



SETTLEMENT  
OF FROZEN CONFLICTS:  
**THE EXPERIENCE OF THE  
SECOND KARABAKH WAR AND  
ITS LESSONS FOR UKRAINE**

KYIV – 2022

# **Settlement of Frozen Conflicts: the Experience of the Second Karabakh War and its Lessons for Ukraine**

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This study has been produced by the civil organization “Centre for International Security” with the assistance of the Konrad-Adenauer-Stiftung e. V. Foundation Office Ukraine.

The information and views set out in this study are those of the authors and do not necessarily reflect the official opinion of the Konrad-Adenauer-Stiftung e. V. Foundation Office Ukraine.

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**Project coordination:** Konrad-Adenauer-Stiftung e. V. Foundation Office Ukraine (Kyiv).

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### Acknowledgments:

The authors of the study express gratitude to the foreign experts who participated in the survey within the framework of the project.

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## INTRODUCTION

The escalation of the Armenian-Azerbaijani conflict in the fall of 2020 took the world by surprise. It cannot be stated that such a development was totally unexpected—given the nature of the confrontation and the antagonistic rhetoric of the parties, as well as the consolidated position of Azerbaijani society on the need to restore territorial integrity, which contradicted Armenia's unwillingness to reconsider the victorious results of the First Karabakh War. However, outside observers were used to the situation when the “frozen” conflicts in the territories of the former USSR continued to simmer for decades without serious exacerbations, and they missed the moment when the resumption of a full-scale war in Karabakh became inevitable. Many experts and politicians were convinced of the advantages of the diplomatic way of conflict resolution (although practice did not confirm this thesis), and did not reflect on the readiness of the parties to change the status quo by force.

The 44-day war has revealed the fallacy of these statements. Its results changed the regional situation around Karabakh. Azerbaijan's victory demonstrated that the use of force can bring success where a long diplomatic process faces setbacks. This, in turn, actualizes the questions, answering which is of global importance for conflictology and the development of mediation. What was Baku's recipe for success? Is it applicable to other unresolved conflicts? Do the events in the South Caucasus mean that diplomacy has ultimately failed and cannot be regarded as a safeguard against large-scale escalation? Or were international mediation efforts unsuccessful in this particular case due to some specific factors? And if so, how can similar failures be avoided in the future—both for the final settlement of the Armenian-Azerbaijani confrontation and for resolving conflicts in other regions?

Finding answers to all these questions is especially urgent for the Ukrainian expert community against the background of the ongoing Russian aggression. The authors studied the events in the South Caucasus in order to understand whether the experience of the 44-day war is of relevance for Ukraine in the context of its struggle for the liberation of the temporarily occupied territories. It is obvious, though, that the specific features of the Armenian-Azerbaijani and Russian-Ukrainian conflicts do not allow us to consider the former as a model for resolving the latter. The full-scale invasion of Russian troops in Ukraine on February 24, 2022 only emphasized the difference between them, and further events showed that our country has its own way to victory and restoration of territorial integrity.

Yet, this does not mean that the lessons of the 44-day war do not require detailed study. They remain relevant both in terms of assessing the regional situation and influencing global processes. Therefore, the purpose of the research is to determine how the events in the South Caucasus in the autumn of 2020 affected not only the prospects for peace in Karabakh, but also the balance of power in the region and global approaches to conflict resolution. The main objective of this paper is to characterize the results of the 44-day war, its consequences and characteristics of the events that accompanied it in various dimensions.

To this end, we propose to consider the lessons of the war, by structuring the material around several key areas. As part of the analysis of the international dimension of the topic under study, the authors explore the reasons why the long-lasting peace process on Karabakh failed, and international moderation did not bring peace to the relations between Azerbaijan and Armenia. The study of the internal political aspects of the topic examines the positions of Baku and Yerevan on the Karabakh issue and the impact of this problem—in its new form, shaped by the results of the 44-day war—on the internal processes in these countries. The study of the military dimension allows us to identify the specific reasons for Azerbaijani successes and Armenian failures in preparing for the conflict and on the battlefield. This is especially valuable, since the 44-day war was

perhaps the first full-scale interstate conflict in the XXI century, where adversaries had relatively equal potential. Analysis of the economic aspects of the situation around Karabakh allows us to determine the prospects for the development of the South Caucasus and the possibility of stepping up the peace process on the basis of mutual interests and economic benefits. The study of the humanitarian aspects of the problem shows the depth of the Armenian-Azerbaijani confrontation at the public level, and presents a number of problematic issues that may become an obstacle to the normalization of relations between the countries.

The authors tried to cover these issues in an impartial manner, while taking into account the principled position on the need to comply with international law regarding the conflict over Karabakh—namely the principles of territorial integrity and sovereignty. As part of the preparation of the study, in-depth interviews were conducted with Azerbaijani and Armenian experts. Their views on the preconditions, course and results of the 44-day war helped to consider the issue from different angles. We are sincerely grateful to them for the assistance and consultations, and hope that the conflict between their countries will be resolved in the near future, and stable peace will return to the South Caucasus. After all, prolonged confrontation is beneficial only to external forces that seek to ensure their dominance in the region, ignoring the interests of its inhabitants.

We would like to express special gratitude to the Konrad Adenauer Stiftung in Ukraine for supporting this research. We are hopeful that the findings of this study will be useful in reforming the approaches of the international community to the mediation of interstate conflicts, and the reasons for the failures of the Karabakh peace process will be taken into account.

## CHAPTER 1. INTERNATIONAL DIMENSION OF THE KARABAKH CONFLICT SETTLEMENT

Analysis of the international dimension of the Karabakh settlement requires special attention to several important aspects of the problem under study.

First, the peace process, its strengths and weaknesses should be assessed. It is necessary to characterize the role of external actors and determine the effectiveness of the international mediators and international organizations. The unfolding of events around Karabakh in 2020 requires identifying the reasons that finally led to the failure of diplomacy and the transition to the phase of conflict resolution by force.

Secondly, we should analyze the new regional landscape that resulted from the 44-day war, including the new balance of power affecting the course of the Karabakh settlement, and the new impulses for the peace process that emerged after the signing of the ceasefire statement of November 10, 2020.

Thirdly, an overview of the prospects for further peaceful settlement of the conflict in the new post-war realities should be given. It is necessary to describe its possible scenarios, including assessing the prospects for reconfiguring the format of the conflict settlement (in particular, the transition from the OSCE Minsk Group to a trilateral format under Russian moderation or the Russian-Turkish “patience game”), reviving the OSCE Minsk Group format or the emergence of alternative moderators of the negotiation process (primarily taking into account the role of the EU in this process).

### **The course of the Karabakh peace process prior to the 44-day war and the role of external actors in it**

As for the course of the Karabakh peace process for almost thirty years before the 44-day war, all this time it was mainly concentrated under the auspices of the OSCE within the framework of a specially created mechanism—the Minsk Group.

The Minsk Group was established on March 24, 1992, at the meeting of the Council of Foreign Ministers of the participating countries of the Conference on Security and Cooperation in Europe in Helsinki as an international format for agreeing on the conditions for the cessation of hostilities between Armenia and Azerbaijan and convening an international conference under the auspices of the CSCE/OSCE on the peaceful settlement of the Karabakh conflict<sup>1</sup>. The composition of the group has changed over time, and today it includes Russia, the United States, France, Belarus, Germany, Italy, Türkiye, Finland and Sweden, as well as Azerbaijan and Armenia.

However, the Minsk Group began to play an active role in the negotiation process only in 1994, after a ceasefire agreement was signed between Armenia and Azerbaijan (May 12, 1994 Bishkek Agreement). In December 1994, the Budapest Meeting of Heads of State and Government of the CSCE/OSCE participating States defined its mandate as a permanent forum for negotiations on the peaceful settlement of the Karabakh conflict. Among other things, the group was to submit to the OSCE chairman-in-office recommendations on the establishment of a multinational OSCE peacekeeping force for Nagorno-Karabakh (in particular, its size and parameters, command and control structure, logistical and resource support, rules of operations, etc.). However, the decision on the formation and deployment of an international peacekeeping contingent to the conflict zone has not been taken, primarily due to the lack of consensus within the OSCE and torpedoing of this initiative by some parties to the conflict<sup>2</sup>.

In 1996-1997, the current trilateral format of the Minsk Group co-chairs consisting of Russia, France and the United States was established. It effectively assumed full responsibility for the further course of the peace settlement process.

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<sup>1</sup> Mandate for the Co-Chairs of the Minsk Process. 23.03.1995. URL: <https://www.osce.org/mg/70125>

<sup>2</sup> In the first place, by Armenia and the self-proclaimed “Nagorno-Karabakh Republic” (“NKR”).



The format of the OSCE Minsk Group was presented as the most efficient and balanced institution of mediators for the process of peaceful settlement of the Karabakh conflict within the realities of the 1990s, when there was no confrontation between Russia and the West, and both sides tried to build relations based on common values and constructive cooperation. During this period, conflicts in the post-Soviet space were consensually viewed as a heavy legacy of the Soviet past and an obstacle to achieving the mentioned goals. Back then, it was Russia, retaining a strong influence in the South Caucasus, that managed to persuade the parties involved in the conflict to sign the 1994 Bishkek ceasefire agreement.

In the period from 1997 to 2007, the OSCE Minsk Group presented the conflicting parties with three peace settlement plans as a basis for negotiations, which in different modalities reflected the two proposed settlement options—a “step-by-step deal” (which provided for the possibility of discussing the status of Nagorno-Karabakh after the liberation of the occupied areas around the territory of the former NKAO and the return of refugees to their places of former residence) and a “package deal” (which assumed the resolution of these issues simultaneously with the granting of Nagorno-Karabakh with the appropriate status). However, all these proposals were abandoned by the parties to the conflict because the first option was categorically rejected by Armenia, and the second one—by Azerbaijan. The sole relatively positive outcome of the negotiation process was in fact the “freezing” of the conflict, which allowed to maintain a fragile ceasefire for almost twenty years.

In 2007, the three co-chairmen of the Minsk Group (Troika) proposed a fourth, mixed (package-stage) plan, which envisaged preliminary coordination of the basic principles of settlement, developed by them, which should become a starting point for signing a large-scale peace agreement on the final settlement of the conflict. Proposals for such principles were submitted to the conflicting parties in November 2007 in Madrid (hence they got their name—Madrid Principles). During 2008, under pressure from the Troika (to a large extent, from Russia), Armenia and Azerbaijan were persuaded to accept them with certain conditions. This was reflected in the so-called Meyendorff Declaration following the meeting of the presidents of Russia, Armenia and Azerbaijan in St. Petersburg (November 2008)<sup>3</sup>.

Such actions made it possible to finalize the work on finalization of the Madrid Principles, the updated version of which was published in the joint statement of the OSCE Minsk Group co-chairs (July 10, 2009, L'Aquila, Italy) and presented as “a reasonable compromise based on the Helsinki Final Act principles of Non-Use of Force, Territorial Integrity, and the Equal Rights and Self-Determination of Peoples”<sup>4</sup>. The principles enshrined in the statement included the following:

- (1) the return of the territories around Nagorno-Karabakh under the control of Azerbaijan (it was about the return of seven districts of Azerbaijan occupied by Armenia during the war of 1991-1994 with a total area of about 12.6 thousand square meters);
- (2) granting Nagorno-Karabakh a temporary status that guarantees its security and self-government;
- (3) opening a corridor between Armenia and Nagorno-Karabakh;
- (4) determination in the future of the final legal status of Nagorno-Karabakh, taking into account the legally binding expression of will;
- (5) ensuring the right of all internally displaced persons and refugees to return to their places of former residence;
- (6) international security guarantees, including a peacekeeping operation in the

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<sup>3</sup> In the declaration, the Armenian and Azerbaijani sides, among other things, pointed out that they “will contribute to the improvement of the situation in the South Caucasus and ensure the establishment of stability and security in the region through a political settlement of the Nagorno-Karabakh conflict based on the principles and norms of international law...”.

<sup>4</sup> Statement by the OSCE Minsk Group Co-Chair countries. 10.07.2009. URL: <http://www.osce.org/mg/51152>

region<sup>5</sup>.

At the same time, from the very beginning of the implementation of the Madrid Principles a number of pitfalls became apparent, which further slowed down the entire peace process. Since the proposals of the three mediators were too universal in nature and were not focused on the final result, they required the development of a more detailed phased plan (“road map”) for the settlement of the conflict with the specification of the timing of each stage. Repeated attempts of mediators to agree on such a “road map” failed, inter alia, due to the fact that each of the conflicting parties declared its readiness to fulfill only the part of the peace plan proposed by the Troika, which it considered acceptable for itself.

Nevertheless, these principles were instrumental in the peace process as an agreed basis for negotiations. Starting from 2009 and up to the beginning of the 44-day war, they were the focus of the negotiation process both in the format of the Minsk Group and in the trilateral format of Russia-Armenia-Azerbaijan.

### **Reasons why the peace process in the format of the OSCE Minsk Group did not work**

As events have shown, the development and promotion of the Madrid Principles has not yielded results. The 44-day war was largely the product of the actual breakdown of the process of peaceful settlement of the Karabakh conflict, which had lasted for more than 25 years under the auspices of the OSCE.

