

# The Armenia-Azerbaijan Nagorno-Karabakh Conflict as the Key Threat to Peace and Cooperation in the South Caucasus

Farhad Mammadov<sup>\*</sup>

Among the conflicts in the South Caucasus, the Armenia-Azerbaijan Nagorno-Karabakh conflict is undoubtedly the most complex, as well as the most dangerous conflict. It holds the most serious security and humanitarian implications not only for the South Caucasus, but also for the whole Eurasian region. The 23-year-old peace process, led by the OSCE Minsk Group, has so far failed to deliver peace and stability to the region. Impeded by problems such as lack of commitment, focus on conflict management instead of conflict resolutions, intergovernmental nature and rotating chairmanship of the organization, the OSCE is failing to address the resurgence of violence in this simmering conflict. Taking advantage of the shortcoming of OSCE Minsk Group's peace efforts, Armenia has refused to make any compromises for the sake of peace. During the recent negotiations in Vienna and St. Petersburg, the presidents of Azerbaijan and Armenia agreed on the phased resolution of the conflict, creating hope that the deadlock would be broken and the peace process would be reactivated. However, the danger remains that if the peace process fails again, the resumption of violence will become inevitable and renewed war will have serious regional and global repercussions.



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<sup>\*</sup> Dr. Farhad Mammadov is the Director of the Center for Strategic Studies under the President of the Republic of Azerbaijan

## Introduction

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The conflict between Armenia and Azerbaijan over Azerbaijan's Nagorno-Karabakh region is the longest running and the bloodiest conflict in the post-Soviet space. The conflict is widely accepted as the most significant obstacle to peace, cooperation and stability in the Caucasus region as a whole. The conflict has introduced an element of fragility to the stability of the region as well as that of the parties directly involved, through waves of refugees and humanitarian and social crises. Despite the 1994 ceasefire agreement, hostilities have continued, taking the lives of dozens of soldiers each year. The OSCE Minsk Group, which is tasked with conflict resolution, has so far failed to deliver peace to the region. The latest escalation of hostilities on the line of contact between the Armenian and Azerbaijani armed forces at the beginning of April 2016 demonstrated once again the danger of this protracted conflict and the continuation of the 'no peace, no war' situation. The escalation also brought renewed dynamism to international mediation efforts, underlining the importance of genuine conflict resolution efforts in order to prevent the resumption of full-scale war. The presidents of Azerbaijan and Armenia have recently met in Vienna and Moscow, and the ceasefire has largely been adhered on the line of contact. However, any failure in the renewed peace negotiations risks causing a new round of escalations. Such a failure might also leave resort to military power as the only viable option for Azerbaijan in regard to the restoration of its territorial integrity.

What are the reasons for the apparent failure of the Nagorno-Karabakh peace process, and what are the implications for regional peace, stability and cooperation? The article argues that negligence on the part of the international community, the ineffectiveness of OSCE Minsk Group, and finally the uncompromising position of Armenia has led to the failure of the peace process. This situation leaves military intervention as the sole means for Azerbaijan to restore its territorial integrity, the violation of which has been affirmed by numerous international documents, including UN Security Council resolutions. In a protracted conflict such as this one, even in the absence of planned a military operation, provocations and unintended escalations along the heavily militarized line of contact can easily lead to the renewal of full-scale warfare. This entails serious security implications for all the regional countries as well as global powers.

The article is divided into three chapters. The first chapter examines the Armenia-Azerbaijan Nagorno-Karabakh conflict as the key obstacle to regional stability and cooperation in the South Caucasus. The second chapter illuminates why the conflict has remained unresolved and examines the rising threat of renewed warfare in the context of failed peace efforts. The third and final chapter focuses on the regional and global security implications entailed by the protraction of the conflict, in order to highlight the importance of increasing international efforts towards sustainable conflict resolution.

*Impact of the Nagorno-Karabakh conflict on regional cooperation and development in the South Caucasus*

After the dissolution of the Soviet Union all three countries of the South Caucasus region became involved in inter- and intra-state conflicts, almost all of which remain unresolved. These conflicts blocked progress towards inclusive peace and cooperation, preventing the emergence of a cooperative regional environment or a security community in the South Caucasus. This context has also paved the way for foreign influence in region.<sup>1</sup>

