



## Helping Stabilise the New Status Quo in Nagorno-Karabakh

**A**lmost a year after a Russian-brokered ceasefire ended the 2020 war in Nagorno-Karabakh, Azerbaijan and Armenia remain at loggerheads. With Armenian forces withdrawn, Russian peacekeepers now patrol the part of Nagorno-Karabakh that remains outside Azerbaijani control, but they are operating without a detailed mandate and risk being stretched too thin. Meantime, Baku and Yerevan have not begun talks to resolve post-war tensions, much less to wrestle with the political status of the breakaway region, over which Azerbaijan and Armenia fought a war in 1992-1994. The Organization for Security and Co-operation in Europe (OSCE) Minsk Group, charged with managing the peace process, stands ready to help, but Baku has been recalcitrant, saying that after the 2020 war that format is no longer relevant.

The situation thus remains unstable, with soldiers fortifying positions along the new front lines that separate Azerbaijani troops from local forces under the control of Nagorno-Karabakh's de facto authorities. Tensions are also running high along the new, undemarcated sections of the border between Azerbaijan and Armenia, where opposing forces regularly exchange fire, resulting in casualties. Meanwhile, politicians on all sides trade barbs addressed both to their own constituencies and to one another.

This status quo affords international actors little space for engaging the conflict parties. Nonetheless, the European Union (EU) should

keep facilitating the communication necessary to dampen tensions, as it has been doing since combat ended. It should also devise incentives that could, at some point, help bring real progress. To this end, it will need to work with Moscow, which has peacekeepers on the ground and the most leverage over the conflict parties.

### **The EU and its member states should:**

- Press Baku and Yerevan to begin talks to address post-war issues, including demarcation of the new borders between Armenia and the regions reclaimed by Azerbaijan in the 2020 war and other measures to stabilise the situation on the ground.
- Urge the sides to enable aid to reach people in Nagorno-Karabakh who need it, even if resolution of the region's long-term status remains elusive.
- Work with Russia, France and the U.S. to keep open possibilities for the OSCE Minsk Group's return to a mediating role, and continue shuttle diplomacy to mitigate tensions and resolve immediate problems.
- Explore the extension of development assistance to uncontested border areas, beginning with a comprehensive needs assessment. Based on that assessment, be prepared to support separate projects in Armenia and Azerbaijan, cross-border cooperation on non-political issues, or both.

## Continued Tensions

Six weeks of fighting from 27 September to 9 November 2020 took over 7,000 lives in and around the disputed region of Nagorno-Karabakh – an ethnic Armenian-majority enclave in Azerbaijan that declared its independence in 1991 and has been at the centre of tension and conflict between Yerevan and Baku. The 2020 hostilities fundamentally changed the situation on the ground. Azerbaijan re-gained control of a key town, Shusha, along with some of Nagorno-Karabakh's mountainous areas and most of seven adjacent territories that Armenian troops had seized in the 1990s. Within two weeks after the Moscow-brokered ceasefire came into effect on 9 November, Armenia withdrew its soldiers from the remaining adjacent territories, leaving them in Azerbaijan's hands. Russian peacekeepers deployed to the parts of Nagorno-Karabakh that remained outside Azerbaijan's control and along the road corridor that connects the region to Armenia through Lachin, the main town in one of the adjacent territories returned to Baku.

While the 9 November ceasefire ended the fighting, it did not bring a stable peace or resolve the longstanding questions about Nagorno-Karabakh's political status that underlie regional instability. Before the ink had dried on the ceasefire statement, Azerbaijani and local forces under the direction of the de facto Nagorno-Karabakh defence ministry began building new barracks and digging trenches along their new, much longer front line. The peacekeepers Moscow has deployed have kept things fairly quiet in the spots where they are stationed. But in places where there are no Russian forces, including along some sections of the Azerbaijani-Armenian state border, troops regularly exchange fire, leaving casualties on both sides.

