent victims was a small Azeri boy⁹. The term "frozen conflict" is thus misleading and should be avoided.

2.5 Mediation

Mediation efforts are made by a troika consisting of Russia, France and the US, but Russia is increasingly taking a leading role, in particular through meetings of President Medvedev with the Armenian and Azerbaijani presidents. Russia, France and the US act as co-chairs of the Minsk Group, which after the ceasefire in 1994 was created in the OSCE to deal with the conflict. The OSCE plays a supporting role through its Personal Representative of its Chairman in Office, the Polish diplomat Mr Andrzej Kasprzyk. He also leads a small team of field assistants who report on incidents at the line of contact, but cannot visit any part of it without giving advance notice.

The Co-Chairs are trying to achieve an agreement on a set of basic principles for a settlement, since 2007 often referred to as the Madrid Principles.

A statement by presidents of the Co-chair countries in July 2009¹⁰ set out the basic principles:

- return of the territories surrounding Nagorno-Karabakh to Azerbaijani control;
- an interim status for Nagorno-Karabakh providing guarantees for security and self-governance;
- a corridor linking Armenia to Nagorno-Karabakh;
- future determination of the final legal status of Nagorno-Karabakh through a legally binding expression of will;
- the right of all internally displaced persons (IDPs) and refugees to return to their former places of residence; and
- international security guarantees that would include a peacekeeping operation.

⁶ To see what image of itself the de facto government projects, French-readers could take a look at the [website of the Nagorno-Karabakh representation in France](#).

⁷ See IWPR: [Karabakh Government Faces Little Competition](#), 30 Oct 2009.

⁸ See IWPR: [Grim Night Life of Azeri Villagers](#), 13 Aug 2010.

⁹ The veracity of this Azerbaijani claim was confirmed to the author of this briefing by a person working for the International Crisis Group who visited the location and spoke to the parents.

¹⁰ [Link to the statement](#).

A new, but reportedly not fundamentally different version of the basic principles was elaborated and in the beginning of 2010, President Aliyev made very positive statements, while President Sargsyan was more reserved. Differences no doubt persist on the issue of whether or not secession of Nagorno-Karabakh should be excluded as an option.

In the wake of the August 2008 war, new dynamics in the region, including the Turkish-Armenian rapprochement earlier mentioned, raised hopes that decisive progress could be made. Mediation efforts intensified and meetings between the Armenian and Azerbaijani presidents became more frequent. But since the second half of 2010, the talks about conflict resolution appear blocked and the situation on the ground has deteriorated.

2.6 The risk of war

An Azerbaijani-led arms race challenges the status quo. Flush with oil and gas export revenue, Azerbaijan is buying fighter aircraft, missiles and other military hardware. Its military budget has increased roughly 20-fold (!) since Ilham Aliyev became president and it now exceeds the entire Armenian state budget.

Armenia has much less resources, but benefits from its ties with Russia. The two are allied through the Collective Security Treaty, as well as through a bilateral agreement which is now valid until 2044 and gives Russia a military base in Armenia. Even so, it is far from clear how Russia would react if a new war between Azerbaijan and Armenia would break out.

Neither is the level of Russia's peacetime support for Armenia entirely predictable. Russia's interest in achieving control of Azerbaijani energy exports could influence its policy on Nagorno-Karabakh: a more Azerbaijan-friendly approach to this conflict could at some point be traded for Azerbaijani acceptance of Russian energy proposals.

Azerbaijan's build-up of military strength and belligerent rhetoric is clearly aimed at putting pressure on Armenia in the peace talks. The current risk of Azerbaijan deliberately starting a full-scale war is probably not great. Continuing to reap high profits from the exploitation of the country's oil and gas resources is likely to be a higher priority for Azerbaijan's ruling elite and a war would not be compatible with this. It is worth noting that oil and gas pipelines pass only 15 km from the line of contact.

The situation may, however, change in a few years time, when the oil and gas production will have peaked. When this happens, there may also be less room for social expenditure and a greater perceived need to apply diversionary tactics to protect the stability of the regime. If at the same time great military superiority will have been achieved as a result of more years of heavy investment, cost-benefit calculus for a war by decision-makers in Baku may turn out differently.

A war can, however, also be accidental and this risk already looks significant. Incidents can escalate out of control under the influence of various factors¹¹.

The EP considers the status quo unacceptable and unsustainable. A May 2010 resolution¹² expresses full supports for the mediation by the Minsk Co-Chairs and the Madrid Principles. It calls on the parties "to abandon preferences to perpetuate the status quo created by force and with no international legitimacy", while simultaneously condemning the idea of a military solution. In the resolution, the EP "demands [...] the withdrawal of Armenian forces from all occupied territories of Azerbaijan, accompanied by deployment of international forces to be organised with respect of the UN Charter in order to provide the necessary security guarantees in a period of transition, which will ensure the security of the population of Nagorno-Karabakh and allow the

¹¹ For a collection of unnerving scenarios of this and other types, see [Thomas de Waal: The Karabakh Trap. Dangers and dilemmas of the Nagorny Karabakh Conflict](#), Feb 2009.

¹² [The Need for an EU Strategy for the South Caucasus](#), 20 May 2010.

displaced persons to return to their homes and further conflicts caused by homelessness to be prevented".