Among the conflicts in the South Caucasus, the Armenia-Azerbaijan Nagorno-Karabakh conflict is undoubtedly the most complex, as well as the most dangerous conflict. It holds the most serious security and humanitarian implications not only for the South Caucasus, but also for the whole Eurasian region. The conflict started at the end of the 1980s, when Armenia, seizing the opportunity created by the collapse of the Soviet Union, orchestrated and sponsored violent separatism in the Nagorno-Karabakh Autonomous Oblast of Azerbaijan (NKAO), with the aim of annexing the region. The conflict gradually evolved into a full-scale war between Armenia and Azerbaijan as they both gained independence. Despite the adoption of four UN Security Council resolutions (822, 853, 874, and 884) demanding the unconditional and immediate withdrawal of troops from Nagorno-Karabakh and the other occupied regions of Azerbaijan, Armenia extended the theater of military action well beyond the borders of the former NKAO. Along with occupying Nagorno-Karabakh and its adjacent regions and expelling the indigenous Azerbaijani population (around 700,000 people) to realize the idea of ‘miatsum’ – the annexation of Nagorno-Karabakh – Yerevan also implemented the ethnic cleansing of 250,000 Azerbaijanis

<sup>1</sup> Garibov, A (December 2015) ‘Alignment and Alliance Policies in the South Caucasus Regional Security Complex’, *SAM Comments*, Baku, Volume XV, p.5

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from the Republic of Armenia, turning the country into a mono-ethnic state.<sup>2</sup> The active phase of the conflict ended in 1994 with the signing of a ceasefire agreement in Bishkek. The war left the NKAO and seven other regions – roughly 20 percent of Azerbaijan's internationally recognized territory – under Armenian occupation. It also resulted in over 30,000 military and civilian deaths and made about a million Azerbaijanis IDPs and refugees.<sup>3</sup>

Currently, the Nagorno-Karabakh conflict, along with being the most serious threat to peace, is also the main obstacle to inclusive economic and political cooperation in the region. In contrast to the other separatist conflicts in the region, this is a clearly an interstate war, where one regional country has occupied a significant portion of another's territory, with tremendous investments by both sides in terms of manpower and arms to the war efforts. The conflict has resulted in the securitization of almost all aspects of bilateral relations; consequently, anything that is seen as posing an advantage to Azerbaijan is perceived detrimental to Armenia, and vice versa, leading to a zero-sum bilateral relationship.<sup>4</sup> In fact, the line of contact between the armed forces of Armenia and Azerbaijan around Nagorno-Karabakh has become the most militarized area in the whole post-Soviet space.

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As noted above, the Nagorno-Karabakh conflict represents Azerbaijan's key security concern. The conflict has dominated foreign policy and national security discourse in Baku ever since independence. The restoration of territorial integrity is repeatedly declared as the top national priority by the leadership.<sup>5</sup> Azerbaijan has stated its preference for resolving the conflict through diplomacy and negotiations, but the continued failure of peace efforts threatens to leave military means as the only option for restoring territorial integrity.

At the result of the conflict, Armenia has been excluded from the

2 Ministry of Foreign Affairs of Azerbaijan (2013) Refugees and IDPs, available at: <http://www.mfa.gov.az/en/content/117> (accessed: 10.05.2016)

3 Azad Garibov (2015) 'OSCE and Conflict Resolution in the Post-Soviet Area: The Case of the Armenia-Azerbaijan Nagorno-Karabakh Conflict', *Caucasus International*, Istanbul, Vol. 5, No: 2, p: 76, Available at: <http://cijournal.az/post/osce-and-conflict-resolution-in-the-post-soviet-area-the-case-of-the-armenia-azerbaijan-nagorno-karabakh-conflict-azad-garibov-98> (accessed 10 May 2015)

4 Svante Cornel (2001), *Small Nations and Great Powers: A Study of Ethnopolitical Conflict in the Caucasus*, RoutledgeCurzon, p. 385

5 Garibov, A (December 2015) 'Alignment and Alliance Policies in the South Caucasus Regional Security Complex', *SAM Comments*, Baku, Volume XV, p.19

regional infrastructure projects initiated by Azerbaijan, such as the Baku-Tbilisi-Ceyhan (BTC) oil pipeline, the Baku-Tbilisi-Erzurum gas pipeline, and the Baku-Tbilisi-Kars railway – all of which have transformed the economic landscape of the region. In the absence of this conflict, Armenia would offer the most economic route for these large-scale oil, gas and rail transportation projects.<sup>6</sup> Azerbaijan, and Turkey have also imposed trade embargoes, closing their borders with Armenia until the resolution of the conflict, or at least until there is a significant progress in the peace process.

