



## EXPERTS WRITTEN PRESENTATIONS

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#### “Nagorno-Karabakh: security situation”

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#### I. INTRODUCTION TO THE NAGORNO-KARABAKH SECURITY SITUATION

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The unresolved dispute between Armenia and Azerbaijan over the majority Armenian-populated enclave of Nagorno-Karabakh is one of the most worrying unresolved conflicts in the Caucasus region, both because of rising tension between the two sovereign states and because the three principal regional powers – Russia, Turkey and Iran – all have a differing stance towards the issue. The tense situation polarises the regional powers, with Russian support for Armenia and Turkey’s strategic partnership with Azerbaijan dividing the wider Caucasus region into two blocs and raising fears that, if there was a renewal of fighting, it could rapidly become internationalised. Although it is eighteen years since a cease-fire agreement was signed, the ensuing stalemate has brought no real peace or stability and the two countries are still officially at war over the mountainous region. The conflict is certainly not frozen: the fighting may have come to an end, but fundamental issues remain unresolved and the threat of renewed hostilities remains very real.

#### Key Points

- Nagorno-Karabakh: majority-Armenian populated secessionist region of Azerbaijan
- Status unresolved since ceasefire agreed in 1994
- Escalation of violence along Line of Contact in Nagorno-Karabakh, ‘sniper’ war
- Significant growth in defence spending by both Azerbaijan and Armenia, fears of an arms race. Upgrade of military equipment
- Dramatic rise in Azerbaijan’s defence spending from US\$175m in 2004 to an estimated US\$3.1bn in 2011, a 45 per cent rise on 2010
- Azerbaijan’s spending on defence in 2011 exceeded Armenia’s entire national budget
- Armenia
  - Small but well-organised armed forces (48,834)
  - Defence budget (2011) US\$387m, 4.1% GDP
  - Russian troops – approx 3,000
- Azerbaijan
  - Earnings from hydrocarbons – peak 2014?
  - Defence budget (2011) US\$3.1bn, 6.2% GDP
  - More troops (66,940), lower combat readiness
  - Need to maintain stability to attract investment
- Whilst Azerbaijan’s armed forces almost double the size of Armenia’s, Armenia benefits from Russian political and military support
- Regional powers (Russia, Turkey and Iran) all have substantial historical, cultural and ethnic links with the South Caucasus, largely a legacy of empire.
- Strategic alliance between Armenia and Russia; 102<sup>nd</sup> Russian military base at Gyumri. Armenia also has good relations with Iran

- Azerbaijan has a close relationship with Turkey, ethnic and linguistic similarities: 2010 Strategic Partnership and Mutual Assistance Agreement. Tense relations with Iran, developing relationship with Israel
- Russian support for Armenia and Turkey's strategic partnership with Azerbaijan divides the wider Caucasus region into two blocs, raising fears that, if there was a renewal of fighting, it could rapidly become internationalised

**Table One: Military Expenditure of post-Soviet states, 2010-11 (US\$M)**

	2010	% of GDP	2011 (forecast)	% of GDP
Armenia	347	4.07	387	4.1
Azerbaijan	1,585	3.95	3,100	6.2
Georgia	519	4.56	390	2.9
Kazakhstan	1,066	0.9	1,297	0.9
Moldova	29	0.56	29	0.55
Russia	41,800	2.9	50,570	3.02
Uzbekistan	1,422	3.5	1,568	3.2

*Nezavisimaya Gazeta*, 22 February 2011, [http://www.ng.ru/cis/2011-02-22/1\\_neoglobalizm.html](http://www.ng.ru/cis/2011-02-22/1_neoglobalizm.html)

**Table Two: Comparison of Armed Forces**

	Armenia	Azerbaijan
Population	3,090,379	8,933,928
Armed Forces*	48,834	66,940 (+ 15,000 paramilitary)
Army	45,846 (inc. 25,880 conscripts) 110 tanks (8 T-54/55, 102 T-72) 240 armoured combat vehicles (104 AIFVs, 136 APCs) 239 artillery, inc. Tochka tactical missiles	56,840 339 tanks (95 T-55, 244 T-72) 468 armoured combat vehicles (111 AIFVs, 357 APCs) 458 artillery, inc. Smerch rocket launcher & Tochka tactical missiles
Border Guards	approx. 70 armoured combat vehicles	5,000 187 armoured combat vehicles (168 AIFVs, 19 APCs)
Air Force (& Air Defence)	1,061 1 MiG-25 and 15 Su-25 aircraft, 30+ helicopters inc. 8 Mi-24 P and 10 Mi-H17	7,900 41 aircraft, inc. 14 MiG-29, 4 MiG-21, 10 Su-25 and 5 Su-24 35 helicopters inc. 15 Mi-24, 13 Mi-8 and 7 Mi-2 4 UAVs (ISR) SAM: S-75, S-125/S-200, S-300
Reserves	poss. 210,000 with military service within 15 yrs	300,000 with military service within 15 yrs