The area between Armenia's Gegharkunik region and the neighbouring Kel-bajar district, now regained by Azerbaijan, has been the most volatile. In May 2021, as the snows began to

melt, Azerbaijani soldiers established new observation posts in the mountains overlooking the new, but as yet undemarcated, border between the two regions. Armenia accused the Azerbaijanis of invading its territory and deployed its own soldiers forward. In late July, clashes culminated in a six-hour battle, with the sides using small arms, machine guns and grenades. While the bullets that strayed into nearby villages did not kill any civilians, the fighting left seven soldiers dead and eight wounded before calls from the Russian general staff to counterparts in Baku and Yerevan brought it to a halt. The casualty count from this and other clashes subsequent to the 9 November ceasefire is ten dead and twelve wounded.

More fighting seems likely if Azerbaijan and Armenia do not demarcate a border that takes into account changes in territorial control following the 2020 hostilities. But talks on this and other issues require a go-ahead from political leaders in both countries, and that approval has thus far not come. Baku and Yerevan are also impeding the delivery of humanitarian aid by each insisting that access arrangements must mirror their respective visions for the region's political status. Armenia wants aid to flow both through its territory and Azerbaijan's, while Azerbaijan insists on treating the territory as under its sovereignty and fully controlling access. Both governments refuse to budge, fearing that acquiescing in these matters would prejudice the eventual resolution of the territory's status. This inflexibility when it comes to issues that touch in any way on the region's status not only has humanitarian implications but creates risks for civil society actors on the two sides, who may be painted as traitors for wishing to engage one another and to tone down the increasingly antagonistic rhetoric in both countries.

Relations are so strained that the very framework for negotiations is now in limbo. For

over 25 years, the OSCE Minsk Group co-chairs (Russia, the U.S. and France) have mediated between Azerbaijan and Armenia. But in the aftermath of the 2020 war, Azerbaijani President Ilham Aliyev declared the Nagorno-Karabakh conflict “resolved” and the OSCE Minsk Group process created to mediate it therefore obsolete. Russia, the U.S. and France disagree and convened the first meeting of the Armenian and Azerbaijani foreign ministers since the war under the auspices of the OSCE Minsk Group on the sidelines of the UN General Assembly on 24 September. Nevertheless, it remains to be seen whether they will be able to sway Azerbaijan to rejoin talks.

The two sides’ failure to talk about borders or Nagorno-Karabakh has forced Russian, U.S. and European diplomats to engage in painstaking shuttle diplomacy, by telephone and in

person, to make incremental progress on basic humanitarian issues like sharing information about the location of landmines and detainee exchanges.

Meanwhile, the renewed fighting has imperilled plans for broader regional co-operation, in particular the reopening of transport and commercial links between Azerbaijan and Armenia promised in the 9 November ceasefire deal. Such cooperation is the one thing that Azerbaijani and Armenian leaders have tentatively begun discussing since the 2020 war, participating in Russia-led talks on the subject. But even this dialogue was derailed for some months following the recent clashes. After three months of no meetings, representatives from Russia, Armenia and Azerbaijan met in August to discuss transport and communications – but further fighting could stall progress once more.

## Engagement with Purpose

The goal for the EU, its member states, Russia and the U.S. is to coax Baku and Yerevan to the negotiating table to discuss immediate post-war issues such as border demarcation and other measures to stabilise the situation on the ground, with a view to the potential launch of talks to normalise relations among the conflict parties. Pending such talks, however, they must do what they can to help defuse what remains a dangerous situation.

To both ends, Brussels and its member states should persevere in the careful shuttle diplomacy they have already undertaken. For all the inherent challenges, the EU is well placed to play this role. For years, the institution’s engagement in Nagorno-Karabakh negotiations was limited because it was not a formal part of the OSCE Minsk Group. Today, Baku’s rejection of that process renders EU involvement crucial. Brussels’ direct channels with Baku and Yerevan have already helped, for example, make possible a June exchange of fifteen Armenian detainees for maps of

Armenian-laid mines in the territories Azerbaijan regained in the war.

But EU engagement does more than fill gaps left by Baku’s rejection of the OSCE Minsk Group. EU diplomacy with Baku and Yerevan can also help define what role, if any, the OSCE Minsk Group might have in future discussions, whether concerning borders, Nagorno-Karabakh’s political status or humanitarian issues. The EU special representative for the South Caucasus is particularly well placed, and indeed mandated, to continue this work.