Azerbaijan also cooperates with other regional countries via tri-lateral partnerships, all of which involve Armenia's neighbors. Currently, these include Azerbaijan-Georgia-Turkey, Azerbaijan-Iran-Turkey, and Azerbaijan-Turkmenistan-Turkey frameworks. Almost all of the large-scale region-wide economic projects are being realized through these frameworks, excluding Armenia due to its aggression against Azerbaijan. While Georgia and Iran have kept their borders with Armenia open for trade and transit, these two countries' economic lifelines also run in the East-West direction due to the attractiveness and reliability of partnerships with Azerbaijan and Turkey. Consequently, Armenia is excluded from the major economic projects and processes in the region.

Similar to Azerbaijan, the conflict has also dominated and shaped Armenian foreign and security policy since the collapse of the USSR. In its quest for military and economic support, Armenia joined the Moscow-led Commonwealth of Independent States (CIS) and its military wing, the Collective Security Treaty Organization (CSTO) in 1992. Yerevan's reliance on Russia and the CSTO for its security has only increased since 1994. Armenia's isolation due to its occupation of Azerbaijani territories has intensified its dependence on Moscow. Currently, Armenian borders with Iran and Turkey are patrolled by Russian troops, and Russia has one of its largest military bases abroad in the Armenian city of Gyumri. Russia is Armenia's sole provider of natural gas, and controls the country's railway network, electricity distribution and production facilities, as well as many other strategic sectors of the national economy.<sup>7</sup> When after lengthy negotiations with the EU on the signature of an Association Agreement, Armenia unexpectedly declared its intention to join the Russia-led Eur-

6 Ibid, p.22

7 Vladimir Socor (10 December 2013) 'Armenia's Economic Dependence on Russia Insurmountable by the European Union', *Eurasia Daily Monitor Volume: 10 Issue: 221*, available at: [http://www.jamestown.org/regions/russia/single/?tx\\_ttnews%5Btt\\_news%5D=41740&tx\\_ttnews%5BbackPid%5D=48&cHash=408a5840473a1f08b45f64b8178116ba#\\_VrgpN\\_nhDIV](http://www.jamestown.org/regions/russia/single/?tx_ttnews%5Btt_news%5D=41740&tx_ttnews%5BbackPid%5D=48&cHash=408a5840473a1f08b45f64b8178116ba#_VrgpN_nhDIV) (accessed 30 December 2015)

asian Economic Union (EEU) in 2013, the government sought to placate citizens by claiming that the move would reinforce national security.<sup>8</sup> “When you are part of one system of military security it is impossible and ineffective to isolate yourself from a corresponding economic space,” declared President Sargisyan in a news conference, attempting to justify his government’s U-turn.<sup>9</sup>

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The war that Armenia started and the consequently resulted in its isolation have turned the country into one of the poorest states in the CIS. It is highly dependent on foreign aid and the remittances sent home by labor migrants working abroad, mainly in Russia. Remittances account for 21 percent Armenia’s GDP, \$2 billion out of a total \$10 billion.<sup>10</sup> According to World Bank data, the same figure is 12 percent in Georgia, and just 2.9 percent in Azerbaijan.

The conflict and consequent economic decline also resulted in mass emigration and depopulation of Armenia.

Recently, annual migration has reached about 60,000 people,<sup>11</sup> and during 2008-2015, according to official statistics, the country lost 330,000 people - more than 10% of total population.<sup>12</sup> Although Armenian government attempts to conceal the data on the population decline, reduced birth rates clearly reveal this trend. While Armenia had 87,000 births in 1988, only 41,000 babies were born in 2013.<sup>13</sup> The country has experienced negative population growth ever since it initiated the Nagorno-Karabakh war, and consequently the population has fallen from 3.5 million in 1990 to 3 million in 2016.<sup>14</sup> For comparison, Azerbaijan had a population of 7.2 million in 1990, which by mid-2016 had increased to 9.8 million.<sup>15</sup>

8 Marianna Grigoryan (October 21, 2015) ‘Armenia: Pondering the Limits of Russia’s Security Commitments’, *Eurasianet*, available at: <http://www.eurasianet.org/node/75641> (accessed: 11.05.2016)

9 RFERL (September 03, 2013) ‘Armenia To Join Russian-Led Customs Union’, available at: <http://www.rferl.org/content/armenia-customs-union/25094560.html> (accessed: 11.05.2016)

10 Mushvig Mehdiyev (April 2015) ‘Remittances “enslave” Armenia’s economy’, *Azernews.az*, available at: <http://www.azernews.az/aggression/79835.html> (accessed: 12.05.2016)