\*Armenia also has around 3,300 Russian service personnel stationed on its territory, as well as a significant amount of military equipment. AIFV = armoured infantry fighting vehicle, APC = armoured personnel carrier.

Source: The Military Balance 2012, The International Institute of Strategic Studies. (Oxford: Oxford University Press, 2012)

## **II. COUNTRIES BRIEFING ON ARMENIA AND AZERBAIJAN**

Adam EBERHARDT, *Deputy Director, Centre for Eastern Studies (OSW), Poland*

- The conflict over Nagorno-Karabakh has essential symbolic and historical significance for both Armenia and Azerbaijan. The disputed region however has no economic potential, natural resources or strategic importance.
- Azerbaijan sees lack of control over 16 per cent of its territory as painful evidence of the state's weakness. Karabakh as a historical part of Azerbaijan is a key element for building national identity and is used by the government as a factor of social consolidation (mainly by referring to the Khojaly massacre by Armenian forces in 1992). Azerbaijan's firm stance arises also from a large group (600 thousand) of Azerbaijanis displaced from Karabakh who have not integrated into the post-war environment.
- Armenians perceive Karabakh as one of the main cradles of their statehood. Victory in the Karabakh war is a source of national pride and reinforces a modern identity, which has always been marked by the struggle for survival (a strong 'victim mentality').
- Although Armenia has not formally recognised Karabakh's independence, there are indissoluble bonds between the two. Karabakh receives political, economic and military assistance from Armenia. Armenia inherited its ruling elite directly from Karabakh (including both the incumbent and the former president, who come from the region).
- From Azerbaijan's point of view, it is obvious that the conflict should be resolved in a way which restores its control of the disputed territories. Most people expect war to be resumed and are under no delusions as to Azerbaijan's final victory. The government neither wishes to nor can it ignore. In Armenia, most people regard the conflict as having been already settled and have no intention to seek any compromise with Azerbaijanis, whom they do not trust. It leaves little room for negotiations.
- The balance of power has shifted in favour of Azerbaijan due to growing oil revenues. Azerbaijan's military expenses exceeded \$ 3 billion in 2011 (compare to 130 million in 2003); this is more than Armenia's entire state budget. According to SIPRI, Azerbaijan made the largest real percentage increase in military spending in the world in 2011. Energy resources have also increased Azerbaijan's strategic importance for the EU, Turkey and Russia.
- There is distinct 'status quo fatigue' in Azerbaijan. The widespread feeling of power (political, economic, military) is not accompanied by progress in negotiations on Karabakh. This is leading to an ever growing frustration among its political elite and more militarist propaganda as a result. It is widening the gap between Azerbaijani expectations and reality. It is also leading to the consolidation of a resolved Armenian position as a result.
- Despite a shift in the balance of powers, Armenians are still the dominating party in the Karabakh conflict: they control the disputed territories and their armed forces have the reputation of being strong (and well prepared for a defensive campaign). Armenia is a political and military ally of Russia. The unresolved conflict over Karabakh is the most powerful tool Moscow has in its policy vis-a-vis Azerbaijan.
- Given the present balance of powers, war is still a risky option for Azerbaijan's political elite since a lost conflict would pose the risk of internal breakdown. It is unlikely that

Baku would be able to secure Russia's friendly neutrality should there be a military conflict. The threat that Azerbaijan will decide to launch large-scale military actions will be gradually increasing in the coming years. However, in the current situation an uncontrolled (or provoked) increase of tension is probable. It should not be ruled out that it will get out of control and lead to resumption of full-scale military conflict. The prospects of a peaceful conflict resolution seem to be close to zero.

