

Nagorno-Karabakh: Getting to a Breakthrough

I. OVERVIEW

A preliminary breakthrough in the two-decades-old Nagorno-Karabakh conflict – a framework agreement on basic principles – may be within reach. Armenia and Azerbaijan are in substantial accord on principles first outlined by the Organisation for Security and Cooperation in Europe (OSCE) Minsk Group in 2005. A basic principles agreement, while only a foundation to build on, is crucial to maintain momentum for a peace deal. Important differences remain on specifics of a subsequent final deal. Movement toward Armenia-Turkey rapprochement after a century of hostility has brought opportunity also for ending the Nagorno-Karabakh stalemate. Sustainable regional peace requires compromises on all the quarrels, but there is backlash danger, especially in Armenia, where public discontent could derail the Nagorno-Karabakh framework agreement. Presidents Sarkisian (Armenia) and Aliyev (Azerbaijan) need to do more to prepare their publics. The U.S., Russia and France, Minsk Group co-chairs, have stepped up collective efforts, but more is needed to emphasise dangers in clinging to an untenable status quo.

Although a deliberate military offensive from either side is unlikely in the near future, the ceasefire that ended active hostilities fifteen years ago is increasingly fragile. There has been a steady increase in the frequency and intensity of armed skirmishes that could unintentionally spark a wider conflict. Though the ceasefire has helped prevent return to full-scale hostilities, it has not prevented some 3,000 deaths along the front line – military and civilian alike – since 1994.

The official negotiations have also not significantly tempered the great scepticism and cynicism among both Armenians and Azerbaijanis about a possible end to the conflict. There is deep distrust of the mediating process, and many on both sides are suspicious that the talks are little more than window-dressing. Many also complain about what they perceive as the secretive nature of the talks. This gives rise to suspicions that a peace deal equates to surrender and that leaders who would take such action would be guilty of treason. These fears have been fuelled by years of official and unofficial propaganda on both sides, and particularly in Armenia, there is a growing sentiment that a change in the status quo could

create new security threats. Notably, there is concern even among some government officials that Armenia is being pressured to give up something tangible – the occupied territories – in exchange for mere promises of security. These feelings are especially acute in Nagorno-Karabakh.

The presidents are believed to have broadly agreed on the need for an eventual pullout of ethnic Armenian forces from districts of Azerbaijan outside of Nagorno-Karabakh they currently control. Azerbaijan has also given indications that it is not opposed to a corridor linking Nagorno-Karabakh and Armenia. There have been differences on a timetable for the return of ethnic Azeri refugees to Nagorno-Karabakh. The most contentious issue, however, is the region's final status. There has been some movement towards defining an "interim status" for Nagorno-Karabakh, but Azerbaijan still insists that it must always remain legally part of its territory, while Armenia (and the de facto Nagorno-Karabakh authorities) insist that residents of the region have the right to determine their own status, be it as part of Armenia or as an independent state.

The Armenian and Azerbaijani governments should engage their populations in genuine debate about the options on the negotiating table, as well as the risks of letting the current situation linger. Civil society organisations involved in peacebuilding should revamp their efforts to facilitate constructive, wider discussion. International NGO projects have involved a miniscule percentage of Armenians and Azerbaijanis. Often the same "experts" have been involved for over a decade in conferences that have largely failed to create the greater public awareness on issues, options and their implications that could diminish insecurities and so free the hands of the negotiators.

Furthermore, Armenia and Azerbaijan should gradually involve Nagorno-Karabakh's de facto authorities and the Nagorno-Karabakh Azeri representatives in the peace talks to secure their buy-in to decisions that would directly affect them. An inclusive and multi-layered format envisioning direct contacts between Azerbaijan and Karabakh Armenians as well as between the Karabakh Armenians and Azeris could help promote a more efficient dialogue.

Specific additional steps that should be taken include:

- ❑ The sides should reinforce pledges to refrain from use of force by allowing the mandate of the tiny OSCE observer mission to be significantly broadened, for example to authorise investigation of claims of violations, and allowing a larger monitoring force on the ground that could facilitate establishment of an international peacekeeping force once an agreement is in place.
- ❑ Azerbaijan should review its position and accept OSCE proposals, apparently agreed by Armenia, to remove snipers from front line areas, and both sides should stop advancing their trenches towards the other's positions.
- ❑ Armenia, together with the de facto Nagorno-Karabakh authorities and Azerbaijan, should begin contingency planning on the mechanisms and procedures for the withdrawal of Armenian forces from the districts of Azerbaijan outside of Nagorno-Karabakh they continue to occupy.
- ❑ The Armenian and Azerbaijani governments should formally endorse by the end of 2009 the document on basic principles and fully disclose its contents in public forums. Armenia should encourage the de facto Nagorno-Karabakh authorities to uphold the agreement.
- ❑ Azerbaijan should allow Karabakh Azeris to play a bigger role in the negotiations and the internal political process, including by passing legislation allowing them to elect the head of their community.
- ❑ All sides to the conflict should consider an inclusive and multi-layered negotiation format envisioning direct contacts between the Azerbaijani government and the de facto Nagorno-Karabakh authorities, as well as between the Karabakh Armenians and Azeris.
- ❑ External actors, particularly the U.S., France (and, broadly, the EU) and Russia should intensify their collective efforts to encourage Armenia and Azerbaijan to formally endorse the basic principles document and move on at once to negotiating the peace agreement.
- ❑ Donors involved in developing, implementing or funding peacebuilding should engage greater numbers of people in their projects, including through electronic media and joint public forums.
- ❑ The de facto Nagorno-Karabakh authorities should end their support for settlement of formerly Azeri majority areas with Armenians, including an end to privatisation, infrastructure development and the establishment of local government structures in those areas.

II. THE STATUS OF THE PEACE PROCESS

A. THE SECURITY SITUATION ON THE LINE OF CONTACT

The ceasefire in Nagorno-Karabakh has held up since full-scale hostilities ended in 1994, despite frequent, but mostly low-intensity skirmishes with relatively moderate casualties.¹ Nevertheless, while a deliberate resumption of full-scale hostilities is unlikely in the immediate future, a number of factors suggest that the status quo along the front line may be increasingly unstable and difficult to sustain.

The frequency and intensity of clashes have grown since early 2008. Although citing different figures, Armenia and Azerbaijan agree there was a record number of ceasefire violations that year.² Lately, there have also been occasional reports of the use of mortars, noteworthy because most previous incidents involved only small arms. Both sides reportedly used these heavier weapons during deadly clashes near the Azerbaijani town of Ter-Ter, close to Nagorno-Karabakh, on 4-5 March 2008.³ The Armenian side accused Azerbaijani forces of using artillery for the first time since 1994.⁴ The opposing forces engage in trench warfare, gradually moving their

¹ The OSCE Minsk Group co-chairs said some 30 people were killed and 50 injured from both sides in 2008. "Statement", 6 March 2009, www.osce.org/item/36664.html. There are no exact figures of casualties since 1994, but most observers agree that as many as 3,000 people, mostly soldiers, have died from both sides since then because of direct violations of the ceasefire regime. Crisis Group phone interview, Jasur Sumerinli, military expert, August 2009.

² Thus, in 2008 the Azerbaijani side reported 1,250 ceasefire violations, as opposed to 575 in 2007 and 220 in 2006. "Fifteen years pass since ceasefire between Azerbaijan and Armenia" (in Azeri), APA News Agency, 12 May 2009. The Armenian defence ministry claimed the Azerbaijani side violated the ceasefire "almost 3,500 times" in 2008, which it said was 2.5 times more than the previous year. "In 2008 the Azerbaijani side violated the ceasefire regime in the Karabakh conflict zone almost 3,500 times" (in Russian), Regnum News Agency, 15 January 2009.

³ Azerbaijan claimed twelve Armenians and four of its soldiers were killed, while the Armenian side claimed eight Azerbaijani soldiers were killed and two Armenian soldiers wounded during the clashes. Both sides accused the other of starting the fighting. See "Karabakh casualty toll disputed", BBC News, 5 March 2008.

⁴ Speaking in January 2009, Armenian defence ministry official Andranik Mkrtumyan claimed Azerbaijan fired twelve artillery shells during this incident. "In 2008, the Azerbaijani side violated the ceasefire regime", Regnum, op. cit.

fortifications and positions in the line of contact closer to one another. Today, the distance between some forward positions around Nagorno-Karabakh is just twenty to 40 metres. Most ceasefire violations occur in these areas of close contact.