11 Milli.az (June 19, 2012) ‘Fərhad Məmmədov: “Azərbaycan postkonflikt dövründə də regionun lider dövləti olaraq qalacaq”’, available at: <http://news.milli.az/politics/121712.html> (accessed: 14.05.2016)

12 Mushvig Mehdiyev (April 3 2015) ‘Armenia faces dangerous migration problem, says economist’, *Azernews*, available at: <http://www.azernews.az/aggression/79927.html> (accessed: 14.05.2016)

13 Ramiz Mehtiyev (2014) Nagorno-Karabakh: History read through sources, Moscow: Akvarius Publishing, p. 15

14 Worldpopulationreview, country profile’, available at: <http://worldpopulationreview.com/countries/armenia-population/> (accessed: 14.06.2016)

15 Worldpopulationreview, ‘Azerbaijan country profile’, available at: <http://worldpopulationreview.com/countries/azerbaijan-population/>

For its part, Georgia has been put in a difficult position by the Armenian-Azerbaijani zero-sum relationship. While Georgia has an interest in maintaining good relations with both states, it has for a number of reasons developed better relations with Azerbaijan than Armenia. First of all, Baku is without question the economic hub of the Caucasus, and arguably the economic center of the entire southern rim of post-Soviet states.<sup>16</sup> By virtue of its oil resources and its location on the shore of the Caspian, Azerbaijan holds a central position in the various transport corridor arrangements, as well as acts as one of the largest investors in Georgia. Georgia, on the other hand, is one of the two options for routes linking Azerbaijan to Turkey and with the West; the other is Armenia. Due to the impossibility of any Armenian-Azerbaijani cooperation, Georgia's role in oil and gas transportation, TRACECA, and other projects has been dramatically expanded. In this sense, Georgia has a vested interest in Armenia's economic isolation.<sup>17</sup>

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Though Georgia supports the principle of territorial integrity in conflict resolution (due to its own conflicts too) which is also championed by Azerbaijan, Tbilisi has officially maintained a neutral position with regard to the Nagorno-Karabakh conflict, since partisanship would risk serious challenges. Tbilisi fears Armenian irredentism in its southern Javakheti province, which is home to a significant Armenian minority, some of whom hold Russian passports. Thus, aware of Yerevan's strong ties with and influence over Javakheti 'nationalists', Tbilisi has to maneuver and neutralize possible backlash from Armenia in case of support for Azerbaijan.

*Reasons of protraction of the conflict and rising possibility of renewed warfare while peace efforts fail*

The Organization for Security and Co-operation in Europe (OSCE) Minsk Group was created in 1992 to deal with the peaceful resolution of the Armenia-Azerbaijan Nagorno-Karabakh conflict. Initially, OSCE aimed to convene a conference to resolve the conflict in Belarusian capital Minsk (hence its name). That conference was never realized, but the Minsk Group de-

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com/countries/azerbaijan-population/ (accessed: 14.06.2016)

16 Svante Cornell (1999) 'Geopolitics and strategic alignments in the Caucasus and Central Asia', Perception, June - August, Volume IV – Number 2, available at: <http://sam.gov.tr/wp-content/uploads/2012/01/SVANTE-E.-CORNELL.pdf> (accessed 11 January 2015)

17 Svante Cornell (2001), *Small Nations and Great Powers: A Study of Ethnopolitical Conflict in the Caucasus*, RoutledgeCurzon, p. 388



veloped certain institutional capacities, and the co-chairmanship structure (with Russia, France, and the United States co-chairing since 1997) was introduced in 1994 in order to mediate between Armenia and Azerbaijan and negotiate the peaceful settlement of the conflict.

However, despite more than two decades of negotiations, OSCE mediation has failed to deliver peace to the region. Similar to other conflicts in the post-Soviet area where the OSCE has also deployed peacemaking and peacekeeping missions, the Armenian-Azerbaijani peace process appears to be a failure.<sup>18</sup> Armenia's maximalist and uncompromising position – which rejects any solution short of independence for Nagorno-Karabakh – is the key reason for the failure of the peace process. Having escaped significant damage as a result of the continued conflict, Armenia has demonstrated a rigid position, aimed at prolonging the conflict resolution process and preserving the status quo. Yerevan favors the status quo in hopes of gradually achieving international recognition of the self-proclaimed 'Nagorno-Karabakh Republic.'