In this context, it is worth noting that the failure of international efforts within the framework of the Minsk Group, which resulted in the 44-day war, is a reflection of a broader problem related to the overall ineffectiveness of international institutions entrusted with the responsibility for maintaining international peace and security—both at the global (UN) and regional (OSCE) levels. In the case of responding to crisis situations, such as the Karabakh conflict (or later the Russian aggression against Ukraine), they proved to be inflexible and inadequate in the face of new challenges and threats, unable to make effective decisions in accordance with their statutory tasks. This is evidenced, in particular, by the inability of the international community to achieve the implementation of four UN Security Council resolutions (№822, №853, №874 and №884)<sup>6</sup> adopted in 1993 in support of the territorial integrity of Azerbaijan.

The UN Security Council resolutions envisaged a clear, step-by-step option for the settlement of the Karabakh conflict. Nevertheless, we can state that it has not been implemented, largely due to the failure of both sides of the conflict to comply with the requirements contained in the above-mentioned resolutions. First of all, this refers to the Armenian side, which until 2020 refused to withdraw its troops from the seven occupied districts of Azerbaijan outside the self-proclaimed “Nagorno-Karabakh Republic” under the pretext that they are the so-called “security zone” and can be left only if a package agreement on the final status of Nagorno-Karabakh is reached. It should be noted that Azerbaijan also failed to fulfill a number of requirements of the above-mentioned resolutions, in particular, in terms of restoring economic, transport and energy ties in the region.

An effective solution to the Karabakh conflict could be facilitated by full consolidation of the positions of the permanent members of the UN Security Council (three of which—the U.S., Russia, France—are co-chairs of the OSCE Minsk Group), including pressure on both sides of the conflict to reach mutually acceptable compromises. But instead, the Russian Federation, the United States and France actually torpedoed the

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<sup>5</sup> Statement by the OSCE Minsk Group Co-Chair countries. 10.07.2009. URL: <http://www.osce.org/mg/51152>

<sup>6</sup> In the period from April to November 1993, the UN Security Council adopted four resolutions on the Nagorno-Karabakh conflict (№822 of 30.04.1993, № 853 of 29.07.1993, № 874 of 14.10.1993, № 884 of 12.11.1993), which demanded the complete and unconditional withdrawal of the Armenian occupation forces involved in the conflict from the occupied regions of Azerbaijan, and also called on the belligerent parties for an effective and permanent ceasefire.

adoption by the UN General Assembly of a resolution obliging to strictly implement the above-mentioned UN Security Council resolutions. As a result, out of all the requirements of the resolutions, including the immediate cessation of hostilities and the liberation of the areas occupied by Armenian forces outside the former NKAO, only the ceasefire requirement was fulfilled<sup>7</sup>.

Among the reasons why the peace process ended up not working, one should also note the maximalist positions of both sides of the conflict, their unwillingness to make concessions and compromises for the sake of reaching a peace agreement (primarily for domestic political reasons), unwillingness to engage in flexible diplomacy and absolutization of their own (often opposite and incompatible) positions and approaches to the settlement. Instead of a real dialogue and search for mutually acceptable solutions, both Armenia and Azerbaijan deliberately chose the path of imitation in an effort to achieve superiority over the enemy at any cost, often through abuse of the norms and principles of international law, in particular, the use of the conflict between the principles of territorial integrity of states and the right of peoples to self-determination to legitimize their position in the international legal plane.

Thus, Armenia, which considered itself the victorious country in the 1991-1994 First Karabakh War, sought to delay the negotiation process, hoping that over time the international community would first de facto and then de jure recognize the status quo that emerged as a result of the war. In the negotiation process, it aimed primarily at establishing the status of Nagorno-Karabakh and obtaining guarantees of its security on its own terms, appealing to the principle of “the right of the people to self-determination” and emphasizing that upon secession from the Azerbaijan SSR, Nagorno-Karabakh had fulfilled all the requirements stipulated by the legislation in force at that time. One of the key Madrid Principles—the liberation of the occupied Azerbaijani territories—was considered by the Armenian side exclusively in conjunction with the preservation under its control of the transit route between Armenia and Nagorno-Karabakh (the so-called Lachin corridor) and obtaining international security guarantees for the self-proclaimed “Nagorno-Karabakh Republic”.

In turn, Azerbaijan, referring to numerous UN Security Council resolutions (№822, №853, №874, №884), demanded the unconditional restoration of the territorial integrity of the country, stating that the issue of its jurisdiction over Karabakh and adjacent territories cannot be negotiated, and declaring readiness to resolve the Karabakh conflict, if necessary, not only politically and diplomatically, but also by military means. The Azerbaijani side demanded as a prerequisite the liberation by Armenia of seven occupied districts adjacent to the territories of the former NKAO, and also advocated the joint use of the Lachin corridor with Armenia, insisting on the need to clearly define the boundaries of this corridor and considering it part of a wider transit route, which should, among other things, provide communication between the western regions of Azerbaijan and the Nakhchivan Autonomous Republic (including through the territory of Armenia). According to Baku, the question of the status of Karabakh had to be resolved at the final stage of settlement in the process of discussion with the participation of its two communities—Azerbaijani and Armenian. That is, Azerbaijan demanded to consider this issue solely taking into account the position of refugees who were forced to leave the region as a result of the occupation.

The problem of refugee return turned out to be one of the most sensitive and controversial issues in the positions of the parties. Azerbaijan insisted on the unconditional return of Azerbaijani refugees to their places of former residence and only after that agreed to consider the issue of expression of will to determine the status of Karabakh<sup>8</sup>.

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<sup>7</sup> At the same time, we are talking about full-scale hostilities, while the tension on the contact line has not disappeared, which led to permanent incidents.

<sup>8</sup> One should take into consideration that the Constitution of Azerbaijan does not provide for holding local referendums in certain territories of the state.

Meanwhile, Armenia adhered to the position that the return of refugees does not play a decisive role for the expression of the will of the population of the region, appealing to the data of the last census of the USSR in 1989, according to which 189029 inhabitants lived in the NKAO, including 145450 Armenians, 40632 Azerbaijanis and 2.417 Slavs.

At this, both sides tended to count not so much on the negotiation process as on military alliances to achieve their goals: Armenia relied on its membership in the Collective Security Treaty Organization (CSTO) and on the support of Russia, which was seen by the Armenian side as its main strategic ally; Azerbaijan relied on Türkiye's assistance under the 2010 The Treaty on Strategic Partnership and Mutual Assistance, which provided for military support and collective defense in case of aggression by third states.

Another reason why the peace process did not work is the divergent interests of the OSCE Minsk Group co-chair countries, which did not allow them to identify common positions and reach consensus on key issues of conflict resolution.

The transition from the logic of conflict settlement (inherent in the first settlement plans, rejected by the conflicting parties) to the logic of conflict management with the postponed solution of the most acute problems of settlement (embodied in the Madrid Principles) had its negative consequences, which ultimately determined the actual failure of the next stage of the Karabakh settlement process. In particular, an obvious mistake was the refusal of international mediators to use an effective "Yugoslav toolkit" of settlement with a certain element of coercion and effective exclusion of war from the options in principle (on the model of the Dayton Agreements of 1995). Instead, the preference was given to a long and futile search for compromises and balances of interests of all parties, first of all Russia, reaching a consensus with which in the fundamental issues of the peace process was more important for the U.S. and the EU than the final result.

Faced with difficulties in the process of peaceful settlement and with the lack of a consolidated approach to the use of certain instruments to resolve the conflict, international mediators considered in these circumstances the only viable option to "freeze" the conflict. In view of this, each of the co-chair countries of the OSCE Minsk Group, based on the goals of their policy in the South Caucasus region and the diversity of their interests, was generally satisfied with the status quo in the conflict, which allowed to maintain a certain balance in the region. It can also be stated that for the "western part" of the Minsk Group co-chairs, the Karabakh settlement issue was "secondary" in the broader context of their foreign policy priorities.

Thus, the U.S. considered the South Caucasus region and its problems through the prism of more global interests related to the U.S. policy towards Iran, relations with Türkiye and the situation in Syria. As a result, U.S. policy on a number of key regional issues, including the Karabakh conflict, has long remained (and to some extent still remains) uncertain, which has prevented U.S. diplomacy from clearly formulating foreign policy approaches to building relations with Armenia and Azerbaijan and, accordingly, to U.S. mediation in the Karabakh resolution process. This was particularly evident in the last few years on the eve of the 44-day war, when the Trump administration withdrew from participation in regional affairs, de facto recognizing the South Caucasus region as a zone of privileged interests of Russia and Türkiye.

France, despite the generally pro-Armenian sympathies of the French political elite, also built its policy in the region in line with the common foreign policy position of the European Union, where the South Caucasus was not listed as a region of priority interests of the EU. This largely determined the generally passive position of these countries in the peace process, which gave Russia the opportunity to seize the initiative and become a separate important moderator of the Karabakh settlement.

As a co-chair of the Minsk Group, Russia has constantly tried to play its own game to strengthen its influence in the region, seeking to control the conflict itself and both its participants (Armenia and Azerbaijan). After the start of the process of Eurasian

integration, the Karabakh conflict has also acquired geo-economic importance for Russia, primarily as a lever of pressure on Armenia to join the Customs Union and the EurAsEC in 2013, as well as a means of blackmailing Azerbaijan in order to achieve its closer integration with these associations in exchange for certain preferences in the settlement process. In view of this, Russia was obviously interested not in the final settlement, but rather in the prolongation of the Karabakh conflict, feeding it through the supply of arms to both Armenia (Russia's CSTO ally) and Azerbaijan. On the other hand, it was trying to position itself in the South Caucasus region as a key peacemaker, thus demonstrating its "indispensability" in the peace process and at the same time promoting favorable for itself scenarios of settlement in a separate format of regular trilateral meetings of the Presidents of the Russian Federation, Armenia and Azerbaijan (in St. Petersburg on June 17, 2010, Astrakhan on 27 October 2010, Sochi on 3 March 2011, Kazan on 24 June 2011, Sochi on 23 January 2012, Vienna on 16 May 2016, St. Petersburg on 20 June 2016).

In this regard, worthy of attention is the so-called Kazan document, proposed by Russia during the trilateral meeting in Kazan as a compromise version of the main parameters of the future peace agreement between Azerbaijan and Armenia on the basis of the Madrid Principles. In particular, it provided for:

(1) the return to Azerbaijan of five (out of seven) areas occupied by Armenia around the territory of the former NKAO and their demilitarization;

(2) lifting of the economic blockade imposed by Azerbaijan and Türkiye on Armenia and the territories held by Armenian formations;

(3) creation of a demilitarized zone along the line of contact with the deployment of an international peacekeeping contingent under the OSCE mandate with the participation of neutral countries as a guarantee of security;

(4) retention of two occupied Azerbaijani districts under Armenian control in order to create corridors to ensure the security of transit from Armenia to the Armenian-held territories of the former NKAO (in particular, the Lachin corridor);

(5) granting Nagorno-Karabakh a temporary status based on the existing status quo. It was also proposed to delay the determination of the permanent status of the region by referendum until all problematic issues, including the refugee problem, are resolved<sup>9</sup>.

Although some of Russia's proposals, primarily on the status of Karabakh, were not accepted by Azerbaijan, the Kazan document (with some modifications) as a "road map" for the peaceful settlement of the Karabakh conflict remained on the negotiating table until the 44-day war.

At the same time, changes in Russia's policy, caused by the transition of the neo-imperial idea of the "Russian world" to the phase of practical, including military, implementation<sup>10</sup>, led to a radical revision of its approaches to the Karabakh settlement as such. The Kremlin began to perceive the Karabakh conflict as a tool to subjugate the entire South Caucasus against the background of the West's withdrawal from active policy in the region, which became a kind of *carte blanche* for Moscow to further unilateral actions. One should consider the so-called "Lavrov plan", which appeared after the April 2016 war, in this very context. The main difference of the latter from the Kazan document was the proposal to deploy a Russian peacekeeping contingent in the conflict zone as a guarantor of security<sup>11</sup>.

An element of the new Russian strategy was the "export of chaos" to the region, which, in the projection of the Karabakh settlement, was intended to provoke the collapse of the format of the OSCE Minsk Group co-chairs, replacing it with a Russian-Turkish

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<sup>9</sup> Приглашение к миру. Дмитрий Медведев вплотную подошел к примирению Азербайджана и Армении (An Invitation to Peace. Dmitry Medvedev comes close to reconciliation of Azerbaijan and Armenia – in Russian). 24.06.2011. URL: <https://www.kommersant.ru/doc/1665421>

<sup>10</sup> Starting with the annexation of Crimea by Russia in 2014.

<sup>11</sup> Преображенский И. (I. Preobrazhensky) Есть ли план для Карабаха (Is There a Plan for Karabakh – in Russian). 27.10.2020. URL: <https://ridl.io/ru/est-li-plan-dlja-karabaha/>

duumvirate (where Türkiye was assigned the role of a junior partner); to promote the “Astanaization” of the peace process (like the format used in Syria) and finally remove the West from participating in it. After the Velvet Revolution of 2018 in Armenia, this track in the Russian policy has only intensified, and the Kremlin’s desire to achieve the defeat of the democratically elected Armenian government of Nikol Pashinyan made possible the scenario of implementation of these plans at the expense of Armenian interests.

It should be admitted that a certain role of a catalyst in this Russian scenario was played by Nikol Pashinyan’s government itself, which declared the expediency of revising the current negotiation format and actually rejected the latest version of the plan for the settlement of the Karabakh problem on the basis of the Madrid Principles, handed over by the three mediators to the parties to the conflict in June 2019<sup>12</sup>. This plan, in particular, envisaged the return of five occupied districts to Azerbaijan at the first stage, and two more districts around the territory of the former NKAO at the second stage, but in conjunction with the determination of the final legal status of Karabakh<sup>13</sup>.