There is an uneasy military balance between Armenia and Azerbaijan. Having gained control over substantial Azerbaijani territories, including most of the strategic heights around Nagorno-Karabakh, the Armenian side holds a formidable defensive position. Azerbaijan would not initiate hostilities unless it was confident of regaining a significant portion of its lost territories. Analyses of its present military capability concur that a major offensive is unlikely to succeed.⁵

However, a dangerous arms race is under way in which both sides are exponentially increasing military spending⁶ and have accused each other of violating their limits under the Conventional Forces in Europe (CFE) treaty, which limits deployments and materiel in the region.⁷ Baku has consistently claimed that if peace talks fail, it is entitled to terminate the ceasefire and use force in Nagorno-Karabakh as a legitimate exercise of self-defence to regain occupied territories.⁸ Yerevan and Nagorno-Karabakh's de facto authorities respond that in the event of resumed hostilities, Azerbaijan would sustain even greater human and territorial losses.⁹ Armenian forces have reportedly carried out five military exercises in and around Nagorno-Karabakh in 2009, an unusually high number.¹⁰ While the Armenian side prefers to preserve the status quo until a favourable peace agreement is

reached, it has indicated a readiness to launch a preemptive strike if necessary.¹¹

In the absence of an external separating force, the ceasefire is monitored by Andrzej Kasprzyk, the lone personal representative of the OSCE chairman-in-office, and his five field assistants. They conduct observations once or twice a month after notifying the parties about the time and place. Both sides have frequently complained about the ineffectiveness of this monitoring. There have been occasional calls in Azerbaijan to scrap the mission entirely.¹² Its effectiveness is limited by a weak mandate that prevents it from conducting independent investigations into ceasefire violations and snap inspections. A stronger mandate would presumably be most opposed by Azerbaijan, which is unhappiest with the status quo on the ground, but not even Kasprzyk has officially made such a request. Nevertheless, the mandate needs to be expanded if the OSCE monitoring mission is to become reasonably effective.

Because most casualties are due to sniper fire, the OSCE Minsk Group co-chairs have over the last year been calling on the parties to bolster the ceasefire by pulling snipers away from the line of contact. Armenia and the de facto Nagorno-Karabakh authorities reportedly were ready to do so, but Azerbaijan was not, reflecting its reluctance to solidify the status quo in the absence of progress in the peace talks.¹³

B. A WINDOW OF OPPORTUNITY

In a rare demonstration of unified policy towards the South Caucasus, the Minsk Group chairs, France, Russia and the U.S., issued a joint statement on the margins of the July 2009 G8 summit calling on Armenia and Azerbaijan to “to resolve the few differences remaining between them and finalise their agreement on [the] Basic Principles”. This followed a year of vigorous shuttle diplomacy by the Minsk Group diplomats, who visited Yerevan and Baku – individually or as a group – as frequently as twice a month in an attempt to broker an agreement. It signalled a common commitment to

⁵ Crisis Group interviews, Western military analysts, May-July 2009.

⁶ Azerbaijan increased its defence expenditures from \$135 million in 2003 to \$1.85 billion in 2008, although it continues to spend a much smaller percentage of its GDP on the army than Armenia, whose defence budget was \$410 million in 2008. See Crisis Group Europe Briefing N°50, *Azerbaijan: Defence Sector Management and Reform*, 29 October 2008.

⁷ See, for details, Crisis Group Europe Report N°187, *Nagorno-Karabakh: Risking War*, 14 November 2007.

⁸ Azerbaijan has circulated a document in the UN arguing its legal right to self-defence under Article 51 of the UN Charter. See “Report on legal consequences of the armed aggression by the Republic of Armenia against the Republic of Azerbaijan”, annex to the 22 December 2008 letter from Azerbaijan's UN ambassador to the Secretary-General, A/63/662-S/2008/812, 24 December 2008.

⁹ Thus, the de facto Nagorno-Karabakh defence minister said on 10 July 2009, “the line of security of the NKR population lies not through [the] Lachin [corridor], but the Kura River [in central Azerbaijan]”. ArmInfo news agency, 10 July 2009.

¹⁰ These exercises were carried out in February, March, April and May 2009. Azerbaijan claimed they were intended as intimidation. See, for example, “Karabakh Armenians hold fresh military drill”, *Armenialiberty.org*, 27 March 2009.

¹¹ Movses Hakopian, the Nagorno-Karabakh de facto defence minister, replied when asked about the possibility of a preemptive strike, “it can't be ruled out that we will mount an offence if the situation calls for one”. “NKR defence minister: ‘We will attack if the situation so demands’”, *Hetq.am*, 23 July 2009.

¹² R. Orujov, “Refusing the OSCE monitoring in the line of contact” (in Russian), *Echo (Baku)*, 22 February 2008; also www.day.az/news/politics/108305.html.

¹³ During his visit to Yerevan and Baku in early July 2009, Russian Minsk Group co-chairman Yuriy Merzliakov confirmed that Azerbaijan rejected the proposal.

bring an end to the Nagorno-Karabakh problem that contrasts, for example, with their serious differences over the Georgia situation.

The Armenian and Azerbaijani presidents have already met five times in 2009, a record for a single year since the end of active hostilities.¹⁴ Some observers noted that Aliyev has had much better rapport with Sarkisian than with the previous Armenian chief executive, Kocharian.¹⁵ The Minsk Group co-chairs praised both presidents for engaging in increasingly substantive and frank discussions.¹⁶ The intense diplomatic activity has raised optimism about a new window of opportunity to achieve significant progress in the next few months. Recent statements from the co-chairs have even hinted at a possible breakthrough by the end of the year.¹⁷

In the past, similar optimism has been repeatedly dashed by regional and domestic political realities. However, while serious problems remain with regard to public buy-in (see below), the present international climate is more favourable to a peaceful resolution of the conflict. Two major regional developments – the 2008 Russian-Georgian war and the Armenian-Turkish rapprochement – have returned international attention to Nagorno-Karabakh and cultivated a renewed sense of urgency.

¹⁴ President Ilham Aliyev and Armenian ex-president Robert Kocharian met only four times during the nearly half-decade when both were in power.

¹⁵ Crisis Group interviews, Baku, Yerevan, Tbilisi, July-August 2009. U.S. Minsk Group co-chairman Matthew Bryza also said in late 2008 the two presidents “seem to have developed some sort of personal chemistry and mutual respect”. www.armenialiberty.org/content/article/1598425.html.

¹⁶ Thus, then co-chairman Bryza qualified the 7 May meeting of the presidents in Prague as “the most substantive exchange of views between the presidents so far”. See “Minsk Group sees breakthrough in Karabakh negotiations”, 7 May 2009. French co-chairman Bernard Fassier similarly said following the 17 July Moscow meeting, “we have never seen before how presidents speak so straightforwardly and frankly about difficult questions”, but added: “The closer you are to a resolution, the more difficult some problems become.” “Bernard Fassier: We continue our efforts to get approval of both presidents on the Madrid proposals” (in Russian), APA news agency (Baku), 18 July 2009.

¹⁷ The talks have entered a “new phase with a deeper, more detailed discussion” said co-chairman Bryza in April 2009. “U.S. envoy says Karabakh talks have entered ‘new phase’”, RFE/RL, 23 April 2009. Similarly, in July 2009, Russian co-chairman Yury Merzliakov said the talks have reached the “finish line”. The French co-chairman seconded him by saying if the talks continued with such intensity, the basic principles would be agreed by the end of the year, and the sides would start working on a comprehensive peace agreement by early 2010. See R. Rustamov and R. Mirkadirov, “New variant of Madrid proposals” (in Russian), *Zerkalo* (Baku), 11 July 2009.

The war in Georgia had a sobering effect on the regional actors and external powers alike, demonstrating the inherently fragile character of so-called frozen conflicts. Some believe Azerbaijan might have been tempted to follow the Georgian example in the unlikely event that Tbilisi succeeded in retaking South Ossetia. After the war, however, its leadership felt a new respect for Russian power. Nevertheless – and contrary to Armenia’s hopes – Moscow, officially at least, rejected any parallel between Nagorno-Karabakh and Abkhazia/South Ossetia.¹⁸

The deterioration of relations between Moscow and the West as a consequence of the Georgia crisis hampered the Minsk Group from August, when the war broke out, until November 2008.¹⁹ But Russia and the West are now cooperating constructively on Nagorno-Karabakh, sharing a vision based on peaceful resolution of the conflict within the framework of basic principles as outlined in the OSCE’s 2007 Madrid Document. The former U.S. Minsk Group co-chairman, Deputy Assistant Secretary of State for European Affairs Matthew Bryza, echoed this in May 2009: “As difficult as our relations are with Russia with regard to Georgia, they are equally positive with regard to Nagorno-Karabakh”.²⁰

Russia views its mediation efforts over Nagorno-Karabakh as a means for promoting its influence in the region. It also sees an opportunity to mend its tarnished image by presenting itself as a responsible regional power. As a result, it brokered the Moscow Declaration of November 2008, signed jointly by its president and his Armenian and Azerbaijani counterparts. It reaffirmed a “political settlement of the Nagorno-Karabakh conflict based on the principles of international law and the decisions and documents approved within this framework”.²¹ Although lacking specifics, the declaration carried significant symbolic weight as the first document signed by the conflict parties since the 1994 ceasefire and the first on the Nagorno-Karabakh conflict signed by the two presidents since their countries’ independence three years previously.

