
15. The conflict in Nagorno-Karabakh: its impact on security in the Caspian region

Dina Malysheva

I. Introduction

The Caspian region is a crossroads where the interests of many states meet to form a complex pattern. First and foremost are the states bordering the Caspian Sea itself—Azerbaijan, Iran, Kazakhstan, Russia and Turkmenistan. However, the full set of problems related to the region is so important that it also affects the interests of many other countries—of every Central Asian state, as well as Armenia, Georgia, Turkey, and even Moldova and Ukraine, for which the oil and gas of the Caspian region are of vital concern. The Caspian region is not merely a hub of entrepreneurial interests. It is also fraught with the danger of political and military conflicts, long-running and new, both in the areas of oil and gas extraction and in the zones providing outlets for this mineral wealth.

The conflict in Nagorno-Karabakh, a mainly Armenian-populated enclave of Azerbaijan, began in the late 1980s following a sharp escalation of ethnic tensions between Armenians and Azeris, and remains basically an inter-ethnic conflict.¹ It has, however, been strongly influenced over the past decade by a geopolitical struggle developing in the South Caucasus over its energy resources and energy transport routes. The conflict has become a local manifestation of the worldwide battle for another redivision of the world market and for political and economic control over the Caucasus and the Caspian region. There is a direct link between the settlement of regional security, on the one hand, and the geopolitical, economic and strategic interests of the conflicting sides, the mediators ('third parties') and the international community as a whole, on the other. The Karabakh issue would lend itself to a resolution much more easily were it not for the involvement of the strategic interests of other states and of major international companies taking part in prospecting for or mining the natural resources of the successor states of the USSR in the Caspian region. This simple truth has long been recognized by both Armenia and Azerbaijan.

The matter in dispute is the Nagorno-Karabakh Autonomous Region of Azerbaijan (NKAR). On 20 February 1988 the NKAR's Deputies asked the Supreme Soviet of the USSR and Armenia and Azerbaijan to endorse the withdrawal of the NKAR from Azerbaijan and reunite it with Armenia. This was the starting point of the conflict. It was followed by the adoption of legislative acts to legalize the formation of the Nagorno-Karabakh Republic (NKR)—a resolu-

¹ On the history of the conflict see, e.g., successive editions of the SIPRI Yearbook.

tion on Nagorno-Karabakh's Reunification with the Armenian Soviet Socialist Republic, passed by both Armenia's Supreme Soviet and the NKAR's Regional Soviet on 1 December 1989; and the decree of the NKAR Deputies on the Formation of the Nagorno-Karabakh Republic, 2 September 1991. Previously, on 30 August 1991, Azerbaijan's Supreme Soviet had approved Azerbaijan's declaration of independence.² After a referendum in December 1991 on the official status of Nagorno-Karabakh (which took no account of the opinion of its non-Armenian population, which by then had suffered ethnic cleansing),³ the NKR proclaimed independence in 1992, its territory including not only the proper territory of the NKAR, but also the Shaumyan District of Azerbaijan. In the course of fighting which took place in 1993 the NKR Army (with the support of Armenia) gained control of seven contiguous districts of Azerbaijan, declaring them to be a security belt. The ceasefire agreement signed by Armenia and Azerbaijan in Bishkek on 16 May 1994 is on the whole in force, but there are still shoot-outs on the line of contact between the two sides.

It is an open secret that the Nagorno-Karabakh conflict is in many respects determined by the struggle for Caspian oil and the future pipeline routes for the export of this oil. At the beginning of the 1990s the West initiated 'pipeline diplomacy' aimed at finding new routes for Caspian oil exports that would be alternatives to routes across Russia. The USA's strategic interests and conflict with Iran were behind the promotion of the Baku-Ceyhan pipeline project.⁴ However, in order to implement the project several obstacles had to be overcome, the foremost of which was the Nagorno-Karabakh conflict.

The 'oil slick' of the Nagorno-Karabakh conflict came to the surface in 1993, and the debates over the routes that will carry Caspian oil to the world markets are still lively. The debating sides—the Caspian states and their neighbours—are trying to estimate not only the future revenues from the transit of oil over their territories but also the political dividends accruing from control over the energy transmission systems of the Caspian region.⁵ It is clear that the countries of the region are highly dependent on whoever is to provide the outlet for their oil. Yet the security of the oil pipeline routes cannot be guaranteed unless the Nagorno-Karabakh conflict is brought to a close.

² Malysheva, D., *Konflikty v Razvivayushchemsya Mire, Rossii i SNG* [Conflicts in the developing world, Russia and the CIS] (Russian Academy of Sciences, Institute of World Economy and International Relations (IMEMO): Moscow 1997), p. 31; and Oganessian, N., 'Nagorno-Karabakhskiy konflikt i varianty ego resheniya' [Nagorno-Karabakh conflict and ways to resolve it], *Etnopoliticheskiye Konflikty v Zakavkazye: ikh Istoki i Puti Resheniya* [Ethno-political conflicts in Transcaucasia: their roots and ways to resolve them] (University of Maryland: College Park, Md., 1997), pp. 100–102.

³ The cleansing was preceded by Armenian pogroms in Azerbaijan and by deportations of Armenians from Azerbaijan in 1988–91. For further detail see Chobanyan, S., *Gosudarstvenno-organizovanny Terrorizm* [State-sponsored terrorism] (Yerevan, 1992); and Babanov, I. and Voyevodskiy, K., *Karabakhskiy Krizis* [The Karabakh crisis] (St Petersburg, 1992), pp. 47–53.

⁴ On the actual and projected pipeline routes see chapter 3 in this volume.

⁵ For further detail see *Rossiya i Zakavkazye: Realii Nezavisimosti i Novoye Partnerstvo* [Russia and the Transcaucasia: the realities of independence and a new partnership] (Finstatinform: Moscow, 2000), pp. 63–75; and Bahgan, G., 'The Caspian Sea geopolitical game: prospect for the new millennium', *OPEC Review*, vol. 23, no. 3 (Sep. 1999), p. 205.

At the Summit Meeting of the Organization for Security and Co-operation in Europe (OCSE) in Istanbul on 18–19 November 1999, the presidents of Azerbaijan, Kazakhstan and Turkmenistan plus Georgia and Turkey achieved a breakthrough by signing a number of important documents on the transfer of oil and gas.⁶ The implementation of these agreements could well change the geopolitical and geo-economic situation in the South Caucasus and the larger Caspian region. However, the struggle for the division of the region's oil resources is far from over, and it affects the course of the Nagorno-Karabakh conflict and the positions of the contending sides. The conflict, moreover, has a momentum of its own.

II. The positions of the contending parties

Azerbaijan

Azerbaijan, striving to uphold its territorial integrity, refuses to recognize the self-proclaimed Nagorno-Karabakh Republic or to regard it as a party in the conflict. It accuses the NKR leadership of separatism and Armenia of connivance. Azerbaijan is also striving to persuade world opinion that the Nagorno-Karabakh conflict is not a struggle for self-determination on the part of the Karabakh Armenians but a case of aggression by Armenia and the seizure of foreign territory, with all the liabilities and international sanctions that implies.

Azerbaijan is using the Caspian oil resources as its main lever to put pressure on Armenia. As the number of foreign companies taking an interest in extracting the Caspian oil rises, the stand taken by Azerbaijan on Nagorno-Karabakh and Armenia becomes less flexible: it 'punished' Armenia by a blockade of transport communication links with Russia running across Azerbaijani territory and, together with Turkey, by creating hurdles for Armenia's participation in the European Union (EU) TRACECA (Transport Corridor Europe Caucasus Asia) project (although some TRACECA programmes are being implemented on Armenian territory).⁷ At the TRACECA conference held in Baku in September 1998 Armenia's proposals to route a railway from Kars to Tbilisi via Armenia and to construct a second rail link from the Georgian ports of Poti and Batumi via Armenia to Iran were rejected by Turkish Foreign Minister Ismail Cem on the grounds that the Nagorno-Karabakh conflict was not yet resolved.⁸ Azerbaijan links the lifting of the blockade and Armenia's participation in TRACECA with its own demand for the return of its occupied land, which must also be de-mined.⁹ The Western states, whose economic interests are more in

⁶ Akhundova, E., 'Bol'shaya neft' potechet mimo nas' ['Big oil' will flow past us], *Obshchaya Gazeta*, no. 47 (30 Nov.–1 Dec. 1999), p. 8.

⁷ On TRACECA see the Internet site, URL <<http://www.traceca.org>>.

⁸ Martirosyan, A. and Petrosyan, D., 'Armeniya i proyekt vosstanovleniya "velikogo shelkovogo puti"' [Armenia and the 'Great Silk Road' project], *Tsentral'naya Aziya i Kavkaz* (Luleå), no. 1 (1998), p. 76.

⁹ Shermatova, S., 'Karabakh uzhe podelen?' [Has Karabakh has already been divided?], *Moskovskiyе Novosti*, no. 42 (2–8 Nov. 1999), p. 13.

line with those of Azerbaijan than with those of Armenia, support Azerbaijan, in this way bolstering the latter's position at the Karabakh negotiations.