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While Armenia's uncompromising position is the single most important obstacle to the peaceful resolution of the conflict, it must be emphasized that the passive and ineffective approach by the international community, especially the OSCE, has encouraged Yerevan to do so. This position prevents the mobilization of international efforts and the galvanization of the peace process. As Novruz Mammadov, Deputy Head of Presidential Administration of Azerbaijan pointed out, the OSCE Minsk group monopolized the resolution process of the conflict<sup>19</sup>, but lacks the commitment needed to push the process forward.

Besides its lack of commitment and low level of involvement, OSCE Minsk Group is engaged in conflict management in Nagorno-Karabakh rather than genuine conflict resolution. Instead of calling for the resolution of the conflict and pushing forward on the peace process, they call upon both sides to obey the ceasefire regime and make statements about the unacceptability of resorting to military power. As the escalation of hostilities in early

18 Azad Garibov (May 11, 2016) 'Why the OSCE Keeps Failing to Make Peace in Nagorno-Karabakh', The National Interest, available at: <http://nationalinterest.org/blog/the-buzz/why-the-osce-keeps-failing-make-peace-nagorno-karabakh-16161?page=2> (accessed: 17.05.2016)

19 NewTimes (April 29 2015) 'Top official: Pressure constantly exerted on Azerbaijan', available at: <http://newtimes.az/en/processstrends/3557> (accessed 15.05.2016)



April (2-5 April 2016) clearly demonstrated, the preservation of status quo is no longer sustainable, and working in this direction is futile. The April escalation altered the long-held myth about the ‘frozen’ nature of the conflict. There is now a consensus that the conflict is not frozen and there is no practical mechanism for responding to possible outbreaks of armed conflict.<sup>20</sup> Tens of thousands of fully armed troops are separated by just a few hundred meters of ‘no man’s land’ and there are only few unarmed OSCE monitors to monitor the line of contact. Thus the intended or unintended escalations can never be prevented and they could lead to full-blown war in the South Caucasus region.<sup>21</sup> Both armies have invested massive amounts of resources in rearmament over the last 20 years. At any moment a single provocation could inflame tensions and result in severe consequences. Therefore, increased commitment and a change of focus from conflict management and the preservation of the status quo to genuine conflict resolution effort is the first task for the OSCE. This is crucial for achieving sustainable peace and stability in the region.

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Furthermore, if initially the OSCE’s involvement as a mediator was intended to represent impartial international involvement, today the OSCE Minsk Group’s approach is a troika-based approach rather than a genuine and inclusive OSCE approach. The OSCE seems to have little influence over the Minsk Group; three national chairs are in a full control of the process. On top of that, the three members of the ‘troika’ have their own divergent positions on the peace process, which further hampers the prospect of successful negotiations. The failure of the talks to achieve tangible results over so long period has inevitably led to suspicions in the Azerbaijani public that the three co-chairs of the Minsk Group – Russia, France and the US, all of whose populations contain large numbers of the Armenian Diaspora – are either satisfied with the status quo or their governments have concluded that it is better to pursue their own domestic and foreign interests in the conflict resolution process rather

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20 Farhad Mammadov (April 19 2016) ‘К вопросу о сценариях урегулирования армяно-азербайджанского нагорно-карабахского конфликта’, Rossiya v *Globalnoy Politike*, available at: <http://www.globalaffairs.ru/global-processes/K-voprosu-o-stenariyakh-uregulirovaniya-armyano-azerbaidzhanskogo-nagorno-karabakhskogo-konflikta-1> (accessed: 16.05.2016)

21 Valdaiclub (April 19 2016) ‘Как удалось достичь договорённости о прекращении огня в нагорном карабахе?’, available at: <http://ru.valdaiclub.com/a/highlights/prekrashchenie-ognya-v-nk/> (accessed: 17.05.2016)

than providing impartial mediation.<sup>22</sup>

*Above all, it should be noted that the OSCE is an intergovernmental organization with no supranational powers, a key obstacle to hammering out an effective policy.*

Along with the weaknesses and shortcoming peculiar to the OSCE Minsk Group, there are also weaknesses that relate directly to the OSCE more broadly. Above all, it should be noted that the OSCE is an intergovernmental organization with no supranational powers, a key obstacle to hammering out an effective policy. The same can be said about OSCE's efforts on the Nagorno-Karabakh conflict. This intergovernmentalism means that any OSCE activity in any member country, and any mission deployed on behalf of the organization, requires unanimous approval from all member states, and particularly the country to which the activity or mission pertains. Thus, every country in the organization has an effective veto power on any decision.