Moscow appears to reciprocate Western support for the Armenian-Turkish rapprochement – a high point of which

¹⁸ See, for example, “Lavrov: Recognition of Abkhazia and South Ossetia is not a precedent for Nagorno-Karabakh” (in Russian), RIA Novosti news agency (Russia), 18 September 2008.

¹⁹ In Baku on 18 September 2008, U.S. co-chairman Bryza said the group could resume work after Russia fully complied in Georgia with the ceasefire agreement reached with French President Sarkozy. For its failure to do so, see Crisis Group Europe Briefing N°53, *Georgia-Russia: Still Insecure and Dangerous*, 22 June 2009.

²⁰ “Minsk Group sees breakthrough in Karabakh negotiations”, *op. cit.*

²¹ Text of the declaration: www.kremlin.ru/eng/text/docs/2008/11/208708.shtml.

was reached in August 2009 with announcement of two protocols on establishment of diplomatic relations.²² A critical deadline for Turkish-Armenian relations, and perhaps also for the success of Armenian-Azerbaijani talks, comes on 14 October 2009, when Turkey and Armenia play a second qualifier match for the football World Cup. After President Abdullah Gül travelled to Yerevan to watch the first match in September 2008, President Sarkisian pledged to return the visit. In late July, however, he conditioned his trip on Ankara demonstrating willingness to reopen the Turkish-Armenian border.²³ To retain its close ties to Azerbaijan and avoid a nationalist backlash at home, Ankara has said that it will not act against Azerbaijan's interests, hinting that the border issue is linked to progress on Nagorno-Karabakh.²⁴

Such progress may not have to be an actual start of Armenian withdrawal from Azerbaijani occupied territories, as Turkey has insisted previously; it might instead be an agreement on the basic principles, a step that could be seen as striking a balance between Armenian and Azerbaijani positions. The release at the G8 summit on 10 July 2009 of the so-called L'Aquila statement by the presidents of the three Minsk co-chair countries has put new pressure on Baku and Yerevan to take this step (see below).

The unexpected 31 August announcement by Turkey and Armenia on diplomatic ties injected an additional sense of urgency into the Nagorno-Karabakh talks. The six-week deadline that has been set to conclude the necessary measures for the two parliaments to ratify will expire not only days before the football match but also just days after Presidents Aliyev and Sarkisian are to meet in Moldova on the sidelines of the Commonwealth of Independent States (CIS) summit. Whether that meeting further narrows differences is likely both to determine if a basic principles agreement can be secured in 2009 and if the parliaments will approve the normalisation protocols.

²² On Turkey-Armenia relations see Crisis Group Europe Report N°199, *Turkey and Armenia: Opening Minds, Opening Borders*, 14 April 2009.

²³ "I will leave for Turkey if we have an open border or stand on the brink of the lifting of Armenia's blockade", Sarkisian said on 28 July 2009 in Yerevan, during a meeting with Serbian President Boris Tadic. See "Sarkisian reaffirms conditions for Turkey visit", *Armenialiberty.org*, 28 July 2009. He was criticised by his domestic opponents for leaving a window open for a possible visit before the border was open. See, eg, James Akopyan, "Turkish dribbling and Armenian bodybuilding" (in Russian), *Lragir.am*, 29 July 2009.

²⁴ "We won't take a step which will sadden our Azerbaijani brothers. They are being informed of the entire [Turkish-Armenian rapprochement] process ... and it will go on as before", said Foreign Minister Ahmet Davutoğlu. Ercan Yavuz, "Davutoğlu pledges not to disappoint Azerbaijan", *Today's Zaman*, 16 September 2009.

C. THE MADRID PROPOSALS

Crisis Group reports have repeatedly argued that the basic principles offer the best available framework for resolving the Nagorno-Karabakh conflict. Armenia and Azerbaijan have reached a substantial degree of understanding on these principles, which they began discussing in 2005 two years before they were officially presented to them at the OSCE's November 2007 Madrid summit. The principles revolve around three fundamental elements: the non-use of force, territorial integrity and self-determination. Both parties have accepted the Madrid proposals as a framework for discussions.²⁵ In fact, as the then-U.S. co-chairman Matthew Bryza, said in an August 2009 interview, "all the Basic Principles, just about all of them, in fact all of them, are agreed in a fundamental way".²⁶ But serious differences remain on specifics, and the negotiations are held on the standard diplomatic basis that "nothing is agreed until everything is agreed".

The L'Aquila declaration of the co-chair presidents included a fact sheet outlining the general contours of the proposed basic principles, including inter alia:

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

²⁵ For example, Armenian President Sarkisian told U.S. Assistant Secretary of State Philip Gordon on 9 July 2009 in Yerevan that Armenia was ready to continue talks with Azerbaijan on the basis of the Madrid proposals. "Armenia ready to continue talks with Azerbaijan on the basis of Madrid principles – Serzh Sarkisian" (in Russian), *Regnum news agency (Russia)*, 9 July 2009. Azerbaijani officials avoided references to the "Madrid proposals", preferring to vaguely refer to the mediator's proposals in general. Thus, on 10 June the deputy foreign minister said "in principle, on a strategic level the Azerbaijani state is satisfied with these [ie, Madrid] proposals. But there are elements that have not been agreed". See Maarif Chingizoglu, "We do not see the desired preparedness to compromises from Armenia" (in Azeri), *Azadliq.org*, 10 June 2009.

²⁶ Text of the interview at <http://en.apa.az/news.php?id=105875>.

- international security guarantees, including a peace-keeping operation.²⁷

The Armenian bottom line remains recognition of a right to self-determination for Nagorno-Karabakh, a secure land link between Nagorno-Karabakh and Armenia and security guarantees that preclude resumption of hostilities.²⁸ Some officials and political leaders in Yerevan and Nagorno-Karabakh are opposed to the basic principles, arguing they do not guarantee tangible security for Nagorno-Karabakh and are being developed without the inclusion of its de facto authorities in the peace process.

Yerevan says it would not accept a deal fundamentally unacceptable for Nagorno-Karabakh Armenians. According to Sarkisian, however, if an agreement is reached on self-determination that Armenia interprets as a procedure leading to the de jure secession of Nagorno-Karabakh from Azerbaijan, all other outstanding issues are solvable.²⁹ In such a trade-off, the occupied territories around Nagorno-Karabakh – “the liberated territories” as they are often referred to in popular Armenian parlance – would be used to obtain a tangible guarantee for the security of the present population of Nagorno-Karabakh and to ensure that Azerbaijan accepts independence as Nagorno-Karabakh’s final status determination.³⁰

Azerbaijan rules out independence for Nagorno-Karabakh or any procedure that would legalise its secession.³¹ Of-

ficial Baku says that it is ready for any compromise that would preserve Azerbaijan’s territorial integrity and the return of Azeris to Nagorno-Karabakh.³² With respect to the Madrid Document, it wants three major points reflected in the framework agreement: the return of Azeris to Nagorno-Karabakh prior to its final status determination; “equal and mutual use” of the Lachin corridor, a strip of Azerbaijani territory linking Armenia and Nagorno-Karabakh, by both Armenians and Azeris;³³ and, most contentiously, that the determination of the final status of Nagorno-Karabakh can only be determined within the framework of Azerbaijan’s territorial integrity.³⁴ The fundamental difference between the two sides on this last point means that the final resolution of the Nagorno-Karabakh problem could be many years away.

Aliyev and Sarkisian have reportedly inched closer to agreement on a timetable for Armenian withdrawal from seven occupied districts adjacent to Nagorno-Karabakh, a major stumbling block in the negotiations Aliyev held earlier with Kocharian.³⁵ According to Bryza,

esses, which would envision a mechanism for legal secession of Nagorno-Karabakh from Azerbaijan. This is our unequivocal position”, said President Aliyev in an interview with Russian media. Itar-tass.com, 18 April 2009.

²⁷ In a televised nationwide address on 27 May 2009, President Aliyev said, “there is no discussion on the mechanism of secession of Nagorno-Karabakh from Azerbaijan; neither can there be any such discussion. Neither today, nor in ten or 100 years will Nagorno-Karabakh be independent”. Text of the speech available (in Azeri) at www.president.az/articles.php?item_id=20090528101554099&sec_id=11.

²⁸ Speaking at a policy panel, Deputy Foreign Minister Araz Azimov said, “Lachin is equally important for Azerbaijan as a transport corridor for having access to Nakhichevan”. Crisis Group personal observation, Baku, April 2009.

²⁹ These principles “should be included in the draft of the Basic Principles of the conflict settlement”, the announcement aired in May 2008 by Deputy Foreign Minister Araz Azimov read. “Only then will the negotiations have a result”. See “Once more about principal position of Azerbaijan on resolution of Nagorno-Karabakh conflict”, Today.az, 15 May 2008. “As far as the model and legal framework of self-rule status for the Nagorno-Karabakh region within Azerbaijan is concerned, the definition should take place in normal peaceful conditions. Attempts to define such status in a situation of continued occupation contradicted international law”, said Agshin Mehdiyev, Azerbaijan’s UN ambassador, at the Security Council hearings on 21 April 2009. www.un.org/News/Press/docs/2009/sc9640.doc.htm.