The conditions set by Azerbaijan for a discussion of the status of Nagorno-Karabakh are that: (a) the legislation that changed its status must be abolished; (b) the seven districts adjacent to Nagorno-Karabakh presently occupied by the NKR Army, which Azerbaijan estimates at 20 per cent of its own territory, must be returned;¹⁰ (c) the NKR Army must be disarmed and disbanded; and (d) Nagorno-Karabakh must be subject to the jurisdiction and legislation of Azerbaijan.¹¹

In trying to resolve the Nagorno-Karabakh conflict, Azerbaijani President Heidar Aliyev has to be extremely cautious so as not to give his domestic opposition, which has long used the Karabakh issue as a bargaining chip,¹² arguments for charging him with betraying the national interests. As the hopes Azerbaijan placed on Turkish and Western capital have not been justified, and as Azerbaijan is gripped by a deepening economic crisis,¹³ its ruling elite links the solution of the Karabakh problem to greater cooperation with Russia, although continuing to rely on Western support. Aliyev said on national television in June 2000 that 'the key to settling regional conflicts, such as the Karabakh conflict, is in Moscow'.¹⁴

Russia, in its turn, during President Vladimir Putin's visit to Baku in January 2001, tried to improve relations with Azerbaijan, which had remained cool over the previous decade. Holding talks with Aliyev, Putin strove to keep to the same line that he followed with Armenian President Robert Kocharian in the course of their dialogue on the Karabakh problem in September 2000. At that time Putin stated that he would not like 'anyone to believe that Russia owns the right or has exclusive opportunities to resolve any conflict, including in Karabakh'.¹⁵ He also disavowed the view that 'everything could be changed overnight at Russia's bidding' and characterized this attitude as 'a manifestation of empire-oriented thinking'.¹⁶ In Baku again Putin talked about maintaining equidistance (or 'equal nearness'), keeping in line with the official Russian stand: Russia was prepared to accept any solution of the Karabakh problem which was acceptable to both Armenia and Azerbaijan.¹⁷ Putin affirmed that Russia was ready to promote further dialogue between the two sides and to help

¹⁰ See, e.g., Pashaeva, G., 'Karabakhskiy konflikt: est' li vykhod iz tupika?' [The Karabakh conflict: is there an end to the deadlock?], *Tsentral'naya Aziya i Kavkaz* (Luleå), no. 5 (1999), p. 77.

¹¹ Oganisyan (note 2), pp. 108–109.

¹² Naumov, G., 'Azerbajjanskaya opozitsiya protiv dogovora s Armeniyey' [The Azerbaijani opposition is against a treaty with Armenia], *Nezavisimaya Gazeta*, 15 Oct. 1999; and Kyamal, 'Bol'she my ne ustupim' [We will concede no more], *Zerkalo* (Baku), no. 85 (6 June 2000), p. 8.

¹³ For further detail see Malysheva, D., 'Nevoynnyye vyzovy natsional'noy bezopasnosti v sovremennom Azerbajjane' [Non-military challenges to Azerbaijan's national security], *Regional'naya Bezopasnost' i Sotrudnichestvo v Tsentral'noy Asii i na Kavkaze* (Tsentrforum: Moscow, 1999), pp. 221–38.

¹⁴ Sergeev, D., 'Azerbajjan: novye nadezhdy' [Azerbaijan: new hopes], *Izvestiya*, 22 July 2000, p. 5.

¹⁵ Khanbabayan, A., 'Moskva i Yerevan udovletvorenyye urovnem politicheskikh otnoshenii' [Moscow and Yerevan are satisfied by the level of political relations], *Nezavisimaya Gazeta*, 27 Oct. 2000.

¹⁶ Khanbabayan (note 15).

¹⁷ Gajizade, A. and Kozyrev, D., 'Putin nachal god s Baku' [Putin begins the year with Baku], *Nezavisimaya Gazeta*, 10 Jan. 2001.

implement any agreement reached between Aliyev and Kocharian, both in its capacity as a co-chairman of the OSCE Minsk Group and acting independently.¹⁸ Putin's visit to Baku resulted in proclamation of a strategic partnership recorded in the Baku Declaration of the principles of security and cooperation in the Caucasus.¹⁹

The leaders of Azerbaijan would undoubtedly like to secure Russia's support in reaching a peaceful resolution of the Karabakh conflict. The essential point is Aliyev's desire to maintain smooth relations with both the West and Russia. In order to achieve this he uses contacts with one side as a stimulus for facilitating contacts with the other. Besides, Aliyev is trying to secure Russian support in the domestic power struggle and to affirm the claims of his son Ilham in the anticipated redistribution of power. Russia's reaction to this has been aptly defined in the Baku weekly *Zerkalo*: 'Moscow is unlikely to trust implicitly the present leaders of Azerbaijan whose past was definitely pro-Western'.²⁰ Still, Moscow would like to see the 'Aliyev line' continued. Should a radically pro-Western and anti-Russian opposition come to power Russia would stand to lose important strategic positions in this key region of the South Caucasus.

Keeping in mind the speed of Azerbaijan's military build-up²¹ and its rich oil and gas resources, the return of the lost territories would improve the image of the ruling elite at home and ensure the country's strategic preponderance over Armenia. That is why the option for Azerbaijan of resolving the Karabakh issue by force cannot be ruled out. Armenia and the NKR are both aware of this, and it impels them to intensify the build-up of their defence potentials.

Armenia

The issues that dominate Armenia's position are the security of the Armenian population of Nagorno-Karabakh and the settlement of the issue in a way that is acceptable to the NKR. Without having officially recognized the NKR, Armenia upholds its right of self-determination.²² It agrees with the NKR in the assessment of the conflict and its participants and recognizes the NKR as a warring party in addition to Armenia and Azerbaijan. According to President

¹⁸ 'Azerbaijani, Russian presidents pledge to build "strategic partnership"', Radio Free Europe/Radio Liberty (hereafter RFE/RL), *RFE/RL Newslines*, vol. 4, no. 2, Part 1 (11 Jan, 2001). The Minsk Group was set up by the Conference on Security and Co-operation in Europe (CSCE) in Mar. 1992 to monitor the situation in Nagorno-Karabakh. It is discussed further in section V of this chapter. The member countries at the time of writing (2000) were Armenia, Austria, Azerbaijan, Belarus, Finland, France, Germany, Italy, Norway, Russia, Sweden, Turkey and the USA. See, e.g., Organization for Security and Co-operation in Europe, *OSCE Handbook* [2000], URL <<http://www.osce.org/publications/handbook/index.htm>>.

¹⁹ ITAR-TASS (Moscow), 9 Jan. 2001, in 'Russian, Azeri presidents issue declaration on strategic cooperation', Foreign Broadcast Information Service, *Daily Report—Central Eurasia (FBIS-SOV)*, FBIS-SOV-2001-0109, 10 Jan. 2001.

²⁰ Nurani, A., 'Baku reshil "prodatsya"' [Baku decides to 'sell itself'], *Zerkalo*, 27 Dec. 2000.

²¹ Over the 6 years 1995–2000 Azerbaijan's military expenditure estimated in constant US dollars rose by 73%. See chapter 5 in this volume.

²² Kaban, E., 'Davos: Azeri, Armenian leaders upbeat on peace', Reuters, 28 Jan. 2000.

Kocharian, 'it is essential that the solution of the Karabakh conflict is devised by the sides involved and not imposed by the international community'.²³

Armenia does not rule out discussion about Nagorno-Karabakh becoming an administrative unit of the Republic of Armenia if the Karabakh ethnic Armenians address such a request to it.²⁴ However, it realizes that supporting an independent Karabakh or its incorporation into Armenia would inevitably be followed by international sanctions: UN Security Council resolutions 822, 853, 874 and 884, adopted during the 1993 offensive of the Armenian-Karabakh forces and urging the withdrawal of troops from the territory of Karabakh, are still in force.²⁵ Western attitudes towards the conflict and the part played by Armenia are also changing: there is no unanimous opinion in the West with regard to Armenia's unyielding stand on the issue of what Azerbaijan calls the 'occupied territories' (the territory of Azerbaijan which is presently under the control of the NKR Army), the patently pro-Russian slant of Armenia's policy, its good-neighbourly relations with Iran or the continued tensions in relations between Armenia and Turkey.

Russia, undoubtedly Armenia's strategic partner, nevertheless firmly supports the territorial integrity of Azerbaijan, and Armenia cannot expect Russia to change its stand during the settlement process.

Objectively Armenia is interested in peace with Azerbaijan. This would help it to break out of its isolation and normalize relations with all its neighbours and the international community; Armenia hopes to improve its very serious social and political situation; and it expects a share in the lucrative economic projects linked, among other things, to the export of Caspian oil. This last factor may lead to Armenia shifting its position on the Karabakh issue and becoming more tractable.

The Nagorno-Karabakh Republic

For the NKR the crucial issue is its status. In November 1993 then NKR Foreign Minister Arkadiy Gukasian linked the resolution of the Karabakh conflict and the withdrawal of the NKR armed formations from the Azerbaijani districts they held to the problem of determining the status of the NKR and the lifting of the blockade of Armenia.²⁶ Today, however, the Karabakh politicians prioritize the question of the safety of the NKR Armenian population. Thus Naira Melkumian, the present Foreign Minister of the NKR, believes that the republic's security can be guaranteed only if it is able to preserve its geo-

²³ 'Prezident Armenii storonnik mirnogo resheniya karabakhskoy problemy' [Armenia's president stands for a peaceful solution of the Karabakh issue], *Izvestiya*, 15 Feb. 2000.