The refusal of the Armenian side from the peace plan resulted in Azerbaijan’s withdrawal from the negotiation process and became the trigger that launched the scenario of a forceful solution to the Karabakh problem with the tacit consent of the Kremlin and direct intervention in the conflict by Türkiye, which unequivocally took the side of Azerbaijan from the outset.

### **Trilateral Ceasefire Statement and its role as a new “road map” for the peaceful settlement of the Karabakh conflict**

The 44-day war that lasted from September 27 to November 10, 2020 shattered the established status quo that had developed in the Karabakh conflict zone and the South Caucasus region as a whole after the Armenian-Azerbaijani war of 1991–1994. Among its consequences in the context of the continuation of the peace process was the actual loss of the OSCE Minsk Group negotiation format, which was unable to prevent the outbreak of active hostilities or stop them, as a result of which the United States and France were virtually excluded from the further peace settlement process. Instead, the beneficiary of the conflict was Russia, which managed to finally seize the initiative and acquire (for some time) the status of the main moderator of the peace process, imposing on both sides of the conflict a favorable settlement option. Besides, this option to some extent met the interests of another regional player—Türkiye, which, as a result of the war, was able to essentially increase its subjectivity in the peace process and directly influence the configuration of agreements on the conditions for the end of hostilities in favor of its ally Azerbaijan.

In view of this, the ceasefire agreements concluded on November 10, 2020 by Russia, Azerbaijan and Armenia (in the form of the signing of the Trilateral Statement) should be considered primarily as a new “road map” for the settlement of the Karabakh conflict, which in a certain way draws a line under its previous scenario based on the Madrid Principles and within the framework of the OSCE Minsk Group efforts. The Trilateral Statement reflects, above all, a new paradigm, which signifies the concentration in Russia’s hands of the main instruments of the Karabakh settlement, turning them into levers of influence on the foreign and domestic policies of Armenia and (to some extent)

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<sup>12</sup> Атанесян Г. (G. Atanesyan) «Когда все недовольны». Почему Никол Пашинян не стал «армянским Манделой» ("When Everyone's Displeased." Why didn't Nikol Pashinyan become the "Armenian Mandela" – in Russian). 01.12.2020. URL: <https://www.bbc.com/russian/features-55139899>

<sup>13</sup> The proposals envisaged "the determination of the final legal status of Nagorno-Karabakh by holding a national vote under the auspices of the UN or the OSCE within a time frame agreed upon by the parties, which reflects the free expression of the will of the population of Nagorno-Karabakh and is legally binding in accordance with the norms and principles of international law". At the same time, the wording of the question or questions put to the vote will not be limited in any way, and any result will be respected by the parties. (Раджабов Р. (R.Rajabov) Эндшпиль в карабахской партии или ...? (Endgame in the Karabakh party or ...? – in Russian). 13.12.2021. URL: [https://cacds.org.ua/рауф\\_раджабов\\_эндшпиль\\_в\\_карабахской/](https://cacds.org.ua/рауф_раджабов_эндшпиль_в_карабахской/)

Azerbaijan.

An analysis of the Trilateral Statement of November 10, 2020 indicates that this document goes beyond the traditional ceasefire agreement, as it includes provisions on the return to Azerbaijan of territories that were still under Armenian control at that time, as well as the deployment of Russian peacekeeping forces (totaling 1,960 servicemen) along the line of contact in Karabakh and within the Lachin corridor. The term of its presence is defined as five years with the possibility of automatic extension for new five-year terms in the absence of objections of the parties<sup>14</sup>.

The text of the Trilateral Statement also contains several unresolved issues and ambiguous provisions that could potentially lead to a new crisis in the future. Thus, the statement indicates that Armenia should transfer control over the seven districts adjacent to Nagorno-Karabakh to Azerbaijan in three stages—by November 15, November 20 and December 1, 2020<sup>15</sup>. When forming the list of settlements of the Aghdam, Kalbajar and Lachin districts to be handed over to the Azerbaijani control, the administrative-territorial division in force at the time of the collapse of the USSR was applied. According to this principle, in particular, the territories of the former Mardakert district of the Nagorno-Karabakh Autonomous Oblast, distributed, according to the administrative-territorial division of Azerbaijan, between the Aghdam, Kalbajar and Tartar districts<sup>16</sup>, were not subject to transfer. Later, this approach created a number of problems for the settlement process.

Also, the Trilateral Statement does not contain the modalities of the future status of Karabakh: the relevant provisions are absent in the text of the document. This position allows Azerbaijan to emphasize the irrelevance of any talks about the status of the region, insisting that the conflict is resolved. Baku emphasizes that the only possible option in such circumstances is the restoration of Azerbaijani jurisdiction over Karabakh. However, the statement does not touch upon the practical implementation of such a scenario at all, leaving the situation de facto uncertain in the presence of the Russian military contingent in the region, which acts as a sort of a cover for the Armenian fomentations. This means that the settlement of all the problematic issues related to the future of this enclave is postponed indefinitely and will further depend on the progress in the implementation of this statement and other agreements reached during the negotiations between Baku and Yerevan with the mediation of Moscow. This approach opens up wide opportunities for Russia to manipulate the interests of both Armenia and Azerbaijan to pursue its own imperial ambitions and strengthen its influence on regional processes.

Moreover, the Trilateral Statement does not fully address all the problems related to the return of internally displaced persons and refugees. Thus, the agreement stipulates that all these categories of persons (both those who left Karabakh and the surrounding areas with the outbreak of active hostilities in September-October 2020 and those who left these territories in the 1990s) can return to their places of former residence under the supervision of the UN High Commissioner for Refugees<sup>17</sup>. To date, this provision of the statement is being carried out on an ad hoc basis, including due to the reluctance of both Azerbaijani and Armenian refugees to return to the territories controlled by the opposite

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<sup>14</sup> Заявление Президента Азербайджанской Республики, Премьер-министра Республики Армения и Президента Российской Федерации (Statement by the President of the Republic of Azerbaijan, the Prime Minister of the Republic of Armenia and the President of the Russian Federation – in Russian). 10.11.2020. URL: <http://kremlin.ru/events/president/news/64384>

<sup>15</sup> Заявление Президента Азербайджанской Республики, Премьер-министра Республики Армения и Президента Российской Федерации (Statement by the President of the Republic of Azerbaijan, the Prime Minister of the Republic of Armenia and the President of the Russian Federation – in Russian). 10.11.2020. URL: <http://kremlin.ru/events/president/news/64384>

<sup>16</sup> Note that Azerbaijan at the same time was regaining control over the territories in the western part of Kalbajar district, where Armenia in fact carried out economic activities (such as the eastern part of the Zod gold mine, where the Armenian side carried out ore mining until November 26, 2020).

<sup>17</sup> Заявление Президента Азербайджанской Республики, Премьер-министра Республики Армения и Президента Российской Федерации (Statement by the President of the Republic of Azerbaijan, the Prime Minister of the Republic of Armenia and the President of the Russian Federation – in Russian). 10.11.2020. URL: <http://kremlin.ru/events/president/news/64384>

side. As a result, we can observe the process of voluntary resettlement of such persons in other ethnically homogeneous communities and the formation of an ethnically homogeneous population in and around the territories of Karabakh returned by Azerbaijan, which facilitates their further integration, reduces the number of cases of forced resettlement and intercommunal violence. However, the issue of return of Azerbaijani refugees to the areas of Karabakh under the control of the Russian military remains unresolved, which may lead to a new escalation of the conflict in the future.

The Trilateral Statement separately defines the status of the so-called Lachin corridor (a special regime area along the road from the Armenian border to Khankendi/Stepanakert), which should remain open for the transit of people, transport and goods; this transit will be guaranteed by Azerbaijan and guarded by Russian forces for five years<sup>18</sup>. The statement also envisages the construction of an alternative route of the corridor, which should connect the Russian-controlled territories of Karabakh with Armenia, bypassing the city of Shusha, which returned to the jurisdiction of Azerbaijan as a result of the 44-day war. After the development of this route, the city of Lachin and a number of settlements in the Lachin district were to be returned to Azerbaijani control<sup>19</sup>.

Also, according to the Statement, Armenia undertook to provide transport communication between the western regions of Azerbaijan and the Nakhchivan Autonomous Republic<sup>20</sup>. The document stated that the control of transport communication on this route should be guaranteed by the Border Service of the Federal Security Service of the Russian Federation. In this case, Armenia should act as a guarantor of the security of the part of the corridor that will pass through its territory, while Azerbaijan guarantees the security of the Lachin corridor. This implies formal respect for the principle of sovereignty of each party, despite the fact that both corridors will be under de facto Russian control. Here, it is worth paying attention to the fact that the ceasefire statement preserves the principle of *uti possidetis*<sup>21</sup>, which is important given the existence of other “frozen” conflicts in the post-Soviet space, particularly in the Tskhinvali region (South Ossetia) and Abkhazia (Georgia) and Transnistria (Moldova).

Thus, the signing of the Trilateral Ceasefire Statement of 10 November 2020, which ended the 44-day war, lifted a number of pressing issues, related primarily to Armenia’s occupation of Azerbaijani territories around the former NKAO from the Karabakh settlement agenda. The most important steps on the agenda towards the end of the Karabakh conflict, stemming from this document and enshrined in subsequent statements of January 11, 2021 and November 26, 2021, agreed by Azerbaijan, Armenia and the Russian Federation in a trilateral format, should be the delimitation and demarcation of the Armenian-Azerbaijani interstate border, the unblocking of transport links, as well as the conclusion of a comprehensive peace treaty between Armenia and Azerbaijan.

According to Sergey Markedonov, a Russian expert on the Karabakh issue, the ceasefire statement of November 10, 2020, is markedly different from all previous plans to resolve the Karabakh conflict, and reflects significant changes in the situation in favor of Azerbaijan in the conflict zone as a result of the 44-day war. Thus, in the Madrid Principles the territories of Nagorno-Karabakh and the areas around it occupied by Armenia were

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<sup>18</sup> Заявление Президента Азербайджанской Республики, Премьер-министра Республики Армения и Президента Российской Федерации (Statement by the President of the Republic of Azerbaijan, the Prime Minister of the Republic of Armenia and the President of the Russian Federation – in Russian). 10.11.2020. URL: <http://kremlin.ru/events/president/news/64384>

<sup>19</sup> The construction of this route was completed by Azerbaijan, and it eventually led to the return of control over the city in late August 2022.

<sup>20</sup> Заявление Президента Азербайджанской Республики, Премьер-министра Республики Армения и Президента Российской Федерации (Statement by the President of the Republic of Azerbaijan, the Prime Minister of the Republic of Armenia and the President of the Russian Federation – in Russian). 10.11.2020. URL: <http://kremlin.ru/events/president/news/64384>

<sup>21</sup> *Uti possidetis* is a principle in international practice that means that newly independent states have the same territory and borders as before, when they were in the status of colonies or dependent territories, including administrative units within other states. According to the rule, the old administrative border that previously existed within the territory of the newly independent state becomes the international border. This principle is not an independent legal principle, as it acquires its legal character only within the broader international legal principle of inviolability of frontiers.



clearly separated and considered as independent elements in the overall settlement process. Instead, the latest document does not mention the status of Karabakh at all, and its paragraphs concerning other occupied Azerbaijani territories look like a schedule for their return under Baku's control.

Furthermore, according to the expert, the differences between the districts themselves have been blurred. If the Madrid Principles envisaged their transfer to Azerbaijan under the 5+2 formula<sup>22</sup>, then after the signing of the Ceasefire Statement, these ideas became irrelevant. The Madrid Principles also did not touch upon the corridor between the western regions of Azerbaijan and the Nakhchivan Autonomous Republic, whereas the Agreement makes this issue one of the core issues in the context of unblocking transport communication and creating new transport routes in the South Caucasus region<sup>23</sup>.

Ambiguities in the provisions of the Trilateral Statement in the almost two years since its signing have already led to serious escalations in the conflict zone several times (November 2021, March, August and September 2022). Problematic issues in the context of its implementation remain the disarmament of the Armenian population living in the areas of temporary deployment of the Russian military contingent, as well as the opening of regional transport communications, in particular the corridor to Nakhchivan. The last point is especially important for Baku, which insists on the development of transport communication via the shortest route—through the so-called Zangezur corridor. However, no tangible progress has been made on this subject so far, mainly due to the position of Armenia, where this idea is utterly unpopular and is perceived by a large part of society as the creation of an analogue of the Danzig corridor, which could pose a threat to the national security of the Armenian state.

### **Changes in the regional balance of power as a result of the 44-day war and their impact on the further process of the Karabakh conflict peaceful settlement**

As a result of the 44-day war, a new military-political landscape has emerged in the South Caucasus region, characterized by a substantial change in the balance of power around the Karabakh conflict.

1. Armenia, which was defeated during the war and suffered a huge setback in its military capabilities, weakened its regional positions significantly, inter alia, due to the forced acceptance of the severe and unfavorable conditions of November 10, 2020 Trilateral Ceasefire Statement. It was forced to withdraw its troops from the occupied regions of Azerbaijan around Karabakh (which formed the so-called “security belt” of this enclave). It also ceased to act as a guarantor of the security of the Armenian separatist movement in the region, ceding this role to Russia.