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Moreover, OSCE relies on the rotating chairmanship structure, and the every year a new country chairs the organization, with its foreign minister serving as a Chairman-in-Office. The rotating chairmanship means that the chairman in office lacks institutional memory on the issue. Every new chairman starts with little knowledge about the conflict and the state of the negotiations process; they approach the conflict resolution process with varying levels of commitment and varying strategies. Thus rotating chairmanship also to a certain degree contributes to the ineffectiveness of the OSCE peace efforts in Armenia-Azerbaijan Nagorno-Karabakh conflict.

### *Regional and global security implications of a renewed war between Armenia and Azerbaijan*

As argued in the previous sections, the Nagorno-Karabakh conflict is the biggest threat to peace and stability in the South Caucasus. The status quo can no longer be maintained, and the outbreak of a full-blown war cannot be contained. In fact, the conflict has never been truly 'frozen'. Aside from the recent escalation, which attracted international attention, ceasefire violations have always been fairly commonplace along the line of contact. Dozens of people die every year as a result of ceasefire violations. For example, 73 soldiers (31 Azerbaijani and 42 Armenian) and

<sup>22</sup> Caspian Information Center (November 2012) 'Nagorno-Karabakh: An Unresolved Conflict Whose War Games Threaten Western Energy Security', *Occasional Paper No. 22*, available at: <http://www.caspianinfo.com/wp-content/uploads/2012/11/OP-22-Nagorno-Karabakh-An-Unresolved-Conflict-Whose-War-Games-Threaten-Western-Energy-Security.pdf> (accessed: 17.05.2016)

tens of civilians on both sides died in skirmishes in 2015 alone.<sup>23</sup> If the OSCE Minsk Group does not move away from its current passive approach, the international community risks the renewal of full-scale war in Nagorno-Karabakh. This new war would certainly be much costlier than its predecessor in 1991-94. The new war would not only pose grave security threats for the parties, but would also have serious regional and global repercussions. Thus, all the regional countries including Georgia, Russia, Iran, and Turkey as well as Europe will directly or indirectly share the costs of the renewed war in the South Caucasus.

For Russia, who has cultivated a formal alliance with Armenia and strategic cooperation with Azerbaijan, the outbreak of hostilities represents a serious risk. In case of a full-blown war, Russia would face the dilemma of either supporting Armenia, and losing everything that it has built with Azerbaijan, or maintaining a neutral approach and devaluing its security guarantees to its allies. A new war would also bring more international attention and consequent international involvement in the South Caucasus which is not a desired outcome for Moscow. Moreover, Russia does not want to see more instability on its southern flank, in addition to the already unstable Northern Caucasus. Therefore, Russia cannot afford the risk of a new war in the South Caucasus. Consequently, Moscow seems to be investing more heavily in conflict resolution, which is surely a better option than the much more costly alternative of dealing with a new conflict, with all its strategic, security and economic implications.

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Another negative implication for Russia is that the conflict and its renewal prospects adversely impact the credibility and integrity of the Moscow-led organizations such as Collective Security Treaty Organization (CSTO) and Eurasian Economic Union (EEU). As observed in early April escalation, when violence erupted in Nagorno-Karabakh, no CSTO or EEU member voiced open support for Armenia, either during the conflict or afterwards. On the contrary, two members of these organizations, namely Belarus and Kazakhstan, openly supported Azerbaijan's position. This gave rise to serious public distrust in Armenia in regard to Yerevan's Russia-oriented for-

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23 Emil Sanamyan (January 14, 2016) 'Armenian-Azerbaijani Attrition War Escalates', *Armenianweekly*, available at: <http://armenianweekly.com/2016/01/14/attrition-war-escalates/> (accessed: 19.05.2016)

foreign policy and membership of Moscow-led organizations.<sup>24</sup>

*Regardless of the victor in the possible war between Armenia and Azerbaijan, Georgia would likely end up losing out.*

The resumption of full scale war between Azerbaijan and Armenia, with whom Georgia not only shares a common border, but also a long history of cohabitation and a tradition of close cultural and economic ties, would also lead to detrimental consequences for Georgia.<sup>25</sup> Regardless of the victor in the possible war between Armenia and Azerbaijan, Georgia would likely end up losing out. During the latest escalation the Armenian leadership threatened to strike Azerbaijani energy export pipelines<sup>26</sup>, almost all of which pass through Georgian territory and generate significant transit income for Tbilisi. This scenario could bring serious economic implications for Georgia. Moreover, in the event of intense fighting, Georgia could face serious dilemmas in terms of deciding how the conflicting sides can use its air space, the passage of military cargo, opening of ports for the conflicting sides, and how to respond to various resolutions by international organizations.<sup>27</sup>