²⁴ *Zerkalo* (Baku), no. 31 (16 Feb. 2000), p. 2.

²⁵ Oganessian (note 2), p. 90.

²⁶ Mityaev, V. G., 'Karabakhskiy konflikt v kontekste mezhdunarodnykh otnoshenii' [The Karabakh conflict in the context of international relations], *Armeniya: Problemy Nezavisimogo Razvitiya* [Armenia: the problems of independent development] (Rossiyskiy Institut Strategicheskikh Issledovaniy [Russian Institute of Strategic Studies]: Moscow, 1998), p. 513.

graphical connection with the outside world and retain the 'security belt' which can minimize 'the effect of a surprise attack with conventional weapons'.²⁷

Over the past few years the Karabakh elite has been able to exert considerable influence on the position of Armenia. Experts have labelled this the 'Karabakhization' of Armenia's social and political life.²⁸ Citizens of the NKR have won high-level government posts in Armenia; Armenian government policy evinces a stronger tendency to prioritize relations with Russia, which is a characteristic feature of the political course of the NKR; and Armenia's attitude to the West is growing more wary, in line with the mind-set of the Karabakh elite.

The process of building an independent state is proceeding apace in the NKR itself. The republic has been an independent military-political factor in the Karabakh conflict for some time, which means that a political settlement will be difficult to carry out without direct negotiations between Baku and Stepanakert. The NKR won de facto recognition as a party to the conflict for the first time at the Commonwealth of Independent States (CIS) summit meeting held in Bishkek in May 1994,²⁹ but its representatives do not take part in the negotiations as a recognized party to the conflict. President Gukasian of the NKR believes that at the present stage Azerbaijan is not yet psychologically adjusted to negotiations with the Karabakh authorities, fearing that these might be interpreted as recognition of the NKR's independent status. In his opinion, 'the issue cannot be settled with Armenia alone, without our participation'.³⁰

International recognition of the NKR as an independent entity is the long-term goal of the Karabakh elite, and there is no unanimous support inside the NKR for integration into Armenia. At this point in time, the NKR is eager to convince the world that it and the 'Karabakh people' are engaged in a national liberation struggle and should therefore be recognized as one of the conflicting parties, with direct participation in the settlement talks.

Recently instability in Nagorno-Karabakh and Armenia has increased. On 22 March 2000 the NKR Defence Minister, General Samvel Babayan, and his supporters made an attempt on President Gukasian's life. The attempt failed and its organizers were arrested and prosecuted.³¹ On 18 June 2000 parliamentary elections were held in the NKR but they did not resolve the domestic conflict.³² The Karabakh military elite which rose to power during the armed conflict with Azerbaijan, and was involved in internal feuding, did not savour the prospect of being sidelined by the more pragmatically-minded people who had come on to

²⁷ Melkumyan, N., 'Nagorny Karabakh: v poiskakh ustoichivogo mira' [Nagorno-Karabakh: in search of a stable peace], *Tsentral'naya Aziya i Kavkaz* (Luleå), no. 3 (1999), p. 61.

²⁸ For further detail see Avakyan, G., 'Vliyaniye Karabakhskogo faktora na formirovaniye politicheskoy identichnosti v Armenii' [The influence of the Karabakh factor on the development of a political identity in Armenia], *Severny Kavkaz-Zakavkazye: Problemy Stabil'nosti i Perspektivy Razvitiya* [The North Caucasus and trans-Caucasus: problems of stability and the prospects for development] (Grif-F: Moscow, 1997), pp. 166–80.

²⁹ *Spornye Granitsy na Kavkaze* [Contested frontiers in the Caucasus] (Ves Mir: Moscow, 1996), p. 37.

³⁰ 'Posledny shans ne dopustit' voiny' [The last chance to avoid war], *Obshchaya Gazeta*, no. 36 (9–15 Sep. 1999), p. 5.

³¹ Maksimenko, O., 'Ministra oborony sudyat za pokusheniye na prezidenta' [Defence Minister under trial for attempt on president's life], *Kommersant* (Moscow), 19 Sep. 2000.

³² Kachmazov, A., 'Vyborny v tylu vraga' [Elections in the enemy's rear], *Izvestiya*, 20 June 2000.

the political scene in peacetime. The NKR military high command was also displeased by Gukasian's dismissal of the entire government of the republic and by his choice of Anushan Danielian, an outsider not connected with the Karabakh elite, as the new prime minister. According to President Kocharian a number of senior Karabakh officers who were dissatisfied with Gukasian's policy continued to challenge his authority.³³

In Armenia, too, political tensions remained. On 2 May 2000 Kocharian dismissed the prime minister and defence minister, who criticized him severely.³⁴ Given those domestic changes there may also be changes in Armenia's approach to the Karabakh issue. Thus, Kocharian may agree to an exchange of territory that will give Armenia the Lachin corridor in exchange for the Megrin region being ceded to Azerbaijan. In fact this exchange has already been discussed in bilateral negotiations between Aliyev and Kocharian.³⁵

The positions of all the sides are clearly affected by the internal political situation prevailing in each of them and by the fluctuating alignment of forces in the trans-Caucasus and Caspian regions, as well as in Russia, the CIS, the neighbouring countries of the Middle East and the world as a whole.

III. The positions of the regional countries

Georgia

Because of its proximity to the Karabakh conflict zone, Georgia is vitally concerned with the settlement of the conflict. It is officially Azerbaijan's strategic partner, upholds the preservation of Azerbaijan's territorial integrity and supports the latter in its conflict with Armenia on most contentious issues.

This standpoint is determined by several factors. First, there is concern for the security and integrity of Georgia itself, since the rekindling of the internal conflicts involving Abkhazia and South Ossetia is still a dangerous prospect, and strained relations with Adzharia and some other parts of the country still persist.³⁶ In such a setting there is no logic in supporting the Nagorno-Karabakh Armenians who are seeking self-determination. Second, the Georgian authorities suspect Armenia of encouraging secessionist tendencies among the ethnic Armenians who live in a compact group in Javaheti in southern Georgia and thus acting in the interests of Russia.³⁷ Relations between the latter and the Georgian leadership have lately been very tense. Third, Georgia's obviously pro-Azerbaijan approach to the Karabakh problem is accounted for by Georgia's plans to make its territory the main transit route for Caspian oil.

³³ Kocharian, R., 'My s Putinym myslim skhodnymi kategiriyami' [Putin and I think in the same way], *Izvestiya*, 22 Sep. 2000.

³⁴ Djivalian, A. and Khanbanyan, A., 'Pobeda Kochariana' [Kocharian's victory], *Nezavisimaya Gazeta*, 14 May 2000.

³⁵ Makunz, G., 'Sud'bu Karabakha reshat velikiye mira sego' [The mighty will determine Karabakh's fate], *Nezavisimaya Gazeta*, 9 June 2000.

³⁶ See also chapter 11 in this volume.

³⁷ Darchiashvili, D., 'Yuzhnaya Grusiya: vyzovy i zadachi bezopasnosti' [Southern Georgia: challenges to and the task of security], *Tsentral'naya Aziya i Kavkaz* (Luleå), no. 1 (2000), p. 181.

Fourth, Georgia, like Azerbaijan, is striving to come under the 'NATO umbrella': both countries hope for the support of NATO in maintaining peace and achieving national and regional security.

Any resumption of hostilities on the Karabakh front would be a most unwelcome development for Georgia since it would pose a serious challenge to its own security. Georgia therefore has a vital interest in peace between Armenia and Azerbaijan. Yet the weakness of its own economic potential, the absence of weighty geo-strategic arguments, internal instability (which places Georgia in the category of 'failed states') and its lack of political and military self-reliance all limit its ability to influence the resolution of the Karabakh conflict in any significant way, making it merely a 'concerned side'. It is not capable of making any serious impact on the course of the Karabakh settlement.

The Central Asian Caspian states

Like Georgia and Russia, the Central Asian Caspian states are concerned with the Karabakh conflict and have tried to act as mediators. In the early 1990s Kazakhstan attempted to help in working out a settlement following the failed mediation initiatives of Russia, Iran and the Conference on Security and Co-operation in Europe (the CSCE, forerunner of the Organization for Security and Co-operation in Europe, the OSCE). On the initiative of President Nursultan Nazarbayev of Kazakhstan, peace talks were held in Alma Ata in September 1992, but his peacemaking did not prove a success: having signed a ceasefire protocol to be valid until September 1999, the warring sides promptly resumed hostilities on the Armenian–Azerbaijani border.³⁸ At the beginning of March 1993 President Nazarbayev came out with the proposal that the Council of the CIS Heads of State should demand a ceasefire on the Karabakh front.³⁹ After that Kazakhstan, which is an active participant in all the Caspian oil ventures, never emerged as a peacemaker.

The position of Turkmenistan is determined by its basic approach to developments in the CIS: formally a CIS member, it prefers to avoid political initiatives in favour of bilateral relations with other post-Soviet states and it is not a signatory of the 1992 Treaty on Collective Security (the Tashkent Treaty).⁴⁰ It keeps an equal distance from all the participants in the Karabakh conflict, but its relations with Azerbaijan are overshadowed by the issue of four contested Caspian oil fields which are claimed by both Azerbaijan and Turkmenistan, as well as by problems related to the transfer of Turkmen gas via the Caucasus.