³⁰ Speaking in Yerevan on 8 August, Bryza said, “I think they [Aliyev and Sarkisian] are getting close to and maybe they do generally agree on the timing [of Armenian troop withdrawal], but there are very important details that still have to be agreed and cannot be agreed until other associated questions, other elements of the basic principles are resolved”. See “Armenia, Azerbaijan ‘coming closer’ to peace”, Armenialiberty.org, 8 September 2008. Kocharian insisted on Armenian withdrawal

²⁷ Text of the statement: www.osce.org/item/38731.html. These points echo, with slight semantic differences, those in the OSCE Minsk Group’s 22 June 2006 statement, which for the first time publicly disclosed an outline of the basic principles. Text of the statement at www.regnum.ru/english/665413.html.

²⁸ President Sarkisian reiterated these points in July 2009, during a meeting with the president of Cyprus. See Arevik Chilingaryan, “Dimitris Christofias: It is hard to negotiate with Turkey” (in Russian), *Golos Armenii* (Armenia), 7 July 2009.

²⁹ In an interview with *Russia Today* in April 2009, Sarkisian said, “the pivotal issue is the [recognition of a] right to self-determination of the people of Nagorno-Karabakh, and if that question is solved, then we will be able to easily solve all other questions”. See “[Sarkisian:] I think it is time to make decisions” (in Russian), *Golos Armenii* (Armenia), 25 April 2009.

³⁰ “Armenia’s only goal is security. [We believe] that it can only be assured by status and international guarantees”. Crisis Group interview, Shavarsh Kocharyan, deputy foreign minister, Yerevan, July 2009. “The most important issue is security.” Crisis Group interview, Bako Sahakyan, de facto Nagorno-Karabakh president, Stepanakert, 22 July 2009. In an interview with the *Frankfurter Allgemeine Zeitung*, Sarkisian said, “the control over territories is not an end in itself for us, but is aimed at Karabakh’s security”. See “Sarkisian says Karabakh status central to peace accord”, Armenialiberty.org, 11 November 2008.

³¹ “There can be no unilateral decision on the final status of Nagorno-Karabakh. Azerbaijan will never participate in proc-

the parties fundamentally concur that provided everything else is agreed, Armenian forces would pull out immediately from five districts adjacent to Nagorno-Karabakh and then in five years time from Kelbajar and Lachin.³⁶ Nonetheless, desiring to keep its leverage, Yerevan wants to leave the issue of return of Azerbaijani IDPs to Nagorno-Karabakh proper unaddressed before final status determination.³⁷

Aliyev statements in recent months have signalled increased flexibility. Thus, in a first such public disclosure, he indicated progress on the Lachin corridor question, telling reporters in April that Azerbaijan “sees no problem” in providing for a secure land link between Nagorno-Karabakh and Armenia.³⁸ A senior Azerbaijani foreign ministry official told Crisis Group that to enable safe functioning of the corridor and the return of the Azeri population to Lachin, Azerbaijan could build a new road south of Lachin town, which would be slightly shorter and flat, unlike the serpentine road running through the town itself.³⁹ Positive signals have also come from the Armenian side, implying that in principle it is prepared to return Kelbajar and part of Lachin in exchange for a twenty- to 25-km-wide land connection between Armenia and Nagorno-Karabakh.⁴⁰ An OSCE monitoring group reportedly visited Lachin in September

for engineering research and to prepare a special report for the parties.⁴¹

The main remaining obstacle to an agreement that the two presidents have started to address directly is Nagorno-Karabakh’s proposed interim status.⁴² There is a growing understanding that any procedure that would pre-determine final status would by definition be unacceptable to one side or the other. This elevates the importance both sides attach to the concept of interim status, which would essentially legitimise the existing institutions and practices in Nagorno-Karabakh, while providing for mutual guarantees on security and IDP return.

In a statement on which Armenian officials have refrained from commenting thus far, Aliyev said that in the absence of a consensus, final status could remain undecided, thus hinting at indefinite continuation of the interim status.⁴³ This contrasted with previous demands for a favourable, pre-determined final status for Nagorno-Karabakh and is more in line with the essence of the Madrid proposals, which promise neither territorial integrity for Azerbaijan nor automatic recognition of secession by Nagorno-Karabakh.

III. PERCEPTIONS OF THE PEACE PROCESS

A. THE GAP BETWEEN OFFICIAL AND PUBLIC PERCEPTIONS

In contrast with the official talks, there is widespread and deep-seated scepticism in both Armenian and Azerbaijani society about a peaceful resolution of the conflict. The pattern of thinking among many ordinary citizens is remarkably similar. A frequently heard argument is that territories “taken by blood” can be recovered “only by blood”. Attitudes on Nagorno-Karabakh are entrenched and highly emotional. Information about the conflict and peace process is often conveyed in a highly filtered, manipulative way, prompting disinformation

from Kelbajar and part of Lachin only after a referendum to determine Nagorno-Karabakh’s final status, a condition rejected by Aliyev. See Crisis Group Report, *Risking War*, op. cit., pp. 5-6.

³⁶Matthew Bryza: Armenia must return seven districts to Azerbaijan”, Day.az, 7 August 2009. Days earlier Aliyev said essentially the same thing in a televised interview.

³⁷Following demands for his resignation and harsh criticism from the nationalist Dashnaksutiun party for being too soft in the talks, Foreign Minister Edvard Nalbandian said in July 2009, “there is no discussion on the return of refugees to Karabakh. We can address this question after final settlement of the Karabakh problem and in [a] larger context, bearing in mind the question of about 400,000 [Armenian] refugees [from Azerbaijan]”. “Armenian foreign minister: The issue of refugee return is not being discussed” (in Russian), Panorama.am, 16 July 2009. The Azerbaijani foreign ministry responded that the question of return of Azerbaijani IDPs to Nagorno-Karabakh and adjacent territories “always was and remains in the agenda of the peace talks”. “Azerbaijani MFA: Armenian foreign minister’s statement causes surprise and is contrary to international law” (in Russian), Day.az, 22 June 2009.

³⁸“Cooperation corresponds to the interests of Azerbaijan and Russia” (in Russian), Itar-Tass.com, 18 April 2009.

³⁹Crisis Group interview, Azerbaijani diplomat, Baku, April 2009.

⁴⁰Tatul Hakobyan, “President Serzh Sargsian urged not to endorse ‘updated Madrid Document’”, *Armenian Reporter*, 14 July 2009.

⁴¹Aslihan Karataş, “Armenia opens up Lachin corridor” (in Turkish), *Yeni Şafak* (Turkey), 5 September 2009. Azerbaijani foreign ministry spokesman Elkhon Polukhov confirmed the reports. See “Elkhon Polukhov: ‘Measurement work conducted by an OSCE mission in Lachin corridor is part of the negotiations’”, Day.az, 7 September 2009.

⁴²Vladimir Solovyev, “Strides have been made” (in Russian), *Kommersant*, 20 July 2009.

⁴³“This [determination of final status] could happen in one year, maybe in ten years, or in 100 years, or this could never happen. Time will tell”, Aliyev said in a 5 July 2009 interview to Russian TV; the transcript is available at www.azertag.com.

and misinterpretation.⁴⁴ Deep distrust not only of each other but also of their own leaderships is common. The ruling elites are often seen as interested in using the conflict to justify powerful security organs and keep power rather than seeking a peace that accords with genuine national interests.

Mutual distrust extends to distrust of the mediators, whom many accuse of not being interested in a resolution, but rather using the conflict to promote their geopolitical interests. The Madrid proposals are largely looked at in Azerbaijan as a plot to legitimise Nagorno-Karabakh's secession, while many Armenians believe they would force its reintegration with Azerbaijan. As a result, the recent dynamism in the peace process and talk of an imminent agreement on the basic principles do not resonate with the wider publics. On the contrary, they are regarded with suspicion and increase the sense of insecurity.