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Iran also shares a border with both Armenia and Azerbaijan, including the occupied territories of the latter, and thus the line of contact is close to the Iranian border. Due to the economic, social and humanitarian ties Iran has with both Armenia and Azerbaijan, an escalation of the conflict between the two could pose challenges for Tehran.<sup>28</sup> It is worth mentioning that during the four days of fighting in April, Iranian territory was hit by several mortar shells fired by Armenian troops.<sup>29</sup> After the eruption of clashes Tehran urged the two sides to show restraint

24 Farhad Mammadov and Azad Garibov (January 14, 2016) 'Why Armenia's Allies Are Letting It Down', *The National Interest*, available at: <http://nationalinterest.org/feature/why-armenias-allies-are-letting-it-down-16455?page=show> (accessed: 19.05.2016)

25 Giorgi Menabde (April 20, 2016) 'Georgia Fears Resumption of Armenian-Azerbaijani Conflict', *Eurasia Daily Monitor*, Volume: 13 Issue: 77, available at: [http://www.jamestown.org/programs/edm/single/?tx\\_ttnews%5Btt\\_news%5D=45342&cHash=933175b9831c94e753039864eff98ffa#.V3JZt\\_mLTIV](http://www.jamestown.org/programs/edm/single/?tx_ttnews%5Btt_news%5D=45342&cHash=933175b9831c94e753039864eff98ffa#.V3JZt_mLTIV) (accessed: 20.05.2016)

26 Newsarmenia (April 5, 2016) 'Карабах готов нанести удар по нефтяным коммуникациям Азербайджана', available at: [http://newsarmenia.am/news/nagorno\\_karabakh/srochno-karabakh-gotov-nanesti-udar-po-neftyanyam-kommunikatsiyam-azerbaydzhana/](http://newsarmenia.am/news/nagorno_karabakh/srochno-karabakh-gotov-nanesti-udar-po-neftyanyam-kommunikatsiyam-azerbaydzhana/) (accessed: 21.05.2016)

27 Giorgi Menabde (April 20, 2016) 'Georgia Fears Resumption of Armenian-Azerbaijani Conflict', *Eurasia Daily Monitor*, Volume: 13 Issue: 77, available at: [http://www.jamestown.org/programs/edm/single/?tx\\_ttnews%5Btt\\_news%5D=45342&cHash=933175b9831c94e753039864eff98ffa#.V3JZt\\_mLTIV](http://www.jamestown.org/programs/edm/single/?tx_ttnews%5Btt_news%5D=45342&cHash=933175b9831c94e753039864eff98ffa#.V3JZt_mLTIV) (accessed: 20.05.2016)

28 Hamidreza Azizi (April 14, 2016) 'Will Iran and Russia join forces on Azerbaijani-Armenian conflict?', *Al-Monitor*, available at: <http://www.al-monitor.com/pulse/originals/2016/04/iran-azerbaijan-armenia-nagorno-karabach-mediator.html#ixzz4783uf9Pd/> (accessed: 22.05.2016)

29 Sputnik (April 03, 2016) 'Iranian Village Hit By Shells Fired in Nagorno-Karabakh Fighting', available at: <http://sputniknews.com/world/20160403/1037418940/conflict-village-shelling.html#ixzz4787BRwDP> (accessed: 22.05.2016)

and refrain from further escalation.<sup>30</sup> Foreign Minister Mohammed Javad Zarif has offered to serve as a mediator.<sup>31</sup>

Moreover, Armenia's statement on the possibility of strikes on globally important energy infrastructure such as the BTC pipeline and Southern Gas Corridor in the event of war constitutes a serious threat for the interests of Turkey and the EU; for the former as the key project partner and the latter as the key consumer. On April 5, 2016 the self-styled defense ministry of Nagorno-Karabakh warned that it could hit oil infrastructure in Azerbaijan during any future hostilities, using the Iskander, Scud-B and Tochka-U systems.<sup>32</sup> Though Azerbaijan has developed strong air and missile defense system and possesses S300 surface to air missiles to counter this threat, even minor possibility of such strike poses a serious challenge for Europe, who attaches particular importance to energy security issues and diversification of supply routes. Thus, potential instability and military action in the South Caucasus – a critical access route bringing Caspian energy resources to Europe – could impede the continued flow of oil, and undermine the development of new energy infrastructure and the construction of the gas pipelines that are crucial for the EU and Azerbaijan's regional neighbors Georgia and Turkey.<sup>33</sup> In addition to energy transportation routes, cargo transit routes via Azerbaijan are also critical for Europe, Central Asia and China. These routes would be threatened by the resumption of full-scale warfare too.