³⁸ Yemelyanenko, V., 'Kazakhstan v roli mirotvortsya' [Kazakhstan as a peacekeeper], *Moskovskiy Novosti*, no. 37 (13 Sep. 1992), p. 9.

³⁹ Amer, R. *et al.*, 'Major armed conflicts', *SIPRI Yearbook 1993: World Armaments and Disarmament* (Oxford University Press: Oxford, 1993), p. 97.

⁴⁰ On the Tashkent Treaty see chapter 5 in this volume. For the text see *Izvestiya*, 16 May 1992, p. 3.

Russia

Russia, the largest state on the territory of the former Soviet Union and the co-chairman of the OSCE Minsk Group, long ago assumed the role of mediator and 'third party' in the Karabakh conflict. Russia's national interests are directly involved, for the conflict destabilizes the situation on its southern borders, complicates its relations with the newly independent states of the South Caucasus, and disrupts stability in the region where Russia has important economic and political interests.

A summary of Russia's interests in the South Caucasus and the larger Caspian region illustrates what Russia aims to achieve first and foremost. It aims to preserve its political and military presence there, to extend its control over the extraction of Caspian oil and its transport routes and to restrain its potential geopolitical and economic rivals in the region, such as Turkey, the USA and other Western countries. Russia thus faces the difficult task of coordinating its domestic and foreign policy interests and the interests of the conflicting sides, as well as those of the countries concerned by, or involved in, the Karabakh conflict.

Since 1995 the Russian political elite has begun to define its foreign policy priorities. President Boris Yeltsin declared both the South Caucasus and the entire CIS space to be the sphere of Russia's top-priority interests.⁴¹ Mediation in the Karabakh conflict enables Russia to maintain its presence in the South Caucasus and the Caspian region. Russia is trying to keep off international mediators or at least to force them to acknowledge that no settlement of the Karabakh conflict will be achieved without Russia as the principal peacemaker. Russia 'has more reasons to consider the Caspian a zone of its vital interests than any of the powers not belonging to that region'.⁴²

In the past few years Russia has chosen to make Armenia its main ally in the region, but the oil factor and Azerbaijan's important geo-strategic position are major arguments in favour of closer ties with Azerbaijan, which keeps a jealous eye on the progress of the military and political alliance between Armenia and Russia. In 1991 they signed a Treaty of Friendship, Cooperation and Mutual Security, and on 29 August 1997 this was followed by a new treaty.⁴³ In order to keep up the system of 'checks and balances', on 3 July 1997 Russia signed the Treaty of Friendship, Cooperation and Mutual Security with Azerbaijan.⁴⁴ The treaty with Armenia made it incumbent on the two countries to assist each other in the event of armed aggression by a third country, whereas the Azerbaijani–Russian treaty merely provides for 'urgent consultations'.⁴⁵

⁴¹ Ukaz Prezidenta Rossiyskoy Federatsii [Presidential Edict] no. 940, 14 Sep. 1995.

⁴² Tesyomnikova, E., 'Problema Kaspiya: ostorozhny optimizm Moskvyy' [The Caspian problem: Moscow's cautious optimism], *Sodruzhestvo NG* [supplement to *Nezavisimaya Gazeta*], no. 5 (May 2000), p. 9.

⁴³ For the text of the treaty see *Diplomaticheskyy Vestnik*, no. 9 (1997), pp. 31–38.

⁴⁴ This did not prevent Azerbaijan from assessing the Armenian–Russian agreements as a 'military pact'. Baranovsky, V., 'Russia: conflicts and peaceful settlement of disputes', *SIPRI Yearbook 1998: Armaments, Disarmament and International Security* (Oxford University Press: Oxford, 1998), p. 128.

⁴⁵ *Diplomaticheskyy Vestnik*, no. 8 (1997), p. 41.

Clearly enough, the Armenian politicians, like their counterparts in Azerbaijan, are trying to play on the differences and rivalries between Russia and the USA so as to secure maximum advantage to themselves. Russia, which has no intention of being manipulated or saddled with someone else's problems, is well aware of this. It is the activities of the West, and primarily of the USA, that cause Russia to make more diplomatic efforts over the Karabakh settlement. The USA is active in the region, working along several lines, such as cultivating the local elites, getting footholds in the army and the frontier forces through the NATO Partnership for Peace (PFP) programme, and seeking to win control over the key sectors of the economy, in particular over the oil and gas sector. The USA is concentrating its efforts on redirecting all the communication lines of the Caspian Basin and the South Caucasus by means of TRACECA and the projects for the Baku–Ceyhan and trans-Caspian oil and gas pipelines. Russia is thus confronted with the very real threat of forfeiting its positions in the region.

Russia is trying to intercept the initiatives of Turkey and the USA in managing the conflict and to build up its influence in the South Caucasus, as testified by the programmatic statement made by Foreign Minister Igor Ivanov before his visit to the three South Caucasian capitals in the autumn of 1999: 'Russia was, is, and will be a Caucasian power, and we therefore want stability in this region and make no secret of our position: the "neither peace nor war" situation which prevails there today does not suit us'.⁴⁶ The importance Russia attaches to having a firm foothold in the Caspian region is exemplified by the discussion of Russia's strategic interests in the Caspian Sea area at the May 2000 meeting of the Russian Security Council directly after the discussion of the country's new military doctrine.⁴⁷ President Putin said at the time that the authorities must strive to consolidate the positions of the Russian companies in the Caspian.⁴⁸ Accordingly, on 25 July 2000 the Russian companies Lukoil, Yukos and Gazprom set up the Caspian Oil Company to develop the new oil and gas fields in the Caspian region;⁴⁹ Viktor Kalyuzhny, the newly appointed special representative of the Russian President for the Caspian region, met the heads of the Caspian states in July 2000. According to Kalyuzhny, Azerbaijan supported nearly all the new Russian proposals on the status of the Caspian Sea.⁵⁰

Russia's increasing efforts to settle the conflict are also borne out by the Armenian–Azerbaijani talks it organized in January 2000. The Russian President said at that time, 'If the negotiations come to a successful end, Russia would act as a guarantor of a compromise solution'.⁵¹ In the opinion of experts,

⁴⁶ Dubnov, A., 'Velikaya Kavkazskaya derzhava' [A great Caucasian power], *Vremya*, no. 160 (2 Sep. 1999).

⁴⁷ The new military doctrine as approved by President Vladimir Putin on 21 Apr. 2000 was published in *Nezavisimaya Gazeta*, 22 Apr. 2000. An unofficial translation into English was released by BBC Monitoring on 22 Apr. 2000.

⁴⁸ Amirov, A., 'Kaspiyskiy perekryostok' [The Caspian crossroads], *Russkaya Mysl'* (Paris), no. 4316 (4–10 May 2000), p. 7.

⁴⁹ Ignatova, M., 'Vместе весело бурит' [It's fun to drill together], *Izvestiya*, 26 July 2000, p. 6.

⁵⁰ Shermatova, S., 'Kaspiy plus Karabakh' [Caspian plus Karabakh], *Moskovskiy Novosti*, no. 28 (8–14 July 2000), p. 10.

⁵¹ Amirov (note 48).

what he meant was first and foremost military guarantees. Russia is prepared to send peacekeeping forces to the region, including the neutral zone which would be established along the line of contact between the Armenian-Karabakh and Azerbaijani troops. The Russian peace contingent could be stationed on those territories of Azerbaijan which are presently under the control of the NKR Army. These territories are supposed to go back to Azerbaijan once a full-scale settlement has been achieved.⁵²

In keeping with its approach of supporting Azerbaijan's territorial integrity, Russia, like Azerbaijan, does not regard Nagorno-Karabakh as a full negotiating partner. Its stand is in no small degree the result of its own experience in Chechnya. Armenia's geopolitical isolation and its need to find outside patronage make it easier for Russia to maintain its positions in the region and to counterbalance the influence of Turkey and the USA, which are on Azerbaijan's side. Russia wants a situation of military and political balance in the region, but this political line is not always pursued with adequate consistency, provoking criticism at home as well as from the sides in the Karabakh conflict.

The mechanisms to which Russia resorts in order to exert pressure on the conflicting sides are the CIS and the Tashkent Treaty, of which Russia is the clear leader. Registered at the UN Secretariat, the Tashkent Treaty provides (under article 51 of the UN Charter) the legal basis for a fully-fledged military alliance, granting its participants the right of collective defence. The Minsk summit meeting of the signatories to the treaty in 23–24 May 2000 issued a memorandum on increasing the efficiency of the treaty as well as some other documents.⁵³ This places the Karabakh situation in a new context, for it would enable Russia in case of need to provide the required support to Armenia as a signatory of the Tashkent Treaty and at the same time exert pressure on 'recalcitrant' Azerbaijan. Thus it enhanced the role of the Tashkent Treaty, to the potential detriment of NATO involvement in the management of the conflict.