The internal political processes taking place in Armenia indicate the Nikol Pashinyan's government's attempts to abandon the confrontational nationalist rhetoric of the pre-war period and to depart from the previous dogmas, which traditionally shaped the Armenian domestic and foreign policy of the last three decades. The processes of rethinking the existential role of Karabakh for the Armenian statehood, Armenia's place in the world, revision of the perception of national interests, allies and enemies, which manifested itself in the growing public distrust of Russia as a guarantor of the security of the Armenian state, initiated in the Armenian society under the influence of the defeat in the war, can be considered a positive trend. Yet, the growing activity of pro-Russian opposition forces, promoting revanchist slogans, widens the split in the Armenian society

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<sup>22</sup> Five districts (Aghdam, Jibrail, Zangilan, Qubadli and Fizuli) were to be transferred immediately, and two more (Lachin and Kalbajar)—only in the context of the final settlement of the Karabakh problem, as the Lachin transit corridor between Armenia and Karabakh passes through their territory

<sup>23</sup> Маркедонов С., де Ваал Т. (S. Markedonov, T. de Waal). Мир в Нагорном Карабахе: что дальше и на чьей стороне Москва. (Peace in Nagorno-Karabakh: what next and which side is Moscow on – in Russian). 13.11.2020. URL: <https://e-vid.ru/politika/131120/mir-v-nagornom-karabakhe-cto-dalshe-i-na-chey-storone-moskva>

along the lines of positive/negative perception of the government's actions in the Karabakh settlement, which limits the ability of Nikol Pashinyan's government to maneuver in foreign policy in these issues.

In addition, one of the consequences of the war was Russia's greater pressure on Armenia's domestic, foreign and security policies, which is instrumental in depriving Yerevan of the opportunity to independently influence the Karabakh agenda outside the framework of Russian moderation. This seriously complicates the implementation of the foreign policy course by Nikol Pashinyan's government, especially in the issues of implementation of the Trilateral Statement of November 10, 2020, which are sensitive for the Armenian side, and forces it to balance in line with the Kremlin's interests. Russia's military presence on the territory of Armenia (102nd military base in Gyumri), Russian control over the Turkish-Armenian border, as well as Yerevan's unilateral military and economic dependence on Moscow, including due to Armenia's membership in the Eurasian Economic Union (EurAsEC) and the Collective Security Treaty Organization (CSTO), remain strong levers of pressure. At the same time, the weakening of Russia's geopolitical position due to the consequences of its war in Ukraine indirectly affects its position in the region, which opens a window of opportunity for the Pashinyan government to diversify its foreign policy options and reduce dependence on Russia. The signals and statements coming from Yerevan recently demonstrate the readiness of the Armenian leadership for dialogue on a wide range of issues related to the settlement of the Karabakh conflict and the resolution of Armenian-Azerbaijani contradictions.

It also created preconditions for the normalization of Armenia's relations with Türkiye and the unblocking of the Armenian-Turkish border, which had remained closed since 1993 at the initiative of Ankara, which considered the blockade of the border as an important element of pressure on Yerevan in the process of de-occupation of the territory of Azerbaijan. However, for this it will still be necessary to overcome a number of Armenian-Turkish contradictions, among which two problematic issues are dominant. First, we are talking about Ankara's demand to recognize the existing interstate border. The problem is connected with Yerevan's unwillingness to legally confirm the norms of the 1921 Turkish-Soviet Treaty of Kars, which fixed Türkiye's border with the Soviet republics of the South Caucasus (including the Armenian SSR). Türkiye perceives this ambiguous situation as a threat to its territorial integrity. Secondly, disagreements are caused by differences in assessments of historical events that took place in the eastern regions of the Ottoman Empire during the First World War. Yerevan accuses the Turkish authorities of the planned genocide of Armenians and demands recognition of this fact in the international legal plane<sup>24</sup>. In turn, Türkiye, recognizing the large-scale victims of the Armenian population, strongly opposes such an assessment of the situation, considers it unfounded and politicized. In general, this issue remains a "red line" for both Türkiye and Armenia. Unwillingness to compromise on it hinders the normalization of Armenian-Turkish relations.

2. As a result of the 44-day war, Russia's positions in the South Caucasus region were considerably strengthened, which generally corresponded to the goals that Moscow pursued during the war. It managed to achieve a ceasefire without the participation of the OSCE Minsk Group, which emphasized the main role of the Russian Federation both in the negotiation process and in the regional system as a whole. The role of a key mediator allowed the Russian Federation to establish itself as the dominant force in Karabakh, thus resuming its military activity on the territory of Azerbaijan, which had been reduced to zero before the 44-day war (after the closure of the Russian military base in Gabala in 2013). The Russian military presence in Karabakh reinforces the role of the Russian Federation

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<sup>24</sup> Statement of the MFA of Armenia on the occasion of the 106th anniversary of the Armenian Genocide. 23.04.2021. URL: [https://www.mfa.am/en/interviews-articles-and-comments/2021/04/23/Arm\\_Genocide\\_106/10907](https://www.mfa.am/en/interviews-articles-and-comments/2021/04/23/Arm_Genocide_106/10907)

as the main guarantor of the cessation of hostilities in the conflict zone and ensuring the security of the Armenian population of this enclave, which in the medium term will remain a prominent factor of Russian influence on the policies of both Armenia and Azerbaijan.

Another important factor in enhancing Russia's position in the region is its mediation in the negotiations on the implementation of the provisions of the Trilateral Statement of November 10, 2020, including the negotiation process on the delimitation and demarcation of the Armenian-Azerbaijani border, as well as its decisive role in unblocking, preserving and future opening of all economic, transport and communication ties. Particularly, this refers to the possibility of realizing a number of regional projects that Moscow is interested in for geopolitical reasons. First of all, it is the prospect of opening the Zangezur corridor (which, according to the Trilateral Statement, will be controlled by Russian border guards), as well as the restoration of the road from Kars (Türkiye) to Gyumri (Armenia) and further through Gazakh (Azerbaijan) to Dagestan (Russian Federation), which will create a new transport route between Türkiye and the Russian Federation bypassing Georgia, solve the problem of logistics of the 102nd military base of the Russian Federation in Armenia and increase the Russian-Turkish trade turnover.

Russia's growing influence in the region is also caused by the weakening of the positions of Western players involved in regional processes. The inability of the United States and France to persuade the parties to the conflict to cease hostilities during the 44-day war has dealt a blow to their credibility as influential powers in the regional dimension. The actual incapacity of the OSCE Minsk Group deprived them of a vital instrument of influence on the situation in the Karabakh conflict zone and moved them to a secondary role in the post-war balance of power in the South Caucasus.

3. The Azerbaijani-Turkish military-political alliance has become a new factor that has an essential impact on the balance of power in the region. A key role in this alliance is played by Türkiye which, within the framework of president Recep Tayyip Erdogan's policy of pan-Turkism, seeks to expand its political influence in the region and, based on the alliance with Azerbaijan and partnership with Russia, to consolidate its regional leadership. Part of these efforts is, among other things, Türkiye's participation in a joint monitoring center with the Russian Federation on the territory of Karabakh, the increase of the Turkish military presence in the Nakhchivan Autonomous Republic (Azerbaijan), as well as its attempts to play a bigger role in the peace process of the Karabakh settlement within the framework of the OSCE Minsk Group, by becoming a co-chair there. Besides, Türkiye, being the most economically powerful state in the region, is interested in unblocking communications and developing regional cooperation, which will allow it to expand its economic influence on the countries of the region and convert it into political dividends.

During the 44-day war, Ankara demonstrated to the international community (and especially to Russia) its readiness to provide its ally Azerbaijan with unlimited military and technical assistance in solving strategic foreign policy tasks. The signing of the Shusha Declaration on Allied Relations by both countries on June 15, 2021, strengthened Baku's position in relations with Moscow and gave it certain levers of pressure (including by force) to resolve a number of controversial issues in its relations with Armenia.

Azerbaijan seeks to consolidate the advantages gained as a result of the war, trying, on the one hand, to put pressure on Moscow and Yerevan to accelerate the implementation of the Trilateral Statement of November 10, 2020 (particularly in the issue of delimitation and demarcation of the Armenian-Azerbaijani border), and on the other—to involve its ally Türkiye in this process, while avoiding excessive dependence on Ankara. Fixing the new status quo consolidates Azerbaijan's position within the diplomatic regional process aimed at unblocking transport corridors and final settlement of the Karabakh conflict. This has already led to a tougher rhetoric of Azerbaijan, which declares the end of the conflict and the "solution of the Karabakh problem" during the 44-day war. This approach, inter alia, de facto denies the continuation of the mission of the OSCE Minsk Group (which Baku considers to be over) and international efforts aimed at determining the

modalities of Karabakh's future status<sup>25</sup>.

However, such a maximalist position of Azerbaijan, conditioned by the victory in the war, complicates the further process of peaceful settlement of the conflict, since, despite the statements of the Azerbaijani leadership, it has not achieved its goals yet. Part of Karabakh is controlled by Armenian formations under the protection of the Russian military contingent, which in the medium term will not allow Azerbaijan to finally resolve the Karabakh problem by military means. The OSCE Minsk Group, despite the fact that it has demonstrated its incapacity on the eve and during the 44-day war, also still exists and formally remains a universally recognized negotiation platform, the participation of which is necessary for the legitimization of a particular scenario of conflict settlement.

Trying to build a model of Karabakh settlement acceptable to them, neither Azerbaijan nor Türkiye are ready to ignore the Russian factor in this process and in the short term will have to take into account Moscow's interests in their regional policy.

At the same time, the long-term interests of Azerbaijan and Türkiye do not coincide with the interests of the Russian Federation. Thanks to the current Russian-Turkish partnership, Ankara has the opportunity to use the space for maneuver in the zone of Russian foreign policy interests. Moscow, due to the need to find a consensus with Ankara in other important for the Russian Federation regions (first of all in the Middle East), has to put up with certain actions of Türkiye in the South Caucasus and maneuver to ensure Turkish support in solving critical foreign policy problems for the Russian Federation. Türkiye's growing military and political presence in Azerbaijan creates new disagreements in Turkish-Russian interstate relations in addition to the existing ones (Syria, Libya, Ukraine, Black Sea security, Afghanistan, Central Asia, etc.) In view of this, it can be predicted that the Russian-Turkish "patience game", which arose as a result of the temporary coincidence of interests of both sides during the 44-day war, is unlikely to be sustainable in the future and capable of determining and implementing long-term tasks of the peaceful settlement of the Karabakh conflict. Türkiye's growing influence in the future poses a threat to Russia's plans to establish its dominant position in the South Caucasus region and will certainly be countered by the Kremlin.

Under the circumstances, in terms of strengthening the positions of the Russian Federation in the South Caucasus, the bet on Armenia as Moscow's main strategic ally in the region in the foreseeable future will remain. Taking this into consideration, Russia is unlikely to agree behind Yerevan's back with Türkiye and Azerbaijan on issues of Karabakh settlement, which are extremely sensitive for its ally, including a drastic change in the current status quo in Karabakh, and thus lose an important instrument of pressure on Armenia. Rather, we can predict Russia's attempts to undermine the efforts of the democratic government of Nikol Pashinyan in order to bring to power in Armenia pro-Russian parties loyal to the Kremlin. In this case, the need to build up military force will bind Yerevan to Moscow even more strongly than it was before the 2020 war. In addition to providing military assistance, Russia will be able to increase its military capabilities in Armenia, including the resources necessary to ensure the activities of the Russian military contingent in Karabakh and the future functioning of the Zangezur corridor.

Iran is trying to find its place in the new balance of power in the South Caucasus that emerged after the 44-day war. This region occupies an important place in Tehran's geopolitical strategy aimed at countering the West. Iran sees it through the prism of relations with the United States and is interested in the formation of a regional security system capable of blocking the advance into the South Caucasus of external forces, especially those associated with the West.

Formally, Iran declares its desire to pursue a balanced independent foreign policy in

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<sup>25</sup> Which were often aimed at creating a self-governing administrative entity of the Armenian community in Azerbaijan—contrary to Baku's position.

the South Caucasus, friendly to all states in the region<sup>26</sup>, but in practice the declared neutrality and equidistance of Iran in the Caucasus issues is not true. Iran is dissatisfied with the new status quo in the region, formed after the 44-day war<sup>27</sup>. The Iranian leadership is primarily concerned about strengthening of Türkiye's regional positions, possible spread of ideas of pan-Turkism and deepening of the processes of Turkic integration, and formalization of the Azerbaijani-Turkish alliance, which is perceived in Tehran as a threat. Relations between Iran and Azerbaijan remain in a state of latent confrontation, including because of Tehran's criticism of Baku's "too aggressive" actions to promote its interests in the post-war realities.

Simultaneously, Iran takes a friendly stance towards Russia, considering it a counterweight to the West, and is trying to build partnerships with it based on the current coincidence of interests, anti-Western rhetoric and pragmatic calculations. The Iranian-Russian partnership, backed by support within the framework of multilateral international platforms, can become the basis for coordination of Tehran and Moscow's efforts to solve certain regional problems.

Thus, the partnership with the Russian Federation, as well as the desire to resist the strengthening of the Turkic allied axis, radically affect Iran's current regional positioning. Armenia also remains an important partner of Iran in the South Caucasus and is seen by the Iranian leadership as a counterweight to the empowerment of Azerbaijan and Türkiye, as well as a connecting link with the EurAsEC countries. In view of this, one can assume the formation of the geopolitical axis Moscow-Yerevan-Tehran in the South Caucasus.

Besides, the need to address the challenges of breaking the sanctions blockade and access to international communications determines Iran's interest in the launch of regional transport projects designed to ensure its ties with other players. This applies primarily to the launch of the "North-South" route, which will connect Iran with Russia and turn the former into a major transit point on the way from South Asia to Europe. Therefore, the very fact of unblocking transport communication through the Armenian-Azerbaijani border can be used by Iran to develop ties in the northern direction. This will allow to use the existing railway connection with Nakhchivan (via Jolfa) to reach Armenia and further—Georgia and the Russian Federation<sup>28</sup>.