Given Moscow’s many roles in this conflict, including as mediator and peace-keeper, the EU will be required to work closely with Russia. Fortunately, and in sharp contrast to the many regions where European and Russian interests clash, Russia is amenable to collaboration with Western states when it comes to Nagorno-Karabakh. While it has taken the undisputed lead in setting the post-war agenda for Armenia and Azerbaijan, and is the only state with peacekeepers on the ground, it has

also consistently reached out to the other OSCE Minsk Group co-chair countries, the U.S. and France, sharing information and coordinating calls and meetings. Paris and Moscow discuss Nagorno-Karabakh directly at the highest levels. In August, Russia appointed a new representative to the OSCE Minsk Group, Ambassador Igor Khovayev, who has sought to re-energise the format by travelling to the region to meet with and urge both sides to return to negotiations. He will likely welcome the EU's help in doing so – and perhaps also in nudging Armenia and Azerbaijan to agree to a clear mandate for Moscow's peacekeepers.

The EU should also seek to work with Russia to facilitate border demarcation. Moscow has tried to press Baku and Yerevan to begin talks on the subject, and Brussels can help define incentives to bring them to the table. In June, foreign ministers from Romania, Austria and Lithuania visited the South Caucasus to discuss confidence-building and border issues with Armenian and Azerbaijani leaders. The EU has followed up with offers of assistance. In addition to expertise on border management gleaned in the Balkans and between member states, the EU can offer to help mediate and provide technical support for the increasingly urgent challenge of water sharing across the new borders and lines of separation and other critical environmental and climate matters.

Then there is aid. The EU is already a substantial supporter of post-war rehabilitation efforts. Brussels allocated €7 million during the war to support direct humanitarian aid. In the spring of 2021, it promised €10 million more, to assist with post-conflict needs, including demining. Baku and Yerevan would welcome more help, but there are complications.

Azerbaijan would like more support to demine and rebuild in the seven regions it regained in the war, so that those displaced from those regions in the 1990s (and their families) can return. Per recent EU pledges, it will likely get more help with demining. But the EU prefers to

offer development support in the form of loans, which Baku has long rejected, preferring grants.

Moreover, Brussels is leery of granting such support to these territories absent two things. One is a better understanding of what Baku plans for both reconstruction and resettlement of the previously displaced in earlier phases of the conflict. The second is a clear path to assist the nearly one third of Nagorno-Karabakh's ethnic Armenian population displaced from territory now controlled by Azerbaijan as a result of the mid-2020 fighting, many of whom still lack sustainable housing. This last matter requires Azerbaijani-Armenian agreement on rules for international organisations' access to the conflict zone. The impasse shows no sign of ending, but Brussels can and should keep the topic on its agenda with both capitals.

There are also things the EU can do right away, even as Baku and Yerevan remain unwilling to talk about most items. In July 2021, Brussels announced an ambitious multi-year assistance program in the EU's eastern partnership countries, including Armenia and Azerbaijan. The EU's support for Armenia includes potential financing of a road cutting deeper through Armenia's mountainous territory and bypassing the existing route crisscrossing the border with Azerbaijan that has proven problematic. In September, Azerbaijani police established a new checkpoint on that main transit road, which is used including by Iranian truckers shipping goods to Armenia and other parts of the Black Sea region.

Additionally, around €80 million in EU funding is allocated for investment in the economic development of the southern border region of Armenia, which not only suffered in the 2020 war, but now hosts both people displaced from Nagorno-Karabakh and new military positions that put civilian settlements at risk. The EU could consider expanding these development programs along the uncontested parts of the border between Azerbaijan and Armenia. Brussels would have to work out with

Armenia what additional programs might be needed. It would also have come to terms with Baku both on what the EU is to offer Azerbaijan and how to resolve the problems of grants vs. loans and access to territories on its side of the line. But unlike activities in Nagorno-Karabakh, border region assistance raises no questions of status. For starters, the EU could offer a

comprehensive needs assessment mission in the border regions. Based on this beginning, it could support separate projects in Armenia and Azerbaijan, cross-border cooperation on non-political issues, or both.