Both Armenia and Azerbaijan signed the Tashkent Treaty, but in April 1999 Azerbaijan, together with Georgia and Uzbekistan, announced that it was withdrawing from it, explaining the decision by its disappointment over Russia's passivity on the Karabakh issue and over the deliveries of Russian weapons to Armenia.⁵⁴ Discernible behind this step, however, were those foreign policy and economic interests which at that time determined the logic of Azerbaijan's attitude: it was annoyed by Russia's increasing military presence in Armenia, by its efforts to restrict Western and Turkish economic and geopolitical expansion in the region, and by the persistence of Russian business circles and companies in the oil and gas sector.

⁵² Dzhilavyan, A., 'Proryv v Karabakhskom uregulirovani?' [A breakthrough in the Karabakh settlement?], *Nezavisimaya Gazeta*, 26 Jan. 2000.

⁵³ *Diplomaticheskiy Vestnik*, no. 6 (2000), pp. 30–31.

⁵⁴ Korbut, A., 'Krizis sistemy kollektivnoy bezopasnosti' [Crisis in the system of collective security], *Sodruzhestvo NG* [supplement to *Nezavisimaya Gazeta*], no. 5 (May 1999), p. 10.

The GUUAM group

On top of this, in the late 1990s Azerbaijan was active in launching the GUUAM political–economic group, which its participants came to regard as a kind of alternative to the CIS and its security system. Originally named GUAM, it was founded in 1997 by the presidents of Georgia, Ukraine, Azerbaijan and Moldova in Strasbourg during a conference of the heads of state and government of the Council of Europe. On 25 April 1999 in Washington during the NATO 50th anniversary session, which was attended by most of the CIS heads of state, Uzbekistan joined it and it became GUUAM.⁵⁵ In addition to cooperation over the transport of oil and gas and other economic matters, the GUUAM participants undertook to develop multilateral cooperation to facilitate conflict management and overcome separatism; they also agreed to interact with the UN, the OSCE, NATO and the PFP programme.⁵⁶ This was a clear sign that GUUAM hopes for NATO guarantees not only as regards conflict management and coping with crises but also as regards regional security. This is attested to by the members' discussion of plans for a permanent GUUAM peacekeeping battalion for maintaining peace and ensuring the safety of pipeline communications.⁵⁷ This project was considered at a meeting of the Azerbaijani, Georgian and Moldovan defence ministers in Baku in January 1999.⁵⁸ Characteristically enough, Armenia, eager to join the economic projects in the trans-Caucasus, has shown an interest in GUUAM.⁵⁹

It seems, however, that the other members of GUUAM are not as deeply concerned as Azerbaijan and Georgia with the settlement of the Nagorno-Karabakh conflict. Their main purpose is to assert their presence on the energy markets. All kinds of means are being used to this end, including anti-Russian rhetoric, of which one example was the public statements of the GUUAM members at the Cisinou summit meeting of the CIS in October 1997.⁶⁰ On the whole, however, they have advanced no further than making declarations and have not been able to influence the Karabakh negotiating process. At this stage, GUUAM is not to be regarded as a significant factor of regional policy because of its weak economic potential and the disagreements between its members.

Far more noticeable have been other 'players' on the field of Transcaucasian politics, who are likewise attracted by the potential of the Caspian oil fields—namely, Iran and Turkey, the close neighbours of Armenia and Azerbaijan.

⁵⁵ Olegov, F., 'Zachem GUAMu yescho odna bukva "u"' [What about another 'U' in GUAM?], *Sodruzhestvo NG* [supplement to *Nezavisimaya Gazeta*], no. 5 (May 1999), p. 1. See also chapter 5, section V in this volume.

⁵⁶ Parakhonskiy, B., 'Formirovaniye modeli regional'nogo sotrudnichestva v sisteme GUUAM' [Forming a model for regional cooperation inside the GUUAM system], *Tsentral'naya Aziya i Kavkaz* (Luleå), no. 2 (2000), pp. 104–105.

⁵⁷ Useynov, A., 'Os Kiev–Baku' [The Kiev–Baku axis], *Vremya Novostei*, 22 Mar. 2000, p. 6.

⁵⁸ Parakhonskiy (note 56), p. 101.

⁵⁹ Ivanov, G., 'Kavkaz odin na vsekh' [The Caucasus is a single entity for all], *Izvestiya*, 30 Mar. 2000, p. 8.

⁶⁰ *Diplomaticheskii Vestnik*, no. 11 (1997), p. 32; and Parakhonskiy (note 56), p. 100.

Iran

Iran regards the Karabakh conflict as the greatest danger to regional security. It upholds the territorial integrity of Azerbaijan and connects the causes of the conflict with the influence of the West.⁶¹ A close look at Iran's policy on the Karabakh conflict reveals a well-calculated line: avowals of Islamic solidarity do not prevent Iran from supporting Armenia, a Christian country, rather than its Muslim brothers in Azerbaijan, for it is Armenia that stands in the way of the implementation of the Turkish route for the oil pipeline. Armenia, or rather the Armenian armed forces in Karabakh, also serve as a most effective means of pressuring Azerbaijan. At the same time Iran does not wish to see the continuation or expansion of Armenia's military presence on the territory of Azerbaijan as this could result in a flow of refugees into the Iranian provinces bordering on Azerbaijan, with the result that the Iranian authorities would face the same problems as Pakistan had to face during the war in Afghanistan. Iran has good reason to fear that the refugees might stir up separatist feelings in the Azeri-populated provinces of Iran.

Relations between Iran and Azerbaijan still evince a certain degree of tension engendered by historical, ethnic and religious contradictions. There is a feeling in Iran that Azerbaijan is committing an historic error by granting the USA access to the Caspian region. Iran is also strongly opposed to the rapprochement between Azerbaijan and Israel.⁶² (President Kocharian of Armenia expresses concern at the prospect of Azerbaijan joining the Israeli–Turkish military alliance: this could have negative implications for Armenia as long as the Karabakh conflict remains unresolved.⁶³)

As for the Iranian–Russian alliance, its basis is too fragile. In the long history of Russia's relations with Iran, strategic alliances to ward off Turkish or Western threats were invariably reluctant on the part of Iran and short-lived. If Iran succeeds in improving its relations with the United States and attracting the transport of Azerbaijani oil through its own territory its interests will no longer coincide with Russia's.

Because of its advantageous geopolitical position, Iran is of vital importance for blockaded Armenia. In its turn Iran looks for opportunities to break out of its isolation by cooperating with Armenia and Russia. This kind of rapprochement, which does not run counter to Russia's strategy in the region, has emerged as an independent and significant factor of its policy aimed at opposing the growing 'Turkish expansion', which is a subject of equal concern to Iran and Armenia.

⁶¹ Bigdeli, A., 'Overview of relations between the Islamic Republic of Iran and the Republic of Azerbaijan', *Amu Darya: the Iranian Journal of Central Asian Studies* (Center for the Study of Central Asia and the Caucasus, Tehran), vol. 4, no. 2 (summer 1999), p. 164.

⁶² Maleki, M.-R., 'Turkish–Israeli relations: impact on Central Asia and the Caucasus', *Amu Darya* (Tehran), vol. 4, no. 2 (summer 1999), pp. 180–96.

⁶³ *Zerkalo*, no. 14 (22 Jan. 2000), p. 7.

Turkey

Turkey's interests and priorities are underpinned, just as is the case with Iran, by the urge to play a more active part in the post-Soviet south, where Turkey plans to set up an economic framework dependent on itself.⁶⁴ The main obstacle to these plans is the uncertain tenor of Turkish–Azerbaijani relations and the possible resumption of hostilities in the Karabakh conflict zone.

Having officially proclaimed its neutrality in the conflict, Turkey actually sides with Azerbaijan. In the early 1990s it closed its frontier with Armenia, but in the mid-1990s it did allow Armenia an air corridor. However, Turkey's functions in the region are mostly those of mediation, for it lacks a developed infrastructure and does not command the funds needed for investments in major projects. It can only rely on its advantageous geographical location in trying to steer through its own territory the communication lines from the Caspian zone and Central Asia.

The growing importance of the Iranian and Turkish factors is bound up with the struggle waged by the two countries for regional leadership and spheres of influence; this struggle naturally includes claims to the region's resources, vital communication lines, and energy and strategic centres. As they project their own interests and priorities, both Iran and Turkey realize their limitations and are therefore eager to coordinate their activities with those of the major states—either Russia or the USA. Barring either Iran or Turkey from participation in the regional process could prove counterproductive both in the context of political stabilization and the settlement of the Karabakh conflict, and in the context of integrative processes in the South Caucasus region.

IV. The stand of the Western countries

The Western states and the USA, as their leader, realize that the way the Karabakh conflict is resolved will in many respects determine the prospects of a new geopolitical configuration in the South Caucasus and in the Caspian region in general. Helping US and West European companies to have unimpeded access to the Caspian oil and gas resources would serve to minimize the West's dependence on Middle East oil and help to bring down world prices of fuel. According to former US Secretary of State James Baker, in the 21st century Caspian oil may become as vital to the industrial world as Persian Gulf oil is today.⁶⁵ Under these plans, Russia's role is relegated to that of a low-key partner of the West and not a dominant player in the region. US strategists also aim to minimize Iran's influence in the region.