### **Prospects for a peaceful settlement of the Karabakh conflict**

The Trilateral Ceasefire Statement of 10 November 2020 established a new status quo in the combat zone, but did not legally end the Karabakh conflict itself. In terms of international practice, it is a political document and does not impose legal obligations<sup>29</sup>. At the same time, the unambiguous outcome of the 44-day war (Armenia's defeat and liberation of a large part of the occupied territories of Azerbaijan) paves the way for a new stage of the peace process.

In our opinion, the main goals of this process could be the achievement of a peace agreement between Baku and Yerevan, elaboration of the conditions of de-occupation and modalities of the future status of Karabakh, determination of the border between Armenia and Azerbaijan, unblocking of transport communication. This requires the development of a "road map" for the normalization of Armenian-Azerbaijani relations, which will regulate such sensitive issues as the return of refugees to Karabakh, the resumption of Azerbaijani civil and law enforcement services in the region, ensuring the rights and security of the

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<sup>26</sup> Мехди Хоссейни: «Региональные проблемы должны решаться региональными странами» (Mehdi Hosseini. "Regional Problems should be Solved by Regional Countries" – in Russian). 04.08.2014. URL: <http://www.notum.info/news/politika/mexdi-xossejni-regionalnyie-problemyi-dolzhnyi-reshatsya-regionalnyimi-stranami>

<sup>27</sup> Huseynov R. North-South Corridor: A New Breath for Armenia?. 13.09.2021. URL: <https://www.newgeopolitics.org/2021/09/13/north-south-corridor-a-new-breath-for-armenia/>

<sup>28</sup> Tabriz-Jolfa train to be connected to Yerevan, Tbilisi. 26.05.2021. URL: <https://en.mehrnews.com/news/173980/Tabriz-Jolfa-train-to-be-connected-to-Yerevan-Tbilisi>

<sup>29</sup> Самарський О. (O. Samarskiy) Друга Карабаська війна і занепад Росії (The Second Karabakh War and the Decline of Russia – in Ukrainian). 04.02.2021. URL: [http://www.r-studies.org/cms/index.php?action=news/view\\_details&news\\_id=115651&lang=ukr](http://www.r-studies.org/cms/index.php?action=news/view_details&news_id=115651&lang=ukr)

Armenian community at the state level, citizenship issues, etc. The peace plan should be grounded on the willingness of the parties to engage in constructive dialogue.

Azerbaijan declares its readiness for a peace process designed to finally legalize its military victory at the diplomatic level and confirm Armenia's renunciation of territorial claims and support for separatism in Karabakh<sup>30</sup>. For the Azerbaijani government, any international negotiations on the status of the region are unacceptable. As Azerbaijani president Ilham Aliyev has repeatedly stressed, this issue is finally closed. Baku's stance proceeds from the UN Security Council resolutions, which recognize the Karabakh region as part of the Azerbaijani sovereign territory. Azerbaijan considers the conflict resolved in accordance with the results of the 44-day war. The plan for the normalization of Azerbaijani-Armenian relations proposed by the Azerbaijani side contains a number of strict conditions for the conclusion of a peace treaty between the two countries: mutual recognition of sovereignty, territorial integrity; mutual confirmation of the absence of territorial claims; refusal to use threats and force; delimitation and demarcation of the state border; and opening of transport communications<sup>31</sup>. At the same time, the process of peaceful de-occupation of the territories currently under the control of the Russian military contingent should provide security guarantees to the local Armenian population, which will be integrated into the multinational state of Azerbaijan. Baku states that this issue does not require additional coordination, emphasizing that the Armenian population of Karabakh will enjoy all the rights and obligations (and, accordingly, protection) guaranteed by Azerbaijani legislation.

As for Armenia, its position on the peace process is largely formed under the influence of internal processes taking place in this country against the background of defeat in the war. Nikol Pashinyan's signing of the Trilateral Statement, the terms of which forced Armenia to make hard concessions, caused an acute internal political crisis and called into question the future of both the Armenian government and Armenian democracy as a whole. At the same time, despite serious military losses (material and human), frustrated moods in the Armenian society caused by the defeat and the difficult economic situation, Pashinyan's government was able to overcome the crisis and retain power, avoiding the extremely dangerous scenario of civil conflict, chaos and "Somalization" of the country with unpredictable consequences. The re-election of N. Pashinyan in the 2021 early elections also allowed to overcome some uncertainty in Armenian politics and created opportunities for the resumption of post-conflict negotiations.

Within this context, it is important that the new Armenian government has taken a constructive position. It shows readiness to participate in the peace process within the framework of the Trilateral Statement and normalization of relations with neighbors. A positive trend is also the process of rethinking the existential importance of "Artsakh" (Karabakh) for the Armenian statehood, which is taking place in the Armenian society under the influence of the defeat in the war, and, as a result, the reduction of the degree of confrontational nationalist rhetoric and the sharpness of the Karabakh discourse in the domestic politics of the country as a whole.

However, Yerevan's position in the peace process is largely based on the approaches proposed by the OSCE Minsk Group before the war, which evidently does not meet Baku's current expectations. Armenia seeks to divide the issues of demarcation of the Armenian-Azerbaijani border and determination of the future modalities of the Azerbaijani territories, which the Armenian side had to abandon as a result of the 44-day war<sup>32</sup>. First of all, it is about Karabakh itself. The principled position of Armenia is that the

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<sup>30</sup> The CNN Turk TV channel has interviewed Ilham Aliyev. 14.08.2021, URL: <https://en.president.az/articles/52736>

<sup>31</sup> Новая война в Карабахе? В Баку и Ереване винят друг друга и оглядываются на Москву (New war in Karabakh? Baku and Yerevan blame each other and look back at Moscow – in Russian). 08.08.2022. URL: <https://www.bbc.com/russian/features-62463601>

<sup>32</sup> PM Pashinyan's interview to Public TV. 07.11.2021. URL: <https://www.primeminister.am/en/interviews-and-press-conferences/item/2021/11/07/Nikol-Pashinyan-Interview-Petros-Ghazaryan/>

issue of the status of this region, despite the outcome of the war, remains open. For example, Armenian foreign minister Ararat Mirzoyan in August 2021, during a visit to Moscow, said that a prerequisite for initiating a peace process is to include the status of Nagorno-Karabakh on the agenda<sup>33</sup>. Yet, the approach of official Yerevan has somewhat transformed and is that the Karabakh issue is no longer a “territorial concern” for Armenia, but is viewed through the prism of ensuring the security and rights of the Armenian population in the region<sup>34</sup>.

The unwillingness of Yerevan and Baku to compromise on this important issue, as well as the depth of the conflict, make it almost impossible to resolve it in the bilateral Armenian-Azerbaijani format. At the same time, such a scenario would be optimal for both Armenia and Azerbaijan, as it allows solving the problems of interstate cooperation without the involvement of third-party actors pursuing their own interests in the peace process. In the current realities, however, only external mediation opens up prospects for constructive dialogue.

In this case, the most acceptable option would be a trilateral process in the format of the South Caucasus dialogue with Georgia’s mediation efforts. In September 2021, on the anniversary of the 44-day war, Georgian Prime Minister Irakli Garibashvili proposed to create a platform in Tbilisi to resolve the Armenian-Azerbaijani conflict. Georgia refers to the successful experience of mediation—with its assistance in June 2021, it was possible to exchange Armenian citizens detained in Azerbaijan for maps of minefields left by the Armenian military in the de-occupied territories<sup>35</sup>. Georgia is interested in the stability of the region and does not have overblown global ambitions that could influence its mediation position. Nonetheless, the lack of influence weakens Georgia's ability to ensure a real peace process.

The trilateral negotiations, organized under the auspices of the Russian Federation, had the best chances for a result immediately after the end of the 44-day war. Moscow, which gained more opportunities to pursue its interests as a result of the war, is interested in conducting the peace process as a mediator (tested in the conclusion of the Trilateral Statement of November 10, 2020). This allows Russia to strengthen its positions in the Caucasus and increase its influence on both Armenia and Azerbaijan, continuing to manipulate the interests of both sides, which remain antagonistic. It is also ready to some extent to support the Azerbaijani position, seeing in this an opportunity to preserve leverage over Baku. At the same time, Armenia’s actual dependence on Russia allows the Russian leadership to impose on Yerevan the conditions that Moscow recognizes as serving Russian interests. Thus, Russia can really coerce Armenia to sign a peace agreement with Azerbaijan.

However, it is doubtful that the conditions of such a peace process will be consistent with the interests of both states in the region and will ensure a lasting peace between them. Russia is primarily focused on shaping the image of a “peacemaker” to achieve its own hegemony in the region. It is ready to secure the formal conclusion of a peace treaty—but on its own terms (for example, with the preservation of the Russian military presence in Karabakh for an unlimited period). Such a scenario does not meet the interests of either Azerbaijan or Armenia, offering just a formal solution to the conflict, which would benefit only Russia. One should understand that Moscow is not interested in the real normalization of Armenian-Azerbaijani relations, considering the conflict as an asset for projecting its influence in the South Caucasus.

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<sup>33</sup> The remarks and answers to the questions of the journalists of Minister of Foreign Affairs of Armenia Ararat Mirzoyan during the joint press conference with Foreign Minister of Russia Sergey Lavrov. 31.08.2021. URL: [https://www.mfa.am/ru/press-releases/2021/08/31/Mirzoyan\\_Lavrov\\_pess\\_conference/11049](https://www.mfa.am/ru/press-releases/2021/08/31/Mirzoyan_Lavrov_pess_conference/11049)

<sup>34</sup> Новая война в Карабахе? В Баку и Ереване винят друг друга и оглядываются на Москву (New war in Karabakh? Baku and Yerevan blame each other and look back at Moscow – in Russian). 08.08.2022. URL: <https://www.bbc.com/russian/features-62463601>

<sup>35</sup> PM: We Offer Mediation to Azerbaijani and Armenian. 27.09.2021. URL: <https://georgiatoday.ge/pm-we-offer-mediation-to-azerbaijani-and-armenian/>

From this perspective, it is obvious that closer to 2025, Moscow will try to exert pressure on Baku to prolong the presence of Russian troops in the Karabakh conflict zone, using all the instruments of influence at its disposal, in order to turn Karabakh into a pro-Russian enclave in the future, such as Transnistria, Abkhazia or the Tskhinvali region (South Ossetia). Despite its close cooperation with Türkiye, Azerbaijan is unlikely to be able to resist such pressure at this stage, which would mean an open conflict with Russia (for which the Azerbaijani leadership is not yet ready). Türkiye is also not ready for an open confrontation with Russia.

In 2021, the scenario of prolonging the current status quo in Karabakh for the next five years looked quite realistic. At that stage, the United States and France were also implicitly interested in this, as they could help legitimize this process at the level of the OSCE Minsk Group (and thus revive this negotiation format).

However, with the full-scale invasion of Ukraine by Russian troops, the geopolitical situation has changed. Russia's failures on the Ukrainian front lead to the weakening of Russian positions, which opens up opportunities for alternative scenarios of conflict resolution.

First of all, such a radical change in the balance of power may provoke Azerbaijan's attempts, with the support of Türkiye, to change by force the status quo in the region as a result of the 44-day war. There are prerequisites for the implementation of such a scenario, but in this case there is a risk of a new war with the possible involvement of additional players, such as Iran, the consequences of which are difficult to predict. At this stage, Azerbaijan is avoiding a new full-scale military confrontation with Armenia. Instead, limited use of military force is observed currently (which Baku justifies by the need to respond to military provocations by Armenia) in order to put pressure on Yerevan. The escalations in November 2021, March, August and September 2022, on the one hand, are a test of the Armenian (and Russian) side's reaction, and on the other hand, a reminder to Armenia of Azerbaijan's ability to resort to the use of force if the Armenian leadership is not ready to fulfill the terms of the Trilateral Statement and the final de-occupation of Azerbaijani territories.

The weakening of Russia's geopolitical positions in the region also paves the way for the resumption of mediation efforts by the international community. In this case, one of the options may be an attempt to resuscitate the format of the OSCE Minsk Group co-chairs, which is now actively advocated by France. Armenia is equally interested in this, as it seeks to keep the issue of Karabakh's status on the negotiation agenda, trying to switch it to the problem of protecting the interests, rights and security of Karabakh Armenians.

However, in the post-war realities, the resumption of negotiations on the final settlement of the conflict in this format is complicated due to a number of circumstances.

First, it is the position of the top leadership of Azerbaijan, who believes that the Karabakh conflict is resolved, Karabakh is an undisputed part of Azerbaijan, and there is no international problem of its status. In this regard, president of Azerbaijan Ilham Aliyev categorically refuses to negotiate on issues that he considers "settled". Baku believes that the post-war mission of the OSCE Minsk Group should focus exclusively on facilitating the resolution of post-conflict problems arising in the process of implementing the agreements of Azerbaijan, Armenia and the Russian Federation in a trilateral format (within the framework of the implementation of three statements of November 10, 2020, January 11, 2021 and November 26, 2021), in particular humanitarian matters. In the opinion of the Azerbaijani side, dialogue on the rights of Karabakh Armenians will be possible only after the signing of a peace treaty on the conditions of Armenia's recognition of the territorial integrity of Azerbaijan, including the territory of Karabakh<sup>36</sup>.