Following months of growing expectations, optimism over a breakthrough in talks by year's end has been called into question as the Armenian, and to a much lesser degree, Azerbaijani leaderships deal with domestic opposition groups opposed to compromise. Many in Armenia feel that, as "the victorious side", their country's losses would outweigh its gains under the Madrid proposals. In both Armenia and Nagorno-Karabakh, the intensification of the peace process has triggered a surge in nationalist sentiment favouring a harder line at the negotiating table. That President Sarkisian is still hampered by a legitimacy deficit from his controversial 2008 election adds to the risk for him if he makes an unpopular decision on a highly emotional issue.⁴⁵

He and Foreign Minister Nalbandian have been the targets of repeated criticism from the domestic opposition for "betraying" national interests in order to win inter-

national legitimacy.⁴⁶ Levon Ter-Petrosian, the ex-president and main opposition leader, who was previously known for his more conciliatory stance on the conflict, compared the Madrid proposals with a "Dayton-type solution" in which Armenia would be coerced into concessions.⁴⁷

Firm opposition to the Madrid proposals has also intensified in Nagorno-Karabakh as negotiations have gained momentum,⁴⁸ but the gap between public and official perceptions is much narrower than in Armenia. De facto Foreign Minister Georgi Petrosian, though not rejecting the Madrid Document out of hand, said Nagorno-Karabakh bears no responsibility for it because its leaders have not participated in the negotiation.⁴⁹ In a July 2009 statement, a group of Nagorno-Karabakh civil society groups went further, saying the proposed agreement "fundamentally contradicts the interests of Artsakh

⁴⁴ In an example of the low level of public knowledge and the vulnerability to manipulation, the Armenian newspaper *Aravot* published on 11 November 2008 a list of recommendations which it suggested might be the "Madrid principles": <http://new.aravot.am/ru/articles/politics/50713/view>. This produced a brief sensation and was quickly reprinted in the Azerbaijani press and at least once was cited on the Radio Free Europe website: www.rferl.org/content/Azerbaijan_Floats_Principles_For_Karabakh_Peace_Settlement_/1357686.html. The unattributed text was actually an excerpt from the recommendations section in the Crisis Group Report, *Risking War*, op. cit.

⁴⁵ Activists from radical to moderate opposition circles in Armenia have stated that no leader will sign a document on the basis of the Madrid proposals "for fear of his chair, his life, and the lives of his family members". Crisis Group interviews, Yerevan, July 2009. A political analyst in Azerbaijan noted: "Sarkisian faces a dilemma: political power or peace. The problem for Aliyev is not so acute, so he feels more confident". Crisis Group interview, Rauf Mirkadirov, Baku, July 2009.

⁴⁶ Dashnaksutiun and the Heritage Party have both demanded the resignation of Foreign Minister Nalbandian, and have threatened to demand the president's resignation should he commit to the Madrid proposals. Crisis Group interview, Heritage Party officials, July 2009.

⁴⁷ Levon Ter-Petrosian's speech at a rally on 29 May 2009: www.levonpresident.am/?catID=127&contID=436; Speaking at another rally in Yerevan on 1 May 2009, Ter-Petrosian said, "in order to keep his hold on power, Serge Sarkisian has literally sold the Genocide" [hinting at readiness to accept a joint Turkish-Armenian historians' commission on events at the time of the First World War]. "Without a doubt his next step is going to be to sell Karabakh, after which naturally he will be the first Armenian to be awarded the Nobel Prize". Text of the speech: www.levonpresident.am/?catID=127&contID=433.

⁴⁸ Crisis Group interviews and observations, Stepanakert, July-August 2009. On the eve of the Sarkisian-Aliyev meeting in Moscow on 17-18 June 2009, "eight political parties in Karabakh, including [the] local Dashnaksutiun, issued a statement ... calling for Stepanakert's greater role in the continuing negotiations with Azerbaijan and condemning all attempts to put the internationally unrecognised republic's security at risk. They said all efforts to resolve the conflict without Stepanakert were doomed to failure. The statement echoed the concerns of Karabakh's public at large". See Suren Musayelyan, "Karabakh in focus: opposition to Madrid principles grows at home as Sarkisian travels to Moscow to meet Aliyev", *Armenianow.com*, 17 July 2009.

⁴⁹ "We bear no responsibility" (in Russian), *Aravot.am*, 14 July 2009. In a statement released on 15 July 2009, the de facto foreign ministry said, "we consider it required to reset the distorted negotiation process, to return the NKR to the negotiation table as an equal party to the negotiation process, and to transform the basic principles of the settlement". Elements in civil society go a step beyond this, rejecting the legitimacy of the negotiations altogether.

[Nagorno-Karabakh] and Armenia” and calling for “thorough review” of the basic principles.⁵⁰

Faced with what they see as unfavourable developments, many politicians and activists in Armenia and Nagorno-Karabakh express concern at the “unreasonable speeding up” of the negotiations.⁵¹ A frequently heard argument is that Armenia, immediately upon signing a peace agreement, would be required to take tangible actions – withdrawal from most of the occupied districts adjacent to Nagorno-Karabakh – while Azerbaijan would merely be committed on paper to non-use of force. Some even warn that an agreement on the basis of the Madrid proposals would reignite hostilities.⁵²

Many Armenians believe that their best security guarantee is to preserve the status quo, whereby their side continues to control extensive Azerbaijani territory outside Nagorno-Karabakh. Years of stalemate and nationalistic discourse have hardened public opinion and increased the tendency to view these territories as not only a security belt, but also “liberated territories” that should remain Armenian.⁵³ Reflecting the gradual psychological shift that has occurred over fifteen years, new maps for sale in Armenia no longer show the territories as de jure Azerbaijani but as part of Armenia and Nagorno-Karabakh. They feature pictures of supposedly Armenian cultural monuments there. Many villages and towns in these districts have been given Armenian names.⁵⁴ Proponents of this view claim that the land is historically Armenian.

Hardline politicians and activists also argue that Nagorno-Karabakh would not be able to become a self-sufficient entity within Azerbaijan and its old boundaries.⁵⁵ They argue for it having “defensible borders”, which in their parlance often means the existing line of contact or Nagorno-Karabakh supplemented by Lachin and Kelbajar.

Azerbaijan, on the other hand, is becoming increasingly impatient with the status quo, which it believes the Armenian side is using to produce a fait accompli of control

over the occupied territories by waiting for frustration with the stalemate to cause international interest, and thus pressure for a settlement, to fade. As evidence, Baku refers to some Armenian resettlement efforts in the occupied territories that it says are meant to prevent a return to the pre-war demographic situation.⁵⁶ For Azerbaijanis, any change in the status quo that does not require them to automatically recognise secession appears fundamentally acceptable. Moreover, there is a growing understanding among the political elites of the need for compromise, though as a commentator said, “society poorly understands the framework of such a compromise”.⁵⁷

With a rising, oil-driven economy and military budget, Azerbaijan feels newly confident about its diplomatic and military strength.⁵⁸ Combined with frustration over the talks, this often translates into threats of war to regain its lost territories. Armenia in turn blames the lack of progress on Azerbaijan and its belligerent rhetoric.

The only political forces in the two countries even half-heartedly supportive of the Madrid proposals are the ruling parties (the Republican Party in Armenia, the New Azerbaijan Party in Azerbaijan). However, their rhetoric tends to be antagonistic. The ruling parties, which revolve around their respective presidents and are largely devoid of ideology, present the proposals from their own perspective and pay little attention to how their statements resonate with the other side. Thus, Azerbaijani functionaries present the Madrid proposals as a stage-by-stage peace plan that would inevitably lead to restoration of territorial integrity.⁵⁹ Their Armenian counterparts claim as vociferously that they open new prospects for recognition of Nagorno-Karabakh’s independence.⁶⁰

⁵⁰ “Statement of non-governmental organisations of NKR adopted at extraordinary forum of NKR NGOs”, 16 July 2009.

⁵¹ “Haste in the peace process will have a negative outcome”, *Asbarez*, 13 August 2009.

⁵² Crisis Group interviews, Stepanakert and Yerevan, July 2009.

⁵³ Crisis Group interview, political analyst, 20 July 2009. Officially, Yerevan does not use the term “liberated territories”.

⁵⁴ Crisis Group observations, Yerevan, July 2009.

⁵⁵ See, for example, Masis Mailyan, political activist in Nagorno-Karabakh and its ex-de facto deputy foreign minister, www.regnum.ru/news/1086834.html. Ironically, Azerbaijanis argue that Nagorno-Karabakh cannot be a self-sufficient entity within their borders to disprove Armenian claim to the entity’s independence.

⁵⁶ See “Military occupation of the territory of Azerbaijan: a legal appraisal”, annex to the 8 October 2007 letter from Azerbaijan’s UN ambassador to the Secretary-General, A/62/491-S/2007/615, 23 October 2007. Officially, however, there does not appear to be a large-scale, systematic resettlement policy that is applied consistently throughout the occupied territories outside of Lachin and Kelbajar. An OSCE mission in 2005 concluded that with the exception of Lachin, “overall settlement is quite limited”. Report of the OSCE Fact-Finding Mission to the Occupied Territories of Azerbaijan Surrounding Nagorno-Karabakh, Prague, 6 February 2005.

⁵⁷ Crisis Group interview, Rauf Mirkadirov, political analyst, Baku, July 2009.

⁵⁸ Azerbaijan’s annual value of oil exports in 2008 was \$24 billion. Due to lower oil prices, this figure is predicted to be \$12 billion in 2009. Crisis Group telephone interview, Shahin Abbasov, economic analyst, October 2009.