Having in 1997 declared the Caspian to be a zone of its vital interests,⁶⁶ the USA heightened its activities, attempting, among other things, to act as an inde-

⁶⁴ See note 5.

⁶⁵ Orlov, A., 'Persidskiy zaliv v Kaspiyskom more' [Persian Gulf in the Caspian Sea], *Itogi* (Moscow), 16 Sep. 1997, p. 37.

⁶⁶ On US policy in the Caspian region see chapter 7 of this volume. See also Lieven, A., 'The (not so) Great Game', *National Interest* (Washington, DC), no. 58 (winter 1999/2000), pp. 69–70.

pendent mediator in the Karabakh settlement. At the OSCE Summit Meeting in Budapest on 5–6 December 1994, US diplomats succeeded in having a US representative made the third co-chairman of the Minsk Group,⁶⁷ thus winning direct access to the management of the conflict.

On the eve of the last US presidential election and with a view to removing the vexing threat of a new Karabakh war, the USA intensified its contacts not only with Azerbaijan, but also with Armenia and the NKR. One of the means of influencing these countries was the US economic aid programmes. Thus, the US Agency for International Development (USAID) released in April 2000 a special report on assistance to Nagorno-Karabakh and to the victims of the conflict.⁶⁸

Azerbaijan views the development of contacts with the USA and NATO as an important factor for its own security and for the security of the entire Caucasian region. In the opinion of Rza Ibadov, chairman of a parliamentary commission, ‘responsibility for the security of the Baku–Ceyhan main export pipeline should be assumed by NATO’.⁶⁹ Strengthening its ties with NATO, Azerbaijan signed an agreement in 1994 on participation in the PFP programme. It was also planning to set up a NATO information centre serving the entire region. This project was officially submitted for the consideration to NATO by Azerbaijan in December 1999.⁷⁰ In January 1999 the idea of moving, partially or fully, NATO’s Injirlik military base⁷¹ from Turkey to the Apsheron Peninsula in Azerbaijan was voiced by Azerbaijani foreign policy adviser Wafa Guluzade.⁷² Guluzade said at the time: ‘Seeing that Armenia harbours Russian military bases on its territory, why shouldn’t Azerbaijan have US, Turkish or NATO military bases on its territory?’⁷³ This move was made after the Azerbaijani media reported Russian plans to supply Armenia with S-300 surface-to-air missiles (SAMs),⁷⁴ even though that report was refuted by the Russian Ambassador to Armenia, Anatoliy Dryukov.

President Aliyev, however, preferred to distance himself from an outspoken advocate of NATO and in the autumn of 1999 dismissed Guluzade as well as Foreign Minister Tofik Zulfugarov and the head of the presidential secretariat, Eldar Namazov, all of whom were notorious for their pro-US leanings. This decision was attributed to the somewhat warmer climate in relations between

⁶⁷ See note 18.

⁶⁸ Dzhilavyan, A., ‘Vashington aktiviziruyet programmy sodeystviya Stepanakerty’ [Washington is reviving its programme of assistance to Stepanakert], *Nezavisimaya Gazeta*, 21 Apr. 2000.

⁶⁹ Useynov, A., ‘Truba imeni Heidara’ [The Heidar pipeline], *Vremya*, 24 Nov. 1999.

⁷⁰ Romanov, P., ‘V Baku budet otkryt informatsionny tseñtr NATO’ [NATO’s information centre to open in Baku], *Nezavisimaya Gazeta*, 22 Feb. 2000.

⁷¹ Injirlik, incidentally, is the home base of the US and British aircraft patrolling the no-fly zones over Iraq and occasionally striking at the Iraqi air defence system.

⁷² Nurani, A., ‘Budut li v Azerbajijane voyennye bazy NATO?’ [Will there be NATO military bases in Azerbaijan?], *Zerkalo*, no. 3 (23 Jan. 1999).

⁷³ Gajizade, A., ‘Budet li na Apsherone razmeshchena amerikanskaya baza?’ [Will a US base be settled in Apsheron?], *Nezavisimaya Gazeta*, 20 Jan. 1999.

⁷⁴ Useynov, A., ‘Amerikanskikh voyennykh priglashayut v Azerbajijan’ [Azerbaijan invites US military], *Vremya MN*, 2 Jan. 1999.

Azerbaijan and Russia which made itself felt at the close of 1999.⁷⁵ Nevertheless, a new switch in Azerbaijan's policy in favour of NATO cannot be excluded, especially given the strong partnership between Armenia and Russia.

V. Attempts at mediation

Mediation initiatives to achieve a Karabakh settlement have been offered at one time or another by different countries, political figures or international organizations. However, efforts to mediate in the conflict are complicated by the absence of 'a unified methodological approach to its solution', by the existence of several mediators acting at cross-purposes, and by an endless rotation of such mediators.⁷⁶ This also afflicts the OSCE and the Minsk Group, which has been handling the Karabakh settlement since 1992.

Initially the Minsk Group tried to achieve a 'package' resolution of several pivotal problems. This package deal envisaged simultaneous moves to define the political status of Karabakh, ensure the withdrawal of Armenian troops from the occupied territories and the return of refugees, and provide guarantees that would preclude the resumption of hostilities. The OSCE Budapest Summit Meeting of 5–6 December 1994 envisaged more energetic OSCE and Minsk Group efforts to launch a peacekeeping operation in the Karabakh conflict zone. It was decided to dispatch peacekeeping forces in accordance with a UN resolution as soon as the sides reached agreement on putting an end to the military conflict.⁷⁷ This decision was never realized because of the differences between the conflicting sides, as well as between the mediators. While neither the USA nor West European countries objected in principle to Russia's participation in the peacekeeping operation, they regarded its claims to a place in the peacekeeping process that would match its position and influence in the Caucasus as excessive.⁷⁸ There was also an extremely negative reaction in the NKR when it became known that Turkey intended to send troops to join the peacekeepers in Nagorno-Karabakh. The NKR Foreign Ministry declared that Stepanakert would never agree to that.⁷⁹

The Minsk Group proposals feature the following key issues: (a) the security of Nagorno-Karabakh and the terms on which international peacekeeping forces would be stationed there; (b) troop withdrawal from the districts that are not the

⁷⁵ Gafarly, M., 'Stary drug luchshe novykh dvukh' [One old friend is better than two new ones], *Nezavisimaya Gazeta*, 16 Oct. 1999.

⁷⁶ Novikova, G., 'Palestinskiy i Nagorno-Karabakhskiy konflikt: v poiskakh vykhoda' [The Palestinian and Nagorno-Karabakh conflicts: in search of a settlement], *Problemy Natsional'nogo Samoopredeleniya na Sovremennoy Etape* [Problems of national self-determination at the present stage] (Tsentr Strategicheskikh Issledovaniy [Centre for Strategic Studies]: Moscow, 2000), p. 55.

⁷⁷ Baranovsky, B., 'Russia and its neighbourhood: conflict developments and settlement efforts', *SIPRI Yearbook 1995: Armaments, Disarmament and International Security* (Oxford University Press: Oxford, 1995), p. 254.

⁷⁸ Remacle, E. and Paye, O., 'The conflict in Nagorno-Karabakh: a new pattern for cooperation between UN and OSCE', ed. R. Seidelman, *Crisis Policies in Eastern Europe: Imperatives, Problems and Perspectives* (Nomos: Baden-Baden, 1996), p. 174.

⁷⁹ Vinogradov, B., '3000 miritvortsev dolzhny sozdat' usloviya dlya uregulirovaniya v Karabakhe' [3000 peace-keepers to create conditions for a Karabakh settlement], *Izvestiya*, 9 Dec. 1994.

proper territory of Nagorno-Karabakh; (c) the Susha problem and the return of refugees, both Armenian and Azerbaijani; (d) the problem of the Lachin land corridor connecting the NKR and Armenia; (e) the possibility of some form of international control over the corridor as a possible compromise solution; and (f) the status of Nagorno-Karabakh.⁸⁰ Seeking to show that OSCE mediation was productive, the Minsk Group proposed a new plan in June 1997, the essence of which was the adoption of a step-by-step approach to tackling these problems. Azerbaijan accepted this plan and Armenia finally supported it, although with a number of reservations, but Nagorno-Karabakh was against it. Its position boiled down to the demand that either all aspects of the Minsk Group plan must be dealt with at the same time or the status of Karabakh must be the first to be determined. Azerbaijan, however, wants the withdrawal of troops and the resolution of the refugee problem to come first.