Secondly, it is the position of the Russian Federation, which is currently promoting a

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<sup>36</sup> Раджабов Р. (R.Rajabov) Эндшпиль в карабахской партии или ...? (Endgame in the Karabakh party or ...? – in Russian). 13.12.2021. URL: [https://cacds.org.ua/райф\\_раджабов\\_эндшпиль\\_в\\_карабахской/](https://cacds.org.ua/райф_раджабов_эндшпиль_в_карабахской/)



parallel negotiation process with its mediation on the implementation of the provisions set out in the three above-mentioned statements, primarily concerning the unblocking of communications, delimitation and demarcation of the Armenian-Azerbaijani border, certain humanitarian issues, without touching upon the settlement of the Karabakh conflict. According to Moscow, Yerevan and Baku should prioritize addressing these questions, as this will a priori contribute to the formation of a common interest, which will allow to approach the resolution of the conflict itself in “better times.” It seems that the prospect of unblocking communications pushes Moscow to transform its interests and tools for their fulfillment from exclusively conflict to economic ones. This will enable it to gain control over regional communications, while its mediation in the process of delimitation and demarcation of the Armenian-Azerbaijani border will also give it control over the border. Thus, the settlement of the Karabakh conflict itself is postponed indefinitely, and until then the Russian military “peacekeeping” contingent will remain in the conflict zone, without an appropriate international mandate for this mission. This approach best meets the goals of the Kremlin’s policy aimed at strengthening its positions in the South Caucasus region as a whole.

However, in case of possible weakening of Moscow’s geopolitical positions in the region, its approach to the negotiation format of the Minsk Group may change. It is possible that Russia may need it as a tool to counteract Türkiye’s (and Azerbaijan’s) growing regional ambitions, if they violate certain “red lines” perceived by Moscow as indicators of its national (primarily imperial) interests in the region.

Thirdly, it is the unwillingness of Western mediators represented by the United States and France, as well as the EU’s foreign policy institution, to force the negotiation process, given the lack of new ideas for further settlement after the actual abandonment of the Madrid Principles. In Washington, Paris and Brussels, there is an obvious understanding that there is no solution to the Karabakh settlement issue “in a complex” or “in a package”, as it comprises a number of problems with varying degrees of controversy, and it is reasonable to approach the search for solutions step by step—moving from “easier” problems to more complex ones. In this regard, it seems that immediately after the end of the 44-day war, an unspoken consensus was formed in the West that the agenda outlined by the Russian Federation is important at the moment and will contribute to further conflict-free dialogue between the parties. This also worked well for Moscow, as it consolidated its position as a moderator with no alternative.

Besides, the negotiation process is further adversely affected by the consequences of the 44-day war, in particular the unresolved issues of the return of prisoners of war, as well as provocations that periodically arise on the line of contact and territorial disputes during the delimitation and demarcation of the Armenian-Azerbaijani border, the ongoing rhetoric of hatred and xenophobia propaganda in the information policy of both sides, disrespect for the cultural heritage of the opponent, etc. All of this seriously obstructs the process of establishing the Armenian-Azerbaijani dialogue and distances the prospect of a political settlement of the Karabakh conflict.

The lack of meaningful progress throughout its previous almost thirty years of action also plays against the continuation of negotiations within the Minsk Group, which lets some parties to the conflict, in particular Azerbaijan, denounce this format of conflict settlement as ineffective. There is also a criticism of the OSCE as a supreme moderator, which, due to its limited competence and functionality as an organization, remains mostly a forum for consultations, meetings and exchange of views, rather than a structure capable of solving security issues in practice<sup>37</sup>.

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<sup>37</sup> Никаких особых надежд на ОБСЕ возлагать не стоит - интервью из Украины (There is no need to put any special hopes on the OSCE - interview from Ukraine – in Russian). 15.04.2021. URL: [https://media.az/interview/1067816209/nikakih-osobyh-nadezhd-na-obse-vozlagaat-ne-stoit-intervyu-iz-ukrainy/?fbclid=IwAR3bJxQ1brf4nY6m7vgb5PWbaDRJY2OrEhNeqB-RvV8DaoPLb5SduT\\_3Nww](https://media.az/interview/1067816209/nikakih-osobyh-nadezhd-na-obse-vozlagaat-ne-stoit-intervyu-iz-ukrainy/?fbclid=IwAR3bJxQ1brf4nY6m7vgb5PWbaDRJY2OrEhNeqB-RvV8DaoPLb5SduT_3Nww)

Yet, today the format of the OSCE Minsk Group co-chairs, although in a “frozen” state, still remains the only internationally recognized and duly formalized institutional mechanism under which the final settlement of the Karabakh conflict by peaceful means, with due regard for the interests of all parties, is possible. Moreover, against the backdrop of the current unprecedented confrontation between Russia and the West, the format of the OSCE Minsk Group remains one of the few international platforms where they retain a common interest for cooperation.

The success of the efforts to revive the negotiation format of the OSCE Minsk Group (or the creation of new platforms for the settlement of the Karabakh conflict) largely depends on the proactivity of the diplomacy of the United States and France. They should firmly state a common position on the unacceptability of turning the negotiation process on the Karabakh settlement into a behind-the-scenes bargaining for the sake of narrow national interests of individual players, first of all Russia and Türkiye, as well as on the need to return to the practice of working out mutually acceptable decisions on the basis of the Minsk Group’s principles. An important step in this direction would be for both countries to upgrade the status of their co-chairs in the Minsk Group to Special Representatives for the Karabakh settlement, providing them with additional opportunities and tools. New ideas and initiatives are needed regarding further steps to resolve the conflict, including the preparation of a new “road map” to replace the Madrid Principles, which have already been partially implemented (through the use of force, not due to the diplomatic efforts of the Minsk Group) and have lost their relevance. Such a “road map” could include both elements of the trilateral agreements between Azerbaijan, Armenia and Russia (unblocking of communications, delimitation and demarcation of the Armenian-Azerbaijani border, humanitarian issues) and a set of issues related to the final phased settlement of the Karabakh problem. This may involve the introduction of a temporary international administration on the territory of Karabakh; replacement of the Russian contingent with multinational forces under the auspices of the UN/OSCE; disarmament of illegal armed groups and demilitarization of the region; creation of conditions for the return of refugees; working out modalities for the reintegration of Karabakh (with consideration of an option of granting the region a certain autonomy, which, after all, was not completely rejected by President Ilham Aliyev, who assumed the formation of Armenian cultural autonomy during the active phase of the 44-day war), including guarantees of security for the cohabitation of Armenian and Azerbaijani communities, and so on.

Such activity on the sidelines of the Minsk Group could seize the initiative from the Russian Federation, force it to abandon the policy of permanent postponement of the final resolution of the Karabakh problem and use the conflict as an instrument of its regional policy.

Under these conditions, there also emerges a room for parallel tracks, in particular for the European Union, which can significantly balance Russia’s involvement in the region. The EU has enormous possibilities of influence in the form of “soft power”, including financial, diplomatic, institutional, advisory and other instruments to transform the conflict and give it a “third dimension,” to organize “second track” diplomacy,<sup>38</sup> etc.

In this regard, it is worth noting the negotiation process in support of the normalization of bilateral relations between Azerbaijan and Armenia under the auspices of the EU and with the assistance of France, which began in December 2021, aimed at “overcoming the conflict, creating an atmosphere of cooperation and trust in order to achieve sustainable peace in the region, ultimately supported by a comprehensive peace

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<sup>38</sup> The “second track” in diplomacy means consultations at the informal, non-governmental level with the participation of experts, scientists and public figures

agreement”<sup>39</sup>. In fact, we can talk about the emergence of an alternative negotiation format with the participation of the Armenian and Azerbaijani sides and without Russian moderation. The absence of Russia in it, given Moscow’s disinterest in the final, comprehensive settlement of the conflict, can make this process more promising and acceptable to both sides of the conflict.

Especially important is the fact that the new negotiation format is aimed primarily at implementing the commitments and agreements reached in the framework of the trilateral statements of November 10, 2020, January 11, 2021 and November 26, 2021, agreed under the mediation of Russia, thus emphasizing the non-confrontational nature of both formats. Its agenda includes topical issues of the Karabakh settlement, including confidence-building measures; resolution of post-conflict humanitarian issues (exchange of prisoners of war, search for missing persons, humanitarian demining, provision of expert advice and assistance to the conflict-affected population, rehabilitation and reconstruction); restoration of communication infrastructure between Armenia and Azerbaijan and in the South Caucasus region as a whole, with full respect for the sovereignty of all countries in the region; negotiations on the conclusion of a new international agreement on the settlement of the Karabakh conflict.

During the meetings held on December 14, 2021, April 6, May 22 and August 31, 2022, Azerbaijan and Armenia, with the mediation of the president of the European Council Charles Michel, managed to make significant progress on a number of key issues of concern. In particular, within the framework of the negotiations on the delimitation and demarcation of the state border between Armenia and Azerbaijan, it was agreed to establish a Joint Border Commission with the expert, advisory and technical support of the EU, which should help accelerate this process. Decisions were taken to launch projects on the rehabilitation of railway lines, including relevant border and customs control measures on the basis of the principle of reciprocity; principles governing transit between the western regions of Azerbaijan and the Nakhchivan Autonomous Republic and between different parts of Armenia through the territory of Azerbaijan, as well as international traffic through the communication infrastructure of both countries were approved; agreement was reached on the principles of border management, security, land fees, as well as customs rules in the border areas of the two countries. The EU is ready to support this process by providing economic assistance and investment. Agreements have been reached to unblock the exchange of prisoners of war. The process of preparing a peace treaty between Azerbaijan and Armenia has entered a practical dimension, and discussions have begun on a range of issues related to ensuring the rights and security of the Armenian population of Karabakh<sup>404142</sup>.

A big step towards the preparation of a peace agreement was the reaffirmation by Armenia and Azerbaijan in a joint statement on the sidelines of the meeting of the European Political Community Summit in Prague (October 6-7, 2022) of their desire to build bilateral relations on the basis of the UN Charter and the 1991 Almaty Declaration, in which both sides recognize the territorial integrity and sovereignty of each other. Thus, one

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<sup>39</sup> Statement of President Charles Michel following the trilateral meeting with President Ilham Aliyev and Prime Minister Nikol Pashinyan. 14.12.2021. URL: <https://www.consilium.europa.eu/en/press/press-releases/2021/12/14/statement-of-president-charles-michel-following-the-trilateral-meeting-with-president-ilham-aliyev-and-prime-minister-nikol-pashinyan>

<sup>40</sup> Statement of President Charles Michel following the trilateral meeting with President Ilham Aliyev and Prime Minister Nikol Pashinyan. 14.12.2021. URL: <https://www.consilium.europa.eu/en/press/press-releases/2021/12/14/statement-of-president-charles-michel-following-the-trilateral-meeting-with-president-ilham-aliyev-and-prime-minister-nikol-pashinyan>

<sup>41</sup> Statement of European Council President Charles Michel following the Second Trilateral Meeting with President Ilham Aliyev and Prime Minister Nikol Pashinyan. 06.04.2022. URL: <https://www.consilium.europa.eu/en/press/press-releases/2022/04/06/statement-of-european-council-president-charles-michel-following-the-second-trilateral-meeting-with-president-ilham-aliyev-and-prime-minister-nikol-pashinyan/>

<sup>42</sup> Press statement by President Michel of the European Council following a trilateral meeting with President Aliyev of Azerbaijan and Prime Minister Pashinyan of Armenia. 23.05.2022. URL: <https://www.consilium.europa.eu/en/press/press-releases/2022/05/23/press-statement-by-president-michel-of-the-european-council-following-a-trilateral-meeting-with-president-aliyev-of-azerbaijan-and-prime-minister-pashinyan-of-armenia/>

of the most pressing issues of the peace process was lifted, which allows us to predict the possibility of concluding a peace treaty between the two countries in the foreseeable future.

It is also important that the United States has recently become more actively involved in mediation efforts on the Karabakh settlement. In this context, we should mention the trilateral meeting at the level of the Foreign Ministers of Azerbaijan, Armenia and the United States, which took place on September 19, 2022 on the sidelines of the UN General Assembly session in New York, and was dedicated to de-escalation of the Armenian-Azerbaijani conflict after the situation sharpened on September 13-14<sup>43</sup>. The United States' readiness to continue meetings in this format, as well as its activity on the Armenian track (in particular, the visit of the Speaker of the US House of Representatives Nancy Pelosi to Yerevan on September 18, 2022, with statements of support amid the crisis of allied relations between Armenia and the Russian Federation) can be considered positive signals indicating the growing attention of U.S. diplomacy to the South Caucasus region. The constructive combination of efforts of the United States and the European Union can add a new dimension to the peace process in a situation where Russia's influence on regional affairs in the South Caucasus is gradually diminishing, and provide a more equitable framework for the Armenian-Azerbaijani dialogue and finding acceptable solutions to the Karabakh problem in the interests of all parties to the conflict and regional security.

At the same time, the role of France in the peace process remains ambiguous. On the one hand, the format of the European Political Community launched by president Emmanuel Macron provided the leaders of Azerbaijan and Armenia with another platform for negotiations. Within the framework of the summit in Prague, a number of contacts at the highest level were organized, including a meeting of the president Ilham Aliyev with the prime minister Nikol Pashinyan in presence of president Macron and the president of the European Council Michel. As a result, historic progress was achieved—both for the Armenian-Azerbaijani settlement and for strengthening the role of the European Union in these processes—it was agreed to send an EU mission to the border between the countries for two months to support the delimitation efforts. However, later Macron's rhetoric, as well as the adoption by the French Senate of a resolution in support of Armenia calling for sanctions against Azerbaijan, undermined the position of Paris as a mediator. Azerbaijan does not consider France an unbiased party and opposes the participation of its leader in the negotiation process under the auspices of the EU.