⁵⁹ See, for example, an interview by Ali Ahmadov, YAP executive secretary, “In Ali Ahmadov’s opinion, ‘Madrid principles’ are not an end” (in Azeri), *Mediaforum.az*, 13 July 2009.

⁶⁰ See Eduard Sharmazanov, Republican Party spokesman, in “Governing party rules out Sarkisian’s resignation over Kara-

Misconceptions or deliberate misrepresentations about the negotiations also fuel public dissatisfaction with the peace process. Most importantly for the immediate future, the key obstacle to gaining public support for this phase of the peace process – agreeing a document on basic principles – is the mistaken belief that the basic principles in themselves would constitute a final peace deal. The two sides and the OSCE Minsk Group should get across to the larger public in both countries that these would be only a preliminary framework in a negotiating process without a preconceived decision on the final status of Nagorno-Karabakh.

B. CIVIL SOCIETY FAILURE TO PROMOTE PEACEBUILDING

The fifteen-year neither-war-nor-peace situation has entrenched a victim complex among Azeris and a victor syndrome in Armenians, complicating not only official talks, but also ordinary human communication. People-to-people contacts have become highly politicised. Lack of progress in the official talks and ever-present disputes on the format of meetings, particularly over participation of Nagorno-Karabakh representatives, have rendered such contacts ineffective. Another fundamental problem is that Armenian society, as noted above, seems more content with the status quo and mostly seeks to legitimise it, while Azerbaijani society is more impatient to see change.

Track two diplomacy and confidence-building measures (CBM) have been largely treated with suspicion, even disapproval in Azerbaijan, due to the notion that dialogue with Armenians is possible only after withdrawal from occupied territories. Few believe a dialogue that would facilitate a peaceful agreement is possible. Such contacts are perceived as naïve and useless at best, treacherous at worst. “People-to-people contacts are used to make us forget the occupied territories”, exclaimed a hardline activist.⁶¹ The concern is that such contacts would give more legitimacy to Armenian demands and thus help solidify the status quo. Even many moderates are not convinced that track two diplomacy would promote Azerbaijani interests. “I do not know if we should prepare our society for peace or for war”, a moderate parliamen-

tarian told Crisis Group.⁶² “The society is divided and is in a waiting mode”, a human rights activist said.⁶³ Many Armenians are more relaxed about people-to-people contacts and view track two diplomacy as an alternative avenue for engagement with the international community.

Civil society has a long way to go before it can become a truly constructive force in preparing the two societies for a peace deal. Its sincerity as a force for peace has come under serious question, because both sides see it as a tool the other uses to push a political agenda. At the core of this problem is disagreement over the terms of participation of Nagorno-Karabakh Armenians and Azeris. The Armenian side argues that to engage with Nagorno-Karabakh Azeris is to accept an “inter-community” format, which would equate to relinquishing self-identification with the “Nagorno-Karabakh Republic”.⁶⁴ The Azerbaijani side insists that Nagorno-Karabakh Azeri delegations participate in people-to-people contacts. How the sides seek to use people-to-people contacts thus mirrors the developments they would like to see in the official negotiations.⁶⁵

Civil society’s capacity to serve as an agent of change is further hindered by the inability of Armenians and Azeris to develop a comprehensive and inclusive discourse on the Nagorno-Karabakh conflict. Battles over terminology and format are rooted in different interpretations of the essence of the conflict. Both sides deliberately use words as weapons, selecting those that paint the conflict in a way that serves their interests.

The most telling example is the collapse of a civil society meeting scheduled for Moscow in July 2009 as part of the Armenian-Azerbaijani Peacebuilding Forum, an initiative of the London-based organisation International Alert. The agenda envisioned sessions between private persons from Armenia, Azerbaijan and Nagorno-Karabakh to “strengthen a network of civil society actors that will work towards increased public participation in building peace and is prepared to work with those from the ‘other side’”.⁶⁶ The event did not take place because

bakh”, Armenialiberty.org, 14 July 2009. A former Armenian foreign minister also supported the proposals: “Vardan Oskanian speaks on the Madrid Principles”, interview, RFE/RL, Armenian service, aired on 1 August 2009, available at www.civilitasfoundation.org/cf/interviews/199-vartan-oskanians-interview.html.

⁶¹ Crisis Group interview, Akif Nagy, Karabakh Liberation Organisation, Baku, July 2009.

⁶² Crisis Group interview, member of parliament, Baku, July 2009.

⁶³ Crisis Group interview, Arzu Abdullayeva, Helsinki Citizens’ Assembly co-chair, Baku, July 2009.

⁶⁴ Crisis Group interviews, officials and civil society actors, Stepanakert, July 2009.

⁶⁵ A senior Armenian diplomat said, “Azerbaijan’s policy of focusing attention and organising the Karabakh Azeri community is aimed at convincing the international community that NKR does not exist, that Nagorno-Karabakh is two communities. They are getting ready to push for the community-based format when NKR enters [the] negotiation process”. Crisis Group interview, Yerevan, July 2009.

⁶⁶ www.international-alert.org/caucasus/index.php?t=2.

the Karabakh Armenian delegation refused to participate, since Karabakh Azeris would be present.⁶⁷

A separate initiative, launched by the Helsinki Citizens' Assembly South Caucasus Network – the Independent Civil Minsk Process (ICMP) – called for a “parallel civic-driven, open and proactive peace process that involves all those directly affected by the conflict”.⁶⁸ It stalled after the launch in Tbilisi in May 2009, accused in Armenia and Nagorno-Karabakh of promoting an “inter-community” format because Karabakh Azeris would participate along with the Karabakh Armenians.⁶⁹

In summary, there is no credible peace movement in Armenian and Azerbaijani societies, let alone widespread support for a compromise peace deal.⁷⁰ As one analyst said, referring to donor grants that local “peace-building” groups receive, NGOs only discuss the Nagorno-Karabakh conflict when such “foreign money” forces them to.⁷¹ In current circumstances and without major new educational efforts by the governments in Baku and Yerevan, it is unlikely that a peace deal could gain wide public support.⁷² The risk is not simply that civil society would not offer support, but that hardline elements would draw sufficient help from within it to block the deal. With government-to-government agreement on basic principles perhaps within reach, civil society organisations should use the opportunity to mediate frank public discussion of the issues on the table so as to change negative perceptions.

⁶⁷ Crisis Group interview, Stepanakert, 21 July 2009.

⁶⁸ Declaration of Independent Civil Minsk Process, 22 May 2009, www.hca.nk.am.

⁶⁹ Crisis Group observations, May-October 2009.

⁷⁰ “Pacifist ideas just don't work against the national idea”. Crisis Group interview, civil society actors, Yerevan, July 2009. Also see Crisis Group Report, *Risking War*, op. cit.

⁷¹ Crisis Group interview, Alexander Iskandaryan, political analyst, Yerevan, 17 July 2009.

⁷² For an example of how even local NGOs involved in people-to-people contacts take up elements of the hardline positions, see the declaration of the Council of NGOs, Stepanakert, 7 July 2009, which a number of Yerevan-based bodies signed. A civil society leader and participant in British-funded peacebuilding projects in Nagorno Karabakh asserted that the signing of the Madrid Principles would equate to provoking war. See Marina Grigoryan, “We consider inexpedient ... Karabakh's NGOs refused participating in the public forums organised by International Alert” (in Russian), *Golos Armenii* (Armenia), 9 July 2009.

IV. MOVING THE PROCESS FORWARD

A. ENGAGING SOCIETIES IN GENUINE DEBATE

Official Baku and Yerevan as well as the mediators have long felt it necessary to conduct the Nagorno-Karabakh negotiations in a highly confidential manner due to the sensitivity of the issues. But there is a growing understanding that the two presidents will fail to finalise an agreement unless they secure their societies' support.

There are some signs, as described above, that Armenia and Azerbaijan have begun to cautiously prepare their publics for a possible peace deal. The mediators and official Baku have disclosed the content of the current talks. Official Yerevan, though more reserved about details, has activated efforts to overcome internal political opposition. In November 2008, President Sarkisian for the first time held closed-door “consultations” with the leaders of some 50 political parties on the Nagorno-Karabakh talks.⁷³ In March 2009, he established a “Public Council” to serve as a bridge between the government and society on key national issues, including Nagorno-Karabakh. In July, this body visited Stepanakert and discussed the settlement process with the de facto leadership and local NGOs.

Baku, though still proclaiming its right to use force should the talks fail, has visibly toned down its rhetoric, both diplomatically and in the state-dominated media, and begun to allow some people-to-people contacts. It did not ban an Armenian-Azerbaijani delegation, consisting of some pro-government deputies and members of the intelligentsia and led by the two countries' ambassadors to Russia, from visiting Nagorno-Karabakh, Yerevan and Baku on 3-4 July 2009 to “establish an atmosphere of trust” between the parties. The visit echoed a similar exercise, also led by the two ambassadors in June 2007.