### **III. EU APPROACH AND INSTRUMENTS: A ROLE FOR THE EU. AN INCREASED EU ROLE IN SUPPORT OF A PEACEFUL SETTLEMENT OF THE CONFLICT OVER NAGORNO-KARABAKH IS BOTH NECESSARY AND POSSIBLE.**

Dennis SAMMUT, *Executive Director of LINKS, London Information Network on Conflicts and State-building*

The conflict over Nagorno-Karabakh is a multi-layered conflict that whilst having characteristics of a local ethnic conflict, today involves the political elites and populations of Armenia and Azerbaijan, and has implications for the region in general. At the heart of the conflict is the issue of security, both at the local community level, as well as that of all the countries concerned. Russia, Turkey and Iran not only border the region but also have long historical, political, cultural, religious and economic association with it. The EU now sees the region as part of its immediate neighbourhood, as well as a strategic gateway for energy resources and trade. The US has declared interests in the region and is active in it in different ways. None of these players will remain passive in case of an escalation of the current conflict. Whilst some will seek to defuse any escalation or crisis it is not excluded that others may want to exploit. All however will be concerned less any escalation will expose them to any new perceived threats.

It is in the interest of the European Union that the conflict is resolved, and not simply contained. This requires a pro-active policy. Whilst the EU need not seek a direct role in the facilitation of the negotiations between Armenia and Azerbaijan – a task currently entrusted to the Minsk Process – there is still much it can do. Any change to the format of the Minsk Process will require the acquiescence of both Armenia and Azerbaijan and this is unlikely. This should not stop the EU from making an appraisal of the work of the Minsk Group, and support for the peace process should not mean there should not be constructive criticism of its strategies and tactics. The failure of the Minsk Process to deliver a settlement after twenty years requires not only new approaches on the part of the three co-chair countries, but also their willingness to share more broadly responsibilities for tasks that are necessary for any settlement to be reached.

#### **An increased EU role in support of the peace process**

For its part the EU needs to prepare itself for an increased role. It already has a number of useful mechanisms in place:

- The EUSR is now clearly mandated to engage with the conflict and work for its solution.
- Through Euronest, the EP now has a framework that can engage with the issue through a parliamentary dimension.
- The European Commission, through the Eastern Partnership mechanism and various other instruments engages the two countries bilaterally (and on rare occasions regionally), and has experience of project implementation on the ground in conflict and post-conflict scenarios.
- Civil society initiatives supported by the EU now engage a range of local stakeholders. These initiatives include the European Partnership in support of a solution of the Nagorno-Karabakh conflict (EPNK) and the Eastern Partnership Civil Society Forum.

*Recommendation 1: There is a need for a more joined up approach of different EU led initiatives working on the subject matter. This can be done through the good offices of the EUSR and should provide for shared analysis and more systematic sharing of information through regular meetings.*

## **The military dimension**

The amassing of tens of thousands of soldiers on the line of contact separating Armenian and Azerbaijani forces, the sharp increase in military spending, and a high risk of misperception of the intentions of both sides, create very dangerous conditions that may trigger an escalation, even if neither side sets out to consciously increase the level of violence.

The EU needs to develop an independent capacity to assess the risk and evaluate developments.

*Recommendation 2: There should be better use of satellite imagery in both assessing the situation, as well as in assisting the sides to avoid misperception.*

*Recommendation 3: The EU needs to have a direct channel of communication with the military command structures of the two sides. As a first step the EU should consider deploying military liaison officers within the EU delegations in Baku and Yerevan.*

## **Confidence building measures (CBMs)**

We now often hear references to confidence building measures and the role the EU can play in implementing them. CBMs are not in themselves a panacea, and must not become an alternative to a credible peace process. Indeed in the context of Nagorno-Karabakh before CBMs can be implemented, the sides - and particularly Azerbaijan, need to be convinced that CBMs are not simply a means through which the status quo could be maintained.

The scope of what military and civilian CBMs can be implemented is limitless, and is determined primarily by the timing and the immediate objectives. In the present atmosphere military CBMs are difficult if not impossible. As a priority, it is important to strengthen the existing monitoring of the situation on the line of contact. The political conditions do not yet exist for this to happen and resistance comes from both the sides, and sometimes from other international players.

*Recommendation 4: The European Union must be ready to deploy personnel in support of an enhanced monitoring operation once the conditions for its deployment exist*

In the current scenario CBMs are necessary to increase the trust between the sides in the conflict, to avoid misperception both political and military, and to help create the best conditions for negotiations between the parties to re-start, and proceed successfully. If and when there comes a breakthrough in the negotiations CBMs will be required to consolidate any agreement and help hold it together. At all points CBMs need to address the different tiers of the conflict, so for example whilst some CBMs should be targeted at the grass root communities, on the line of contact and within the affected communities, other CBMs should target the political and intellectual elites who drive the debate around the conflict.