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<sup>43</sup> Иванова А. (A. Ivanova). Блинкен встретился с главами МИД Армении и Азербайджана (Blinken met with the Foreign Ministers of Armenia and Azerbaijan – in Russian). 20.09.2022. URL: <https://www.dw.com/ru/blinken-vstretilsa-v-nujorke-s-glavami-mid-armenii-i-azerbajdzana/a-63176763>

## **CHAPTER 2. DOMESTIC POLITICAL ASPECTS OF THE 44-DAY KARABAKH WAR: INTERESTS AND POLICIES OF THE BELLIGERENT PARTIES AND KEY EXTERNAL ACTORS**

On September 27, 2020, Azerbaijan launched a large-scale (counter)offensive along the entire Karabakh front line. This marked the start of a fundamentally new phase in the Armenian-Azerbaijani war over Karabakh. The military victory of Azerbaijan in this phase (hereinafter 44-day war) radically changed the matrix of the conflict settlement.

In the chain of cause-and-effect relations, it was the internal political factors that, without exaggeration, became the main driver of the 44-day war for Karabakh, and one of the bases for the formation of a new conflict settlement framework after the undisputed military victory of Azerbaijan.

### **General outline of interests and positions on the eve of the 44-day war**

As of September 2020, the Karabakh deadlock has been the main topic of domestic politics and permanent “pre-election” rhetoric in both Armenia and Azerbaijan (however strange it may seem in the case of Azerbaijan). Many years of Kremlin’s de facto monopoly moderation and arbitration of Karabakh brought the situation to a critical point, when both Baku and Yerevan, despite essentially different constructions of power, could no longer “sell” or “feed” the population with the current status quo around the region.

At first glance, the thesis about Baku’s inability to manage the internal situation in the country regarding Karabakh under the existing specifics of the government appears confusing. Another reason for the confusion may be Yerevan’s “sudden” sharp fluctuations on the Karabakh diplomatic front after Nikol Pashinyan coming to power—when the current status quo around Karabakh since 1994 under the umbrella of Russia looked like almost the only consensus pillar in the Armenian society. It was the pillar that supported Armenia’s total or “vassal” dependence on Moscow, which was de facto accepted by the Armenian authorities and society in general. However, a detailed study of the situation can explain why it became impossible for the Azerbaijani and Armenian authorities to maintain the status quo.

The 44-day war over Karabakh was triggered by a number of internal political factors common to Armenia and Azerbaijan:

- The maximalist positions of the societies regarding the future fate of Karabakh: concessions/refusal to reintegrate Karabakh into the Republic of Azerbaijan (at least autonomy in the pre-conflict format) were categorically rejected by the Azerbaijani society just as any options for Karabakh’s existence within Azerbaijan (“deterioration of the existing status quo”) were rejected by the Armenian society;
- Almost “religious” conviction of both societies in their own rightness regarding Karabakh, which led to a zero-sum game for both ruling elites (which had to respond and react to the Kremlin’s hybrid attacks on the most painful and weak points within both countries).

A consequence of the two previous theses is that the impossibility of internal compromises in the societies opened a broad field for pro-war politics, primarily for the main external arbiter of the confrontation represented by the Kremlin.

The key external actors involved in the conflict resolution—the United States, France, Russia (as co-chairs of the OSCE Minsk Group), along with Türkiye and Iran—were immersed in their own domestic political problems in 2020. The crisis of the fight against the COVID-19 epidemic was relevant for all these countries, where, with the exception of the Russian Federation, none of the governments could afford to leave the situation to chance<sup>44</sup>.

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<sup>44</sup> There is much talk about the Covid-19 factor in the intra-Azerbaijani dimension, which allegedly contributed to the beginning of a new escalation, which, as it is suggested, should have distracted the population’s attention from the economic problems caused by

Washington was busy with the presidential campaign, following the approach “do not be distracted from the outside as much as possible”. The nature of the internal cataclysms around the election race and the formalization of Joseph Biden’s victory shows that the United States was definitely not up to the South Caucasus.

In the domestic political discourse, Paris was generally satisfied with the Kremlin’s moderation of Karabakh under the roof of the OSCE Minsk Group. There were no outbreaks of Armenophilia aimed at flirting with the Armenian electorate during the pre-election period. France, as the co-chair of the OSCE Minsk Group, rather played the role of imitating the internationalization of the conflict settlement procedure, creating a screen for the Kremlin’s sole moderation, leaving the UN, the EU, etc. out of the mediation effort.

Iran was preparing for the presidential elections, having an internal consensus on preventing changes in the borders in the South Caucasus and increasing the influence of extra-regional players there, while having no effective leverage to change the paradigm of the Karabakh conflict moderation. The status quo as of September 2020 generally satisfied Tehran, which was only confirmed by the nervous and inconsistent reactions of the Islamic Republic during the 44-day war.

Separately, we should note the parallel domestic political contexts of the Karabakh conflict in Moscow and Ankara, whose regimes—albeit in different geopolitical dimensions—were already in a simmering stage of “transit”. The internal aspects in Russia and Türkiye should be discussed in detail, since the Russian-Turkish “patience game” as a result of Azerbaijan’s military victory has situationally changed—both on the ground and in principle—the previous format of the conflict settlement on the basis of the stillborn OSCE Minsk Group.

### **Internal political context of Türkiye’s stance**

The domestic political factor amplified Ankara’s external regional/geopolitical ambitions. Thus, the pre-election context was relevant back in 2020 with an eye to the “existential elections of 2023”. It is worth recalling that the option of early elections (parliamentary, presidential, etc.) was actively discussed in Türkiye at that time.

Recep Tayyip Erdogan’s ruling party (Justice and Development Party—AKP) had deep problems inside the country, primarily economic ones. It “lost” key large cities (including Istanbul) in the 2019 local elections. Military victories and achievements on the external fronts are a top-selling product in elections, and Türkiye is no different here. At the same time, Ankara was aware that such a product has a limited shelf life.

Erdogan understood the obvious risks for the authorities—getting bogged down in various hot spots without any visible and clear results could hurt the economy, which was already troubled. The authorities could not ignore the potential actions of the opposition, which, under possible unfavorable scenarios for Türkiye, could play (flirt) with various world centers of power dissatisfied with Ankara’s policy (including Washington and—what was more critical for Erdogan—London).

For the Turkish authorities, it was crucial to keep monolithic moods among the military against the background of inertia from the purges after the failed military coup of 2016 and in general Erdogan’s policy of reducing the role of the army in the life of the state (curtailing the Kemalist secular ideas of the country’s development, etc.)

Türkiye has systematically tried to become a full-fledged regional player in a number of intersecting regions. As of autumn 2020, Ankara in purely military terms was simultaneously a direct participant in conflicts in several theaters of war—in Syria, Libya, Iraq. In addition, the confrontation with Greece and Cyprus was gaining momentum, and France and a number of other European players had already joined it. Prospects for

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the pandemic. The author, however, believes that it was just the opposite—the pandemic delayed the operation of the Azerbaijani Armed Forces until the critical line was crossed on September 27, 2020.

Türkiye in these conflicts looked uncertain<sup>45</sup>.

Ankara, either responding to changes in the military-political situation in a particular key region, or acting as a moderator of aggravation, clearly formulated and consistently defended its own interests. Key among them are: eliminating the threat of Kurdish terrorism (not only along the perimeter of the border, but also in the wider space); ensuring its own energy security and self-sufficiency. Becoming a key gas hub for the EU is part of this concept. Other interests, in one way or another, are layered or derived from these two pillars of Turkish geopolitics.

However, the issue of Karabakh, the unique “hybrid” allied support for Azerbaijan (in parallel communication with Moscow or in the Ankara-Baku-Moscow triangle)—in the domestic political context—has so far proved to be a situational win-win for Erdogan. We can see this today, as of October 2022, when he is almost the only (at least publicly) communicator between Moscow and Kyiv and when such mediation of Ankara is tightly tied to the pre-election logic of the ruling AKP party on the home stretch of the “2023 transit”.

### **Interests of the Russian regime in Karabakh**

Since the end of October 1999, the endlessly simmering Karabakh war has become the quintessence of the Kremlin’s South Caucasus regional policy, which still manages to keep both Baku and Yerevan on the Karabakh hook. Since then, in Moscow’s logic, the fate of both Armenia and Azerbaijan has been decided by Karabakh, and not vice versa.

The Kremlin’s sole arbitration and management of the Karabakh conflict under the roof of OSCE Minsk Group, which turned out to be dead on arrival, was tightly linked to the Kremlin’s domestic political agenda.

Russia systematically sold (in the case of Armenia often “provided” at domestic Russian prices, interest-free loans, etc.) weapons to both sides of the conflict. The Kremlin ensured Yerevan’s vassal dependence on Russia, and in the political, economic, as well as in the defense and security sectors, Armenia was effectively turned into a “Russian province” within 20 years by the hands of the Kocharyan / Sargsyan’s “Karabakh group”.

Russia contributed to the status quo to the maximum extent possible, when the war for Karabakh became a factor of political survival of the ruling regimes in Baku and Yerevan. Indeed, all this was, among other things, derived from the “international comfort” that the Kremlin’s moderation of the Karabakh conflict provided to other international actors.

At the same time, Moscow decided to preserve the internal structure of power in the Kremlin (the so-called “2024 transit”) through the resumption of the imperial project under the conditional name “USSR 2.0”<sup>46</sup>. To implement this scenario, the Kremlin needed to control the entire so-called “Transcaucasia” (the old imperial name for the South Caucasus region). Control, which would be impossible without further “holding Karabakh up” for Azerbaijan. Moscow was not interested at all in losing Azerbaijan due to the lack of progress in resolving the Karabakh issue in Baku’s interests<sup>47</sup>. There were unambiguous signals from Azerbaijan about its readiness to resolve the issue militarily, and, as the 44-day war showed, these were not just political slogans for a domestic audience.

In 2020 (in particular during the actual course of the 44-day war), it was already very difficult (if not impossible) for the Kremlin to act as a sole “peacemaker” in the Karabakh issue without taking into account Ankara’s interests. One should not forget about the international sanctions noose around Russia’s neck, which tightened even more after

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<sup>45</sup> A similar situation is observed now as of October 2022.

<sup>46</sup> From the perspective of October 2022, it looks like an obvious and perfect scenario, disrupted only by the heroic struggle of the Ukrainian people. In 2020, speakers with theses about the restoration of the Soviet Union by Putin (“collective Putin”, the Kremlin’s oligarchic power bloc, the Ozero cooperative—tick as preferred) were regarded as urban madmen.

<sup>47</sup> Мурадов М. (M. Muradov). Россия и Вторая Карабахская Война (Russia and the Second Karabakh War – in Russian). 04.11.2020. URL: <https://cacds.org.ua/мурад-муратов-россия-и-вторая-карабах/>

the attempted poisoning of Alexei Navalny, the lack of quick and acceptable results on the Ukrainian front (Kyiv's rejection of the implementation of Minsk-2 in its surrender version), problems with the "Belarusian transit" to the allied state (mass protests in August 2020 in the Republic of Belarus), the outbreak of protests in Kyrgyzstan (however much it may look like an internal Kremlin showdown). All this put Moscow in a very awkward position against the backdrop of Karabakh raging. The Kremlin, on the one hand, could not afford to show weakness. On the other hand, Moscow was then deprived of levers (at least conventional ones) to quickly extinguish the flames of war exclusively in its own interests, without losing Azerbaijan and even more so Armenia. It was becoming increasingly difficult for Russia to back the conflict itself, and not situationally one of the parties to the confrontation (not situationally, but in reality, this has never actually happened since 1994). The management of the Karabakh conflict in the Kremlin's format of "de-escalation through escalation" began to yield serious failures.

The results of the 44-day war have recorded the following:

- an undisputed military victory of Azerbaijan and, accordingly, the defeat (at the level of a national catastrophe) of Armenia, which in the pernicious logic of the Kremlin "will not get away from Russia in any case";
- Russia's securing in the most unfavorable conditions (not only in terms of image) the implementation of the only, but the key point of the so-called "Lavrov plan"—deployment of its de facto military base in Azerbaijan in addition to Armenia and Georgia;
- moderation of Karabakh was transferred (narrowed) to the Russian-Turkish format.

These processes are analyzed in detail in the relevant sections of this study. Here we should also note that the Kremlin (again in its own imperial logic), as a result of the 44-day war, received the prerequisites for moving on to other steps to resuscitate the imperial project in order to internally encapsulate the Putin regime in Moscow. This was subsequently manifested in the January 2022 events in the Republic of Kazakhstan, the signing of a de facto "alliance agreement" with Azerbaijan on February 22 of the same year—successive steps towards the final chord of the imperial play to revive the "USSR 2.0", which was a full-scale attack on Ukraine on the night of February 24, 2022.

### **Karabakh issue as a factor of influence on Armenia's domestic policy**

In the post-Soviet period, the Karabakh problem was at one point on the verge of being resolved, albeit not completely, but with a viable chance of reconciliation between the parties with the assistance and real mediation of the United States. This attempt was thwarted at the last moment by the shooting in the Armenian parliament in October 1999. Then, not only was the Armenian political elite shot, but also such concepts as foreign policy or geopolitics of Armenia were de facto removed from the agenda for the coming decades.