Yet another sign of a thaw between the two countries was participation by the Azerbaijani national team in the European judo championships in Armenia, 11-14 September 2009, an occasion that drew comparisons to

⁷³ The consultations were boycotted by the major opposition group in the country, the Armenian National Committee (ANC) led by ex-President Ter-Petrossian, which said it did so because many of its members were in jail for political reasons following the March clashes between the opposition and government forces. During the meeting, Sarkisian reportedly said that any agreement with Azerbaijan would have to be approved in a national referendum. See Astghik Bedevian, “Armenian parliament debates key referendum bill”, Armenialiberty.org, 2 December 2008.

the football diplomacy between Armenia and Turkey.⁷⁴ The Azerbaijani youth and sports minister had made a first-time visit to Yerevan in late August to sign a memorandum in which the Armenian side guaranteed the visiting team's security.

Although steps in the right direction, the officially-inspired initiatives are too few and restricted. Talk, especially in Azerbaijani official circles, about them as expressions of political goodwill seem as much an effort to improve the country's image abroad as a sign of commitment to a sustainable peace. Local authorities have yet to develop a holistic, long-term reconciliation policy that they are ready to implement with a range of civil society actors experienced in working with "the other side". The few people-to-people contacts that have occurred have been overshadowed by the adversarial propaganda that still plagues media, public, and official discourse.⁷⁵ Thus, while there are signs that the sides are inching toward agreement, the fragile nature of the demonstrations of commitment on the official level and the suspicion observable throughout society suggest the process will be slow and difficult.

Cooperation between official and track two diplomacy is essential for the peace process to move forward. The two governments should treat civil society not as opponents, but as natural potential allies whom they should consult with to gain public buy-in. Such constructive cooperation would facilitate a negotiated solution, boost the legitimacy of a decision by the presidents to sign a basic principles agreement and ease its implementation. At the same time, both international and national NGOs should revise their approach to local civil society now that a breakthrough may be imminent. They should widen and diversify their partnerships, working through a wide range of mediums, including television, radio and internet, blogs, educational institutions, parliament and business groups, so as to transform the dialogue and define a new framework for describing the conflict and its solution. The most difficult but crucial task for track two diplomacy is to avoid being manipulated, so that it can produce frank discussion aimed at overcoming divergent interests on the basis of shared values and common threats.

B. INCREASING THE INVOLVEMENT OF NAGORNO-KARABAKH REPRESENTATIVES IN THE TALKS

The Madrid proposals prescribe a key role for the population of Nagorno-Karabakh, of both Armenian and Azerbaijani origin, in determining final status.⁷⁶ Their participation and support is crucial for the eventual success of the proposed peace deal. However, the vexed issue of the modalities of participation of Armenian and Azeri representatives from Nagorno-Karabakh has hindered effective discussions on both the official and public levels. This issue touches the deeper mental frameworks and discourses that Armenians and Azeris have adopted and use to explain the nature of the conflict and their respective positions.

Both sides complain frequently that the other misrepresents the essence of the conflict. For Armenians, it is a struggle for self-determination between the Azerbaijani government and the Karabakh Armenians, who complain that unlike Karabakh Azeris, they should not be treated as a "community" but rather as a "constituent nation". Azeris believe the self-determination argument conceals a goal of territorial expansionism. Azerbaijani society is more relaxed about the term "community", though many, especially Nagorno-Karabakh Azeris, reject the label, saying it could apply only to a "national minority".⁷⁷ Arguments over this come up in almost every dialogue meeting and have poisoned the atmosphere for peace initiatives for years.

Both sides have used Nagorno-Karabakh representatives as political pawns. In Armenia's calculations, inclusion of the de facto Nagorno-Karabakh leadership as a full-fledged party to the negotiations would prove the conflict's self-determination nature and thus strengthen the position that Azerbaijan should talk primarily to Stepanakert rather than Yerevan. This merely persuades official Baku that such bilateral contacts would not only legitimise the de facto authorities, but also allow Armenia to withdraw from the negotiations and escape its share of responsibility for the situation. As a result, Azerbaijan insists it can consider direct talks with the Karabakh Armenians only after Armenian troops with-

⁷⁴ See, for example, Gegham Vardanian, "Judo diplomacy eases Karabakh tensions", Institute for War and Peace Reporting, 18 September 2009.

⁷⁵ For example, speaking on the prospects for settlement, a senior Armenian diplomat said, "I can't see any progress. When Azerbaijan's position is so destructive, it is not realistic to speak about settlement". Crisis Group interview, Yerevan, July 2009.

⁷⁶ "It will be up to the two communities to decide the [final] status of Nagorno-Karabakh", said a senior diplomat privy to the official talks. Crisis Group interview, Vienna, March 2009.

⁷⁷ Some politicians in Azerbaijan even suggest that applying the term "community" to the Karabakh Azeris contradicts the Azerbaijani constitution, which does not mention Nagorno-Karabakh. Crisis Group interviews, Baku, July 2009. However, there is no clause in that document or in a law that forbids such a reference.

draw from Nagorno-Karabakh and adjacent occupied territories.⁷⁸

Political elites in Armenia suggest the format of negotiations has become more prejudicial for their side, because the de facto authorities in Stepanakert were a full party to the negotiations prior to 1998, the year when Armenian and Azerbaijani presidents and foreign ministers became more directly involved.⁷⁹ However, there has been no major alteration in the level of involvement of Nagorno-Karabakh's representatives.⁸⁰ Both before and after 1998, their involvement has been facilitated through regular consultations and meetings held by the Minsk Group mediators during their visits to the region, as well as consultations between Yerevan and Stepanakert. The de facto authorities also claim that they should be recognized as an equal and separate side to the conflict because they signed the 1994 ceasefire.⁸¹

Whereas official Yerevan proclaims its readiness to continue talks on the basis of the Madrid proposals, Nagorno-Karabakh's de facto leadership has strongly criticised those proposals, prompting Azerbaijani suspicions that Yerevan may be using it to derail an agreement. Armenia's domestic opposition has increasingly called for the government to recognise Nagorno-Karabakh and then require Azerbaijan to negotiate with it.⁸² Ex-President Kocharian, just before he left office,

⁷⁸ "In view of the fact that the paramilitaries in and around the Nagorno Karabakh region of Azerbaijan can be considered de facto organs of the Republic of Armenia, there is no real need for the Republic of Azerbaijan to conduct any negotiations with the Nagorno Karabakh inhabitants of Armenian extraction as long as the occupation of Nagorno Karabakh by the Republic of Armenia lasts". "Report on the legal consequences of the armed aggression", op. cit., p. 19.

⁷⁹ In a recent article published by RFE/RL, Robert Avetisyan, "permanent representative of the NKR", in the U.S., wrote: "Since 1997, Azerbaijan has refused to negotiate directly with the NKR, preferring to discuss the resolution with Armenia". See, Robert Avetisyan, "Nagorno-Karabakh must no longer be barred from the negotiating table", RFE/RL, 14 July 2009. However, even before then, Nagorno-Karabakh's de facto leadership did not participate on an equal footing with Armenia and Azerbaijan, and official Baku did not engage in bilateral talks with the Karabakh Armenian leadership.

⁸⁰ Particularly since 2004, with the launch of the Prague process, there has been greater reliance on higher-level talks, with most of the preparatory work done by the parties' foreign ministers, rather than the mediators. The idea is that this greater investment of senior time and prestige makes it more difficult for the two sides to back away from the negotiations.

⁸¹ Crisis Group interviews, Stepanakert, July 2009.

⁸² At an opposition rally on 17 October 2008, Ter-Petrosian said an "unprecedented geopolitical situation" potentially threatening Armenia has emerged, and "perhaps it is time to think about the possibility of the National Assembly putting

also called for formal recognition.⁸³ President Sarkisian says such a step would be taken only "if all other possibilities have been exhausted".⁸⁴

Baku has argued for participation of both the Karabakh Azeris and the Karabakh Armenians as "interested parties". However, this argument seems to have been advanced, at least until now, mainly for the purpose of preventing or minimising the participation of Karabakh Armenians, since throughout the peace process, it has shown little interest in helping the Karabakh Azeri community become an organised political force with an elected leadership of its own that would be able to articulate its position autonomously in international forums. Indeed, it has tried to keep the community under tight control, using it only in a perfunctory manner as needed.⁸⁵

Nevertheless, official Baku has recently signalled it may be shifting its policy towards greater Karabakh Azeri representation. On 5 June 2009, the first officially-sponsored congress of the Nagorno-Karabakh Azeris was held, and a new head of the community was chosen, albeit in a non-contested procedure. In late August, this reformed entity was given two million manats (\$2.5 million) by the Azerbaijani government for organisational expenses, including moving to a new building.⁸⁶ Despite these changes, it still operates in effect as a governmental NGO rather than as an official institution. Some proponents of greater Karabakh Azeri inclusion urge the government to pass a law granting it official status. It remains to be seen if Baku will seriously pursue consolidation of the community and its participation in the peace process.

forward an initiative to recognise Karabakh's independence. Serge Sarkisian should not feel obligated to react to that initiative. But having the National Assembly's decision, while leaving the question of ratifying that decision suspended, he will get a big opportunity to manoeuvre in response to the external pressures during the upcoming negotiations. The situation is not an ordinary one, and hence it demands extraordinary steps, diplomatic magic and flights of imagination". Text of the speech: www.levonpresident.am/?catID=20&contID=377.