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Furthermore, there are already conflicts on Europe's peripheries such as Syria and Ukraine which place a heavy burden on the EU and the US, creating negative implications for their security. If the Nagorno-Karabakh conflict turns violent again it will create further economic, security and humanitarian problems for Europe and the US, as well as introducing new complications to their relations with Russia.

30 Hamidreza Azizi (April 14, 2016) 'Will Iran and Russia join forces on Azerbaijani-Armenian conflict?', *Al-Monitor*, available at: <http://www.al-monitor.com/pulse/originals/2016/04/iran-azerbaijan-armenia-nagorno-karabach-mediator.html#ixzz4783uf9Pd/> (accessed: 22.05.2016)

31 Brenda Shaffer (April 7, 2016) 'Fighting in the Caucasus: Implications for the Wider Region', *The Washington Institute*, available at: <http://www.washingtoninstitute.org/policy-analysis/view/fighting-in-the-caucasus-implications-for-the-wider-region> (accessed: 24.05.2016)

32 Ilgar Gurbanov (May 16, 2016) 'The Frozen War that Threatens Energy in the Caucasus', *Natural Gas Europe*, available at: <http://www.naturalgaseurope.com/the-frozen-war-that-threatens-energy-in-the-caucasus-29573> (accessed: 23.05.2016)

33 Ibid

### *Conclusion*

The Armenia-Azerbaijan Nagorno-Karabakh conflict is the biggest threat to peace and security and the most significant obstacle to region-wide cooperation and development in the South Caucasus. Although the conflict has dominated foreign and security policy in both Azerbaijan and Armenia ever since independence, the international community has largely neglected the conflict and misleadingly labeled it as frozen. However, the renewed hostilities at the beginning of April, 2016 demonstrated, this not a frozen conflict that can be ignored, but a dangerous ‘no war nor peace’ situation. April escalation also proved once again that the continuation of the status quo is no longer tenable, and that there is a price to pay for protraction of the conflict. The conflict may flare up again at any time, and such escalations may lead to all-out war that will destabilize the entire region, brining about serious global security implications.

The escalation, despite widespread pessimism during the immediate aftermath of the fighting, also contributed to increased international attention and resulted in renewed conflict resolution efforts by OSCE Minsk Group co-chairs. The presidential meetings in Vienna, Austria on May 16, 2016 and in St. Petersburg, Russia on June 20, 2016 led to hopes that this dangerous impasse would be broken. In St. Petersburg, the presidents agreed on a phased settlement of the conflict. This envisions the liberation of the five occupied regions of Azerbaijan in the first phase, to be followed by liberation of two more regions and the delineation of a corridor between Armenia and Nagorno-Karabakh. The final status of Nagorno-Karabakh will be decided later. However, the peace process is still very fragile. The failure of this new round of negotiations will bury the last remaining hopes for peace and create every possibility for the resurgence full-scale war on the line contact. The stagnation of the peace process also threatens to leave resort to military means as the only solution for Azerbaijan to restore its territorial integrity.

The key problem with the Minsk Group-led peace process is that the OSCE does not seem sufficiently committed, and it wrongly focuses on conflict management rather than conflict resolution. Other problems related to Minsk Group include the narrow trika-based approach, along with issues pertaining to the OSCE as whole - such as intergovernmentalism and the rotating chairmanship. The only visible result of the long and fruitless mediation efforts to date is the ‘monopolization’ of the conflict resolution

by the OSCE and the ‘privatization’ of the Minsk process by the so-called troika. Although the Minsk Group troika has the necessary power and influence in the region to advance the peace process, the shortcomings mentioned above are preventing them from utilizing their capacity to resolve the conflict.

Taking advantage of the shortcoming of the OSCE Minsk Group’s peace efforts, Armenia has remained intransigent in negotiations, refusing to compromise for the sake of peace. Just as Armenia must change its attitude towards the resolution process, the OSCE Minsk Group must put an end to its passive approach and try its best to mobilize international efforts to bring about the long overdue resolution to the conflict. The only way to achieve sustainable and peaceful conflict settlement in Nagorno-Karabakh is to resolve the conflict based on mutual compromises and respect for international law, including commitment to the principles of territorial integrity, sovereignty, and inviolability of international borders.