One of the latest proposals, made by Minsk Group co-chairman Carey Cavanaugh of the USA, features the 'common state' concept. This appears to take the talks back to 1998, when this concept, suggested by the Minsk Group mediators for the first time, won the support of the Karabakh and Armenian sides but was rejected by Azerbaijan. At its present stage the plan represents a package set of proposals: Nagorno-Karabakh would be nominally retained by Azerbaijan but granted *de facto* independence, allowing for the preservation of full-scale ties with Armenia.⁸¹ The fate of this proposal is predictable: as before, both Karabakh and Azerbaijan take a rather sceptical view of it.⁸²

Because the efforts of the OSCE Minsk Group have so far not been crowned with visible success, another idea was floated—that of a confidential meeting between the presidents of Armenia and Azerbaijan.⁸³ In 1999–2000 dialogues between Aliyev and Kocharian took place in Moscow, Nakhichevan, Davos and other places. Talks were also held in New York during the UN Millennium Summit. These negotiations probably brought the sides closer to a compromise solution: at the OSCE Istanbul Summit Meeting in November 1999 there were expectations that an agreement on Karabakh, allegedly coordinated at a confidential meeting between Aliyev and Kocharian held in Nakhichevan on 11 October 1999, would be signed.⁸⁴ Under this agreement Karabakh was to be *de jure* retained by Azerbaijan, while being granted the rights of an independent entity and preserving the Lachin connection with Armenia. According to Etibar Mamedov, leader of the Azerbaijani opposition Party of National Independence, who published a version of the projected peace agreement on the eve of the

⁸⁰ Tchilingirian, H., 'Nagorno Karabakh: transition and the elite', *Central Asian Survey*, no. 18 (1999), p. 449; and Shushetsi, A., 'Protseess uregulirovaniya kharabakshkho-azerbajjanskogo konflikta pod egidoy OBSE' [The settlement of the Karabakh–Azerbaijani conflict under the aegis of the OSCE], *Armyskiy Vestnik* (Moscow), no. 1 (1998), pp. 16–19.

⁸¹ Ali, K., 'Kavano vozrodit pokhronennuyu bylo ideyu "obshchego gosudarstva"' [Cavanaugh revives the "common state" concept], *Zerkalo*, 13 May 2000, p. 8; and Radchenko, E., Balytnikov, V. and Radchenko, I., 'Nagorny-Karabakh kak sovместnoye vladeniye' [Nagorno-Karabakh as a joint possession], *Sodruzhestvo NG* [supplement to *Nezavisimaya Gazeta*], 31 May 2000, p. 12.

⁸² Ali (note 81).

⁸³ Tatevosyan, A., 'Koridor my ostavim sebe' [We'll leave the corridor for ourselves], *Moskovskiy Novosti*, no. 6 (5–21 Feb. 2000), p. 13.

⁸⁴ Shermatova (note 9), p. 13.

OSCE Istanbul meeting, the Azerbaijani side made the lifting of the blockade and Armenia's participation in TRACECA conditional on the return of three districts (Zangelan, Jebrail and Fizuli) and the clearing of landmines in those districts. Armenia, however, was only willing to vacate the Megri corridor along the entire length of the railway line. Mamedov also revealed that the agreement, drawn up in secrecy, included a statement about running the Baku–Ceyhan pipeline across Armenian territory to reach the Nakhichevan exclave, which belongs to Azerbaijan, and thence to Turkey. It was planned to put the blocked Yerevan–Nakhichevan–Baku railway line back into operation.⁸⁵

This sensational revelation by Mamedov had strong repercussions in Baku and was followed by the dismissal of senior Azerbaijani officials in October 1999 and the shooting in the Armenian Parliament, when a terrorist group killed the prime minister, the speaker and several MPs. As a result of these developments no decision on Nagorno-Karabakh was reached at Istanbul and the negotiating process was deadlocked.

So far the Minsk Group's work, taken as a whole, has fallen short of a breakthrough. One reason for this may be that the Minsk Group, in contrast to the UN, lacks a mechanism for enforcing its peacemaking. Moreover, after the inclusion of a US co-chairman, the Minsk Group peacemakers' loyalties are divided between Russia and the USA, whose contending interests have long been admixed to the conflict. This lack of results sustains an alarming situation. Violence could erupt again as soon as one of the sides directly engaged in the conflict decides that it has gained enough strength to tip the scales in its favour.

This is all the more likely since all sides used the pause in the hostilities on the Karabakh front in 1994 to arm and rearm their military forces. A new threat to security has appeared, coming from the militarization of the region.

VI. The danger of armed conflict

Under the Agreement on the Principles and Procedures of the Implementation of the Treaty on Conventional Armed Forces in Europe (the Tashkent Document) signed at the meeting of the heads of CIS states on 15 May 1992, Armenia and Azerbaijan, which at the time were officially considered to possess no weapons, undertook to keep to the parameters prescribed by that agreement.⁸⁶ However, after both countries had received weapons from the former Soviet Transcaucasian Military Command, they went on to purchase arms, hardware and ammunition, Armenia procuring them mostly from Russia, and Azerbaijan from Turkey and Ukraine.⁸⁷

In contravention of Yeltsin's 1993 decree forbidding deliveries of weapons to conflict zones, Armenia continued to receive them. The late General Lev

⁸⁵ Shermatova (note 9).

⁸⁶ Sharp, J. M. O., 'Conventional arms control in Europe', *SIPRI Yearbook 1993* (note 39), p. 596. An unofficial translation of the Tashkent Document is reproduced in *SIPRI Yearbook 1993*, pp. 671–77.

⁸⁷ Georgiev, V., 'Mezhetnicheskiye konflikty v byvshem SSSR porodila sama Rossiya' [It was Russia that gave rise to ethnic conflicts in the former USSR], *Nezavisimoye Voyennoye Obozreniye*, no. 39 (1997), p. 2. On the military build-up in the region see also chapter 5 in this volume.

Rokhlin, who was chairman of the Defence Committee of the Russian State Duma, maintained that the total value of Russian military supplies to Armenia in 1993–96 exceeded \$1 billion.⁸⁸ Russia denies all such charges and maintains that arms supplies to Armenia and Azerbaijan were made on a parity basis and that those delivered to Armenia were legal and in full accord with an intergovernmental agreement of 6 July 1992 on the terms and schedules of the handing over of the weapons and equipment of the Russian military formations and units stationed in Armenia.⁸⁹

Observers have pointed out that after the conclusion of the Bishkek ceasefire agreement in 1994 Azerbaijan exceeded the quotas imposed by the 1990 Treaty on Conventional Armed Forces in Europe (the CFE Treaty).⁹⁰ Towards the end of 1998 and in early 1999 its orientation towards stronger military cooperation with Turkey became clear. Azerbaijan also announced its intention to speed up the introduction of NATO standards in its own armed forces. More than 5000 Azerbaijani officers received training in Turkey, the USA and other countries.⁹¹

Russia's military cooperation with Armenia appears to be proceeding with considerable success. The Armenia Group of the Russian armed forces, belonging to the Federal Frontier Force of Russia, has been stationed in Armenia since 1992 in order to ensure the security of the latter's frontiers with Iran and Turkey.⁹² The agreement on the Russian military base signed in Moscow on 16 March 1995 and ratified by the Russian Duma two years later (on 18 April 1997) enables Russia to keep such a base in Gyumri, with roughly 3000 men equipped with Su-27 combat aircraft, a squadron of MiG-29 fighter planes and S-300 SAMs.⁹³ Having signed the agreement on the adaptation of the CFE Treaty at the OSCE Istanbul meeting, Russia undertook to remove two of its military bases (in Vaziani and Gudauta) from the territory of Georgia by 1 July 2001.⁹⁴ When this withdrawal began the possibility of redeploying these bases in Armenia was discussed.⁹⁵

⁸⁸ Livotkhin, V., 'U oruzheynogo skandala mogut byt' seryoznye politicheskiye posledstviya' [The arms scandal may have serious political consequences], *Izvestiya*, 15 Apr. 1997. See also Anthony, I. (ed.), *SIPRI, Russia and the Arms Trade* (Oxford University Press: Oxford, 1998), pp. 224–25.

⁸⁹ Meshcheryakov, V., 'Armeniya: strategiya vyzhivaniya' [Armenia: strategy of survival], *Asiya i Afrika Segodnya* (Moscow), no. 4 (1998), p. 15.

⁹⁰ Korbut, A., 'Baku gotov voyevat' za Karabakh' [Baku is ready to fight for Karabakh], *Nezavisimaya Gazeta*, 3 June 1999. On the CFE Treaty see, e.g., Lachowski, Z., 'Conventional arms control', *SIPRI Yearbook 1998* (note 44), pp. 503–504.

⁹¹ Korbut (note 90).

⁹² Golotyuk, Yu., 'Zakavkazskaya "gonka vooruzhenii"' [Transcaucasus 'arms race'], *Izvestiya*, 23 Jan. 1999; Meshcheryakov (note 89); and Tishchenko, G., 'Vooruzhennyye sily i voyenno-politicheskiy kurs Armenii' [Armenia's armed forces and its military-political course], *Armeniya: Problemy Nezavisimogo Razvitiya* (note 26), pp. 558–60. See also chapter 5, section III in this volume.

⁹³ Yermolin, V., 'Ne Gruzii yedinoy: voyennoye prisutstviye Rossii v Zakavkazye prodolzhiatsya' [Not only Georgia: Russia's military presence in the Transcaucasus continues], *Izvestiya*, 28 Apr. 2000, p. 2; and Tishchenko (note 92), p. 558.

⁹⁴ Shaburkin, A., 'Voyennyye itogi Stambul'skogo sammita' [The military results of the Istanbul summit], *Nezavisimaya Gazeta*, 23 Nov. 1999, p. 6; and Lachowski, Z., 'Conventional arms control', *SIPRI Yearbook 2000: Armaments, Disarmament and International Security* (Oxford University Press: Oxford, 2000), pp. 584–85.

⁹⁵ Yermolin (note 93).