⁸³ "Kocharian: Armenia would either recognise Karabakh or conclude a treaty on collective defence with it" (in Russian), Kavkaz-uzel.ru, 31 March 2008.

⁸⁴ "Armenia must recognise Karabakh before South Ossetia, Abkhazia, says Sarkisian", *Asbarez*, 23 September 2008.

⁸⁵ "Everybody today knows that the Azeri community of Nagorno-Karabakh is an artificial institution... effective self-organisation of this community under the authoritarian regime is difficult". Crisis Group interview, pro-opposition parliamentarian, Baku, July 2009.

⁸⁶ "Repair works at the headquarters of the Karabakh Azeri community will start soon" (in Azeri), Mediaforum.az, 1 September 2009.

Baku's hitherto tight control over the Karabakh Azeri community has reinforced dismissive attitudes by Karabakh Armenians towards that community. Similar to Baku's refusal to talk bilaterally with Stepanakert, the Karabakh Armenians reject dialogue with the Karabakh Azeris. This is due to reluctance to concede that they should have a say, along with Karabakh Armenians, in determining final status.

These policies of mutual exclusion have long impeded dialogue on the substantive issues, diverting the parties to fights over secondary matters such as terminology and procedures. The Minsk Group mediators regularly call for greater involvement of the Nagorno-Karabakh representatives in the talks but say any change in format requires agreement between Armenia and Azerbaijan, and this is more likely once there is agreement on the basic principles.⁸⁷

A solution to endless disputes over format could be adoption of new multi-layered, issue-based formats. Armenia and Azerbaijan could define which to use depending on whether an issue has direct relevance to a particular party. The resulting several formats might include direct Baku-Stepanakert bilateral contacts; a Karabakh Armenian and Azeri dialogue; and all-inclusive talks that would bring Baku, Yerevan, Stepanakert and Karabakh Azeri representatives together. For example, issues concerning refugees between Armenia and Azerbaijan might be bilateral. Withdrawal of forces from the occupied territories adjacent to Nagorno-Karabakh could be discussed between Armenia, de facto Nagorno-Karabakh authorities and Azerbaijan. Issues concerning IDPs from Nagorno-Karabakh and their future co-existence with the Karabakh Armenians could be discussed between the de facto authorities, Nagorno-Karabakh Azeri representatives and Azerbaijan. Interim status for Nagorno-Karabakh would be negotiated by all, as would the composition and mandate of a peacekeeping operation.

⁸⁷ In an interview with Azerbaijani media, U.S. co-chairman Bryza said, "... the question of formal participation at the negotiating table is one that has to be agreed between by both Baku and Yerevan. ... I can't predict when, but for now, what we have to do is wrap up the basic principles but to make sure that we do so in a way that reflects the views of Karabakh's current and former residents". "Matthew Bryza: all the Basic Principles, in fact all of them, are agreed in a fundamental way – interview", APA News Agency, 5 August 2009, <http://en.apa.az/news.php?id=105875>. Russian co-chairman Merzliakov said in Yerevan on 8 July the co-chairs would like Nagorno-Karabakh representatives to join talks after signing of the basic principles. Liz Fuller, "Minsk Group co-chairs hopeful of Karabakh 'breakthrough'", RFE/RL, 10 July 2009. Armenian ex-president Kocharian said the same in January 2008. "Kocharian says, no peace plan without Karabakh", *Asbarez*, 18 January 2008.

These examples are intended only to illustrate how a multi-layered format could be arranged. It would be up to the parties to the negotiations and the mediators to determine the appropriate format for each issue, something that could become practical once Armenia and Azerbaijan agree on the basic principles as a general framework.

V. CONCLUSION

After two decades of conflict over Nagorno-Karabakh, Azerbaijan and Armenia have moved closer to a preliminary "basic principles" agreement that would create crucial momentum towards an eventual formal peace agreement. Key differences remain, however, regarding the right of return of all displaced, the specifics of Nagorno-Karabakh's interim status and, especially, a mutually acceptable process for determining its final status. The leaderships of both countries, particularly in Armenia, face significant opposition from political forces that are suspicious or outright opposed to even the broad outlines of a basic principles agreement. Both governments need to do more to counter years of hostile propaganda in their societies. International mediators should reinforce the message that the status quo is not sustainable, given growing instability along the front lines, steady increase in armed skirmishes and dangerous military build-ups in both countries. While the historic move of Armenia and Turkey toward rapprochement after a century of hostility is technically distinct, the processes reinforce each other.

Similar "windows of opportunity" have been missed before, falling victim to public hostility stoked by hostile propaganda and entrenched bitterness on both sides and a mutual lack of political will. This time, a large part of the impetus for progress has come from the leaders of Azerbaijan and Armenia themselves. Parallel to the efforts at the negotiating table, the Azerbaijani and Armenian leaderships and their international partners should work with the publics to bridge the gap in perceptions of the peace process, so that popular opinion reinforces, rather than challenges the political will of leaders to reach agreements. Key actors, including the Minsk Group, need to reassure both countries and their leaderships that a basic principles agreement would be the starting point for vigorous negotiations on the thorniest issues that still need to be tackled to forge a final and lasting peace.

Baku/Yerevan/Tbilisi/Brussels, 7 October 2009

APPENDIX A

ABOUT THE INTERNATIONAL CRISIS GROUP

The International Crisis Group (Crisis Group) is an independent, non-profit, non-governmental organisation, with some 130 staff members on five continents, working through field-based analysis and high-level advocacy to prevent and resolve deadly conflict.

Crisis Group's approach is grounded in field research. Teams of political analysts are located within or close by countries at risk of outbreak, escalation or recurrence of violent conflict. Based on information and assessments from the field, it produces analytical reports containing practical recommendations targeted at key international decision-takers. Crisis Group also publishes *CrisisWatch*, a twelve-page monthly bulletin, providing a succinct regular update on the state of play in all the most significant situations of conflict or potential conflict around the world.

Crisis Group's reports and briefing papers are distributed widely by email and made available simultaneously on the website, www.crisisgroup.org. Crisis Group works closely with governments and those who influence them, including the media, to highlight its crisis analyses and to generate support for its policy prescriptions.

The Crisis Group Board – which includes prominent figures from the fields of politics, diplomacy, business and the media – is directly involved in helping to bring the reports and recommendations to the attention of senior policy-makers around the world. Crisis Group is co-chaired by the former European Commissioner for External Relations Christopher Patten and former U.S. Ambassador Thomas Pickering. Its President and Chief Executive since July 2009 has been Louise Arbour, former UN High Commissioner for Human Rights and Chief Prosecutor for the International Criminal Tribunals for the former Yugoslavia and for Rwanda.

Crisis Group's international headquarters are in Brussels, with major advocacy offices in Washington DC (where it is based as a legal entity) and New York, a smaller one in London and liaison presences in Moscow and Beijing. The organisation currently operates nine regional offices (in Bishkek, Bogotá, Dakar, Islamabad, Istanbul, Jakarta, Nairobi, Pristina and Tbilisi) and has local field representation in eighteen additional locations (Abuja, Baku, Bangkok, Beirut, Cairo, Colombo, Damascus, Dili, Jerusalem, Kabul, Kathmandu, Kinshasa, Ouagadougou, Port-au-Prince, Pretoria, Sarajevo, Seoul and Tehran). Crisis Group currently covers some 60 areas of actual or potential conflict across four continents. In Africa, this includes Burundi, Cameroon, Central African Republic, Chad, Côte d'Ivoire, Democratic

Republic of the Congo, Eritrea, Ethiopia, Guinea, Guinea-Bissau, Kenya, Liberia, Nigeria, Rwanda, Sierra Leone, Somalia, South Africa, Sudan, Uganda and Zimbabwe; in Asia, Afghanistan, Bangladesh, Burma/Myanmar, Indonesia, Kashmir, Kazakhstan, Kyrgyzstan, Nepal, North Korea, Pakistan, Philippines, Sri Lanka, Taiwan Strait, Tajikistan, Thailand, Timor-Leste, Turkmenistan and Uzbekistan; in Europe, Armenia, Azerbaijan, Bosnia and Herzegovina, Cyprus, Georgia, Kosovo, Macedonia, Russia (North Caucasus), Serbia, Turkey and Ukraine; in the Middle East and North Africa, Algeria, Egypt, Gulf States, Iran, Iraq, Israel-Palestine, Lebanon, Morocco, Saudi Arabia, Syria and Yemen; and in Latin America and the Caribbean, Bolivia, Colombia, Ecuador, Guatemala, Haiti and Venezuela.

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