*Recommendation 5: It should be the objective of the EU to create opportunities (sometimes referred to as "safe spaces") for Armenians and Azerbaijanis to discuss and interact with each other. Some work has already been done in the past, but often it is not clear what the objectives of such meetings are, and how they fit within a wider strategy. This work needs now to be more systematic and cut across existing initiatives such as the Eastern Partnership, Euronest, EPNK etc. The sides are on the whole amenable to this idea as long as proper conditions and frameworks are created. Priority should be given for these meetings to be held within the region based on the example set by Euronest.*

Engaging with the conflict affected populations, both Armenian and Azerbaijani needs to be prioritised. The issue is highly politicised since it is often wrongly connected with the issue of status. However some steps can be taken even at this stage.

*Recommendation 6: The European Commission should design a series of conflict sensitive projects, running in parallel with communities on both sides of the line of contact. The EU should take the lead whilst also leveraging additional funding for such a scheme from third parties*

*Recommendation 7: The EU needs to develop a mechanism that would allow it to engage with the present population in Nagorno-Karabakh. The EU should continue to push the demand made earlier this year by the European Council and the European Parliament for unhindered access to Nagorno-Karabakh. This entails persuading the Azerbaijani authorities to lift their objection to designated personnel working on EU led initiatives from travelling to Karabakh. It also entails persuading the de facto authorities in Nagorno-Karabakh not to insist on visa requirements or other procedures that may imply recognition of sovereignty.*

*Recommendation 8: The EU should seek the agreement of the sides to establish in Nagorno-Karabakh an EU information office, managed by local and European NGOs, with a view to opening up access to the people living in the territory, as well as increasing the understanding among the local population of European processes.*

### **Addressing the information deficit**

There exists at the moment a serious information deficit amongst the populations of both Armenia and Azerbaijan, and within the conflict affected communities in particular, of issues related to the conflict. The conflict is projected from very narrow and biased perspectives by both sides. This is one of the most serious obstacles to the peace process. For twenty years the Minsk Group and others working on the issue have been asking the two governments to start preparing their populations for an eventual peace settlement but there are few signs that this is happening. Addressing this problem should be a high priority for the EU.

*Recommendation 9: The EU should increase support for projects that help give people on both sides of the conflict divide a better understanding of the issues at stake. This could involve, for example, establishing a one hour television slot that could be targeted at the region and carried by a medium such as Euronews, or if conditions allow, local stations.*

### **The big picture**

The conflict over Nagorno-Karabakh cannot be seen in isolation. The regional geo-strategic conditions impact the approach of both the sides in the conflict, as well as the attitude of other stakeholders. It is unlikely that significant progress in resolving the conflict will ever be achieved unless it is embedded in a proper regional security context. In this regard the EU may be uniquely placed to lead.

In its resolution adopted on 20 May 2010 the European Parliament recommended “the setting up of a Conference on Security and co-operation in the South Caucasus, embracing the countries concerned and the relevant regional and global actors with a view to developing a Stability Pact for the South Caucasus”. This idea has also been under discussion for some time amongst some think tanks. Some still consider it a far-fetched idea, and there will be a need to convince the sceptics.

*Recommendation 10: The High Representative on CFSP should be asked to look again at the recommendation of the Parliament. The European Parliament should reiterate its recommendation. The Parliament can also take the lead in promoting the discussion by hosting a special meeting where diplomats and think tanks can share views on how best such an idea can be developed. There is no doubt that a process such as a South Caucasus Security and Co-operation Conference will be difficult to put together and there are risks attached to it. But the need of a comprehensive security forum to focus on the issues of the region should be equally clear.*

The conflict over Nagorno-Karabakh poses a danger to peace and security on the borders of the European Union, one that may have serious implications and consequences way beyond the region. The unresolved conflict also hinders and puts at risk a number of EU objectives. There is a need for a robust EU engagement with efforts to resolve the conflict that will address the different characteristics of the conflict, whilst not necessarily being directly involved in the peace process mechanism. The ten recommendations listed above strengthen the EU capacity to engage and offer a series of initiatives that engage all stakeholders, from the grassroots level to the geo strategic players.