Russia's military facilities in Armenia can hardly be regarded as a factor endangering relations between Armenia and Azerbaijan, yet in a crisis situation the stocks of equipment and ammunition would make it possible to quickly convert the existing forces into massive formations, such as military divisions and brigades. Russia's military presence in Armenia also enables it to influence the political situation in that country as well as many political processes in the Caucasus.

As for the NKR Army, many experts consider it to be one of the strongest forces from the point of combat readiness and efficiency on the territory of the former Soviet Union.⁹⁶

Azerbaijan's modest economic and military potential, its so far ineffectual attempts to involve Western and NATO military systems on a large scale, and Russia's military presence in Armenia and in the North Caucasus—these are the factors that leave Azerbaijan without any realistic prospects of a military breakthrough should hostilities on the Karabakh front be resumed. However, a new attempt by Azerbaijan to regain by force the territories seized by the NKR Army cannot be completely excluded. Moreover, the number of those disenchanted by the negotiations around the conflict is rising, with the party of war in Azerbaijan growing ever more vociferous.

The conflicting sides realize that the front-line positions have been reinforced and that negotiating them will be a much harder task than it was at the outset or the peak of the conflict. The current ceasefire rests on a balance of forces, not on international guarantees. Kosovo-style direct military intervention by NATO appears to be out of the question. The dragging on of the conflict risks causing the militarization of the region, with the consequences of a humanitarian crisis in Armenia and Azerbaijan, slower economic growth and the increasing dependence of the participants in the conflict on external factors and forces.

The Karabakh problem can obviously be settled only by a compromise solution that would take into account the interests of Azerbaijan as well as those of Armenia and the NKR. In this respect, the worldwide experience of conflict resolution, both its positive and negative instances, could be quite useful.

The next section considers alternative scenarios of and models for coping with the Karabakh conflict.

VII. Scenarios for conflict resolution

The first is the 'Kosovo option'—a resolution of the Karabakh conflict modelled on the 'protectorate' set up in the Kosovo province of the Federal Republic of Yugoslavia, the security of which is guaranteed by the international community. This option is favoured by both Armenia and Azerbaijan, albeit for different reasons. Armenia favours the Western plan whereby the future status of Karabakh would depend on the organized expression of its people's will. Azerbaijan, with its clear-cut pro-NATO stand in the Kosovo conflict, would

⁹⁶ Avakyan (note 28), p. 171.

welcome a Kosovo-style peacekeeping operation in Karabakh. Yet the NATO scenario tried out in Kosovo is inapplicable in the case of Karabakh, not least because, unlike the Kosovo Albanians, the Karabakh Armenians have a very efficient army. Moreover, NATO is not likely to undertake an involvement in Russia's traditional geopolitical region, for this could lead to consequences that are hard to predict.

The second option is the 'Cyprus option', based on the concept that a state can exist and function *de facto* unrecognized by the outside world. In the Karabakh context this would imply recognition of the present status of the NKR—something Azerbaijan would not agree to under any circumstances. The division of Nagorno-Karabakh into Armenian and Azerbaijani sectors would give rise to near-insoluble problems, such as ensuring the safety of returning refugees, preventing clashes between them, bringing in peacekeeping forces and stationing them along the 'green line' dividing the two communities, not to mention the difficulties inherent in the demarcation of that line and the composition of the peace contingent.

The third, 'common state', scenario has been discussed for several years now and resembles in essence the Cyprus model. It would involve the setting up of a confederation-style condominium. This option would keep the NKR borders as they were when it was an autonomous region of Azerbaijan but make it a fully-fledged autonomous unit of Armenia. This would be tantamount to granting Nagorno-Karabakh the status of an independent state entity, which would be *de jure* (but not *de facto*) independent of Armenia, and *de facto* (but not *de jure*) independent of Azerbaijan. This arrangement would give dual citizenship to the people of the NKR. The defects of this option are: (a) that it would in an indirect way preserve the existing status of the NKR; and, far more important, (b) that there would be no way for Azerbaijan to repossess the territories seized in the course of hostilities. This scenario would suit Armenia well but is unacceptable to Azerbaijan, which will not forfeit its sovereignty over Nagorno-Karabakh. Moreover, it would not be to the liking of the NKR, which at present claims self-determination of a much higher order—that is, independent statehood.

The fourth option, an 'associated state' (proposed in 1994 by John Mareski, then US representative at the negotiations over Nagorno-Karabakh), is equally unacceptable to the NKR: the self-governing entity would still be under the jurisdiction of Azerbaijan, since the latter considers the NKR to be part of its own territory. The 'limited sovereignty' option, proposed by NKR President Gukasian in September 1997 to replace the Azerbaijani formula of 'broadest possible autonomy', provides for the return of the occupied territories in exchange for the establishment of federative relations between Azerbaijan and the NKR. Azerbaijan rejected this point-blank.

Fifth, the 'deferred status' model still merits consideration. Azerbaijan rejects it and Russia found it to be less than successful in Chechnya after it signed the 1996 Khasaviurt agreements, but this option still clearly has some advantages over the others. It could serve as the basis for a negotiating process during a

period of transition, in the course of which a decision on the raw nerve of the conflict—the status of the NKR—would be relegated to a future date fixed by the sides. This would provide a breathing space as well as more favourable geopolitical and economic conditions for a final settlement of the entire set of problems.

Sixth, the option of resolving the Karabakh problem by means of an exchange of territories was proposed by the US politician Paul Goble when the conflict was at its height. At that time it was rejected by the sides because each was still hopeful of winning by military means. Today this scenario seems to have a future. First, it has attracted a number of influential politicians in Armenia and Azerbaijan.⁹⁷ Second, the USA has joined the efforts to boost this option: there are some indications that the Armenian authorities would favour the plan if the USA undertook to invest \$3 billion in the Armenian economy.⁹⁸

The land exchange option would, however, be of no advantage to the NKR—in fact it would lose more than it would gain, for it would not be a party to the negotiations and its main goal, that of establishing itself as an independent state, would not be achieved. Pro-Russian politicians in Armenia, as well as Russia itself, might be among the losers: Russia would be deprived of its levers of influence. It would also face the very real threat of losing control over the routes for the transport of energy resources from the Caspian zone because the Baku–Novorossiysk pipeline would be made redundant; its strategy in the Caucasus, based on partnership with Armenia and arbitration of the Armenian–Azerbaijan conflict, might be disrupted; and the positions of the USA might be strengthened.

According to *Izvestiya*, in that case ‘Russian influence in the Caucasus, of which Armenia is the last bulwark, would be destroyed, as well as Russia’s plans to take part in the transfer of Azerbaijan’s “big oil”’.⁹⁹ Russia, however, has repeatedly shown its talent for gaining direct or indirect influence over developments in the conflict zone—among other things, by means of backstage moves. It was able on several occasions to bring both sides closer to the point where it could manage the conflict to its own advantage. The part played by Russia in the region at this juncture cannot be compared to the unlimited influence formerly enjoyed by the USSR’s central authority, but Russia is almost sure to make some future gains by playing on the existing contradictions and colliding interests.

VIII. Conclusions

It is evident that none of the above options for a settlement of the Karabakh issue can be mechanically applied to Caucasian realities today. Moreover, they

⁹⁷ Mamedov, M., ‘Yerevan i Baku ischut kompromissa po Karabakhu’ [Yerevan and Baku are searching for a compromise on Karabakh], *Kommersant*, 18 Feb. 2000.

⁹⁸ Koptev, D., ‘Obmen s doplatoy’ [An exchange with additional payment], *Izvestiya*, 17 May 2000, p. 3.

⁹⁹ Koptev (note 98).

are only a fraction of a great range of models, scenarios and political techniques proposed for negotiations on the issue. The main reason why most of them cannot be applied in working out a settlement is the proliferation of mediators. A creditable settlement process begins only when the conflicting sides respond to the influence of a single mediator.

The Karabakh conflict continues to be a factor destabilizing the situation in the region, and its continuation would have a vicious effect on all the people of the region. Can peace be expected to come to Karabakh in the near future? Are there any prospects of achieving regional security? The situation in the region may become more settled when major geopolitical actors resolve the key issues of the 'Great Pipeline Game', such as the legal status of the Caspian Sea, its actual hydrocarbon reserves, and oil and gas pipeline routes.

Attempts to normalize the situation in the South Caucasus by reaching a consensus on the principles of peaceful coexistence in the region are impeded by the great divergence of the interests of the regional countries and deeply affected by the attitudes the principal actors take in the geopolitical struggle going on in the region. At this point Armenia and Azerbaijan are unable to agree on any of the issues, including the prospects for settling the Karabakh conflict and the achievement of regional security. Far from helping to phase out the current confrontation in the Caucasus, this serves to enhance the trend towards polarization, with Armenia, Iran and Russia facing Azerbaijan, Georgia and Turkey, backed by the USA and NATO.

Both in Yerevan and in Baku the presidents' attempts to make mutual concessions provoked acute political crises. Even the conflicting sides' willingness to settle the conflict will not automatically result in its termination. A good deal of time is needed for the societies in the post-Soviet republics of South Caucasus to become internally 'self-organized' and for the contending sides to make up their minds about their primary concern—whether they want to achieve peace or to assert their own political ambitions. Only then it will be possible to advance the negotiating process and to start building real peace.