After the October 27, 1999 terrorist attack in the National Assembly of Armenia, the state actually came "under cover" of the criminal-oligarchic regime, which was directly linked to the Kremlin. All major economic assets of the country—gas transportation and energy distribution systems, industrial facilities, communications, and later the railway—were transferred to the Russian Federation "in exchange for debt" on monopolistic and bonded conditions. Even the diameter of the gas pipeline from Iran to Armenia was determined in Moscow so that Armenia would not suddenly create an alternative to Gazprom.

The "property for debt" deal has de facto been transformed into a permanent bargaining between the Armenian authorities and the Kremlin according to the formula "sovereignty of the country/Karabakh in exchange for the reproduction of its power". This was not least due to the success of Azerbaijan's strategy aimed at attrition of the enemy in all spheres of state life (security and defense sector in the broad sense). This, together with the unprecedented decline in the level of sympathy for Armenia on the part of the



West and the resource superiority, gave Azerbaijan the opportunity to create a strategic advantage over the enemy, which became effective at the right moment on the battlefield.

Armenia's victory in the first hot phase of the war over Karabakh (status quo as of 1994) led to the "spiritual" self-confidence of all strata of Armenians. At the same time, without a push from the Kremlin, Yerevan could not (and in fact did not try very hard) to come to a decision and stop wandering in the "three birches" of the Armenian geopolitics regarding Karabakh: *"miatsum"*, *"recognition"*, *"miatsum through recognition"*. Regarding the possible outbreak of hostilities for Karabakh, the consensus of all segments of the Armenian society was in the following conditional formula: *"We have lived 26 years in this status quo and we will last as long; if they decide to attack—let them just try—we will drive them to the Caspian Sea, if not, there will be a call from Moscow"...*

The call is not a figure of speech, because such a part of the formula was implemented during the aggravation in April 2016 (the so-called "4-day war"), when Moscow really managed to stop the confrontation by phone and synchronous visits of Sergey Lavrov and Sergey Shoigu to both capitals.

The Armenian society did not understand that the rescue "call" from the Kremlin after the next escalation could come not in 4 days, but, relatively speaking, in 44. However, after April 2016, this was well understood by President Serzh Sargsyan. There is a reasonable opinion that as a result of the April 2016 escalation, verbal backstage agreements were reached on the format of the Karabakh issue resolution—according to the Madrid principles or the "Lavrov plan" (it makes no difference). Communication was established both in the Moscow-Yerevan-Baku triangle and directly between the opposing sides. There is no doubt that Ankara was also aware of the content of such discussions. It is important that in the bargaining with Moscow, Serzh Sargsyan tried to delay as much as possible the implementation of the formula that would destroy the public consensus in Armenia on "not worsening the existing status quo around Karabakh". Serzh Sargsyan was not going to become a "traitor" in the eyes of Armenians because of the instinct of self-preservation—both political and general. However, at the right moment, he gladly handed over this role to Nikol Pashinyan at the end of April 2018, when he realized that he would not hold on to power under the pressure of the street. He would not hold on, among other things, because of the internal Kremlin moderation of the Velvet Revolution in Armenia.

After September 27, 2020, one often hears that "Moscow has punished the toxic Pashinyan" or that it seeks to overthrow his regime. This is, to put it mildly, a simplistic approach, despite the fact that in Moscow's logic and perception, the Armenian revolution of 2018 was certainly "colored" and bloodless—and this in itself is a threat to the ruling regime in the Kremlin. But let's go back to April-May 2018 for a while. Nikol Pashinyan, relying on the unprecedented support of society, was able to consolidate his grip over power, including by securing an appropriate lobby in the Kremlin at a critical moment of revolutionary protests. It is worth recalling that at that time not two (as many believe), but at least three major forces, connected to Russia in one way or another, were fighting in the Armenian political field<sup>48</sup>.

Let us not forget that the political confrontation in Armenia in April 2018 did not revolve around the confrontation purely along the Sargsyan ("Karabakh clan")-Pashinyan line. There was also a deep internal split between Karen Karapetyan (then Prime Minister of Armenia representing the conditional Kremlin line of Gazprom, being a top manager there) and Serzh Sargsyan. The latter, after the constitutional reform, according to the published agreements, was supposed not to be nominated for the post of Prime Minister. However, at the last moment, "at the request of the ruling party and society", he changed his mind, actually prolonging his stay in power.

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<sup>48</sup> Копчак В. (V. Корчак). «Потеря» Москвой Армении или об «антироссийскости» Н.Пашиняна (Moscow's "Loss" of Armenia or N. Pashinyan's "anti-Russianness" – in Russian). 24.11.2020. URL: <https://cacds.org.ua/v-копчак-потеря-москвой-армении-или/>

Such prolongation certainly became one of the triggers of the mass protest, the symbol of which was Nikol Pashinyan. It is believed that the protest for a certain period of time was even financed through Karen Karapetyan's line (or through the family business in the Tashir Group). Nikol Pashinyan, with the support of the street, resisted after the resignation of Serzh Sargsyan, and then automatically pressed Karen Karapetyan, playing his own game with Moscow. Thus, the Kremlin wing of Gazprom failed on the internal Armenian front.

It is fair to pay tribute to Pashinyan as he was able to come to power during the peak period of the revolutionary protests, having (or securing along the way) a certain lobby in the Kremlin. Thus, having gained power, he began to clean out the old "Karabakh clan" at all levels, in particular, he arrested the second President of Armenia Robert Kocharyan (by the way, a personal friend of Vladimir Putin). However, there were no "turns to the West" or "withdrawals from the CSTO/EAEU" even at the level of hints<sup>49</sup>. It was actually naive to expect them because of their unnaturalness. On the foreign policy front, Moscow received everything it wanted from Armenia. We can recall, for example, the sending by Pashinyan to Syria (under pressure from Moscow) of the humanitarian mission of the Armenian Defense Ministry, which was repeatedly rejected by Serzh Sargsyan, who was overthrown during the Velvet Revolution. The revolution itself was not anti-Russian in nature, which was constantly emphasized by its leaders.

Building his own vertical of power, Pashinyan tried to impose an unspoken formula in relations with Moscow on the domestic front: *"only I can be pro-Russian or (pro)-whatever else in Armenia, everyone else must be pro-Armenian"*. However, in Armenia, monopolizing communication with the Kremlin was impossible by definition.

Until September 2020, the main accusation against Nikol Pashinyan from the Armenian opposition (primarily from the fragments of the Republican Party and other forces that began to rally around Robert Kocharyan, relying on his financial and media assets, as well as on support from Moscow) was *"Nikol wants to surrender Karabakh"*<sup>50</sup>. Instead, Pashinyan's team went through two election campaigns, gaining a constitutional mono-majority in the parliament (a real one, not like Volodymyr Zelenskyi in Ukraine) and a compromise figure with the old elites as the "president" of the unrecognized so-called "Nagorno-Karabakh Republic" (Araik Harutyunyan). On the topic of Karabakh, Pashinyan did not give his political opponents any chances. Hence, by the way, his slogan "Karabakh is Armenia, end of discussion" and, more importantly, the initiative to return the "NKR" to the negotiating table within the framework of the OSCE Minsk Group<sup>51</sup>. This initiative caused natural indignation in Baku, as well as unnatural surprise in Moscow. The Karabakh issue began to acquire signs of a deep intra-Kremlin confrontation.

The Kremlin was well aware that only failures on the Karabakh front could shake Pashinyan's position in Armenia, because any alternative creations of Moscow were extremely toxic for the Armenian population. After the well-known 4-day war of April 2016, when Azerbaijan actually conducted reconnaissance by fighting, having conquered several heights (a kind of prelude to a large-scale escalation), the Armenian authorities drew conclusions. However, in 2016, after the April War, Serzh Sargsyan did not implement the "Lavrov plan". In 2020, for any Armenian leader who would agree to the voluntary (!) return of at least some part of the "NKR" to Azerbaijan, it would mean political (at least) suicide. This was clearly realized by Nikol Pashinyan, and it was well understood in Moscow, which put pressure on the official Yerevan, while bargaining with Baku. It is indicative that

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<sup>49</sup> Poghosyan B. Presidential and parliamentary elections in unrecognized Nagorno Karabakh Republic. Background, process, implications. 21.04.2020. URL: <https://cacds.org.ua/benjamin-poghosyan-presidential-and-parliamentary-elections-in-unrecognized-nagorno-karabakh-republic-background-process-implications/>

<sup>50</sup> Меграбян Р. (R. Mehrabyan). Постреволюционная Армения сегодня. Повестка реформ vs гибридная война (Post-revolutionary Armenia today. Reform agenda vs hybrid war – in Russian). 18.02.2020. URL: <https://cacds.org.ua/рубен-мергрябан-постреволюционная-а/>

<sup>51</sup> Notably, it was Robert Kocharyan who withdrew the "NKR" from the negotiation process in 1999.

Pashinyan was the last to de facto categorically reject Lavrov's peace "plan" in public<sup>52</sup>.

This explains Russia's "strange position" not so much towards Armenia as towards Pashinyan's administration. In fact, the depth of the Kremlin's allegations against the latter remains the most interesting question. After the post-revolutionary "fluctuations" of 2018, it seemed that all contradictions had been resolved: Kocharyan was released from prison (and will not return to it), the arrest of the CSTO Secretary General under Armenia's quota Yuri Khachaturov was similarly lifted; disputes with Russian Railways and Gazprom-Armenia were resolved, etc. Yet, the tension remained. The option "to remove Nikol Pashinyan at any cost" during the hostilities of autumn 2020 did not stand up to criticism. It was hardly part of Moscow's plans to carelessly undermine Armenia from within against the backdrop of the situation at the front. In addition, Pashinyan actually proved during the revolutionary events of April-May 2018 that he could fight and present (sell) himself to the Kremlin, so it was always too early to write him off<sup>53</sup>.

As of autumn 2020, in the domestic political context, Armenia approached a new hot phase of the war over Karabakh with the following attributes:

- the winner's complex that developed in Armenia and the so-called "Nagorno-Karabakh Republic" after the victory in the 1990s, which was not supported by real reforms in the defense and security sector and building up defense capabilities;
- Armenia's (or, as Armenians say, "the Armenian parties") overestimation of political mechanisms for deterring and regulating the conflict, failure to take into account the danger from Moscow's game of restoring the imperial project with the correspondent flirting/bargaining with Baku and Ankara, which for the Kremlin were becoming much greater assets than Yerevan;
- Yerevan's lack of room for maneuver in bargaining with the Kremlin in the situation of the country's vassal dependence on the Russian Federation;
- general disorganization and infantilism of the public administration system in Armenia after the 2018 revolution.

Armenian experts are unanimous that the factor of the Armenian diaspora (which is geographically very heterogeneous) around the processes of escalation of the situation around Karabakh was minimal. Its role is often exaggerated. The diaspora could support, strengthen or even sometimes radicalize the given internal political processes in Armenia, but it could not change the trends.

The Karabakh issue was the subject of deep intra-Kremlin confrontation and remained so during the 44 days of the war. This confrontation has not disappeared even now. One can speculate a lot about Moscow's unwillingness to lose Azerbaijan, the need to take into account Ankara's ambitions, and the Kremlin's desire to maintain a fourth military base in the South Caucasus. But for Armenia, already deprived of geopolitical maneuver in a state of deep social crisis, the current limbo is an existential threat. This situation suits Moscow, which believes in its logic that Yerevan is not going anywhere far. It is difficult for Armenians in general to realize that Russia, having abruptly introduced "peacekeepers" in Karabakh, has actually invented nothing new. This is a typical tactic of "de-escalation through escalation". The specificity of the current situation is that this time it was applied by the Kremlin regarding its "main ally" in the most sophisticated and cynical form, plus in the most unfavorable conditions for itself.

The Kremlin's approach to Armenia as its "province" has largely determined the Armenian political landscape. Let's consider the situation on the eve of the post-war early parliamentary elections in 2021. In the face of a deep political crisis, an opposition bloc of 17 parties emerged, with the well-known Prosperous Armenia of Gagik Tsarukyan (one of the 17 represented in parliament), the Republican Party of Armenia (RPA) of

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<sup>52</sup> Poghosyan B. Russian strategy before and during the new Karabakh War. 03.11.2020. URL: <https://cacds.org.ua/benjamin-poghosyan-russian-strategy-before-and-during-the-new-karabakh-war/>

<sup>53</sup> Копчак В. (V. Корчак). Полум'я Карабаху (Flame of Karabakh – in Ukrainian). 01.12.2020. URL: <https://cacds.org.ua/полум'я-карабаху/>

Kocharian/Sargsyan, and Dashnaktsutyun (both of which suffered a crushing defeat in the December 2018 parliamentary elections). The rest of the parties could hardly be recognized in full even by politically active citizens of Armenia.

However, this list also included the new political project Motherland of the former Director of the State Security Service of Armenia Artur Vanetsyan (who was dismissed by Nikol Pashinyan<sup>54</sup>). According to various estimates, even before the 44-day war, Artur Vanetsyan was considered in Moscow as one of the alternatives to Pashinyan. Vanetsyan is the most pro-Russian figure even by Armenian standards. Before the war, it made no sense to be tough on him because of his low rating and, according to various estimates of Armenian experts, “inadequate leadership qualities”. In fact, there was no unity in the conditional Block 17, as evidenced by the conflicts between Mikael Minasyan (Serzh Sargsyan’s son-in-law) and Artur Vanetsyan.

These 17 parties created the Homeland Salvation Movement<sup>55</sup>, proposing Vazgen Manukyan (Minister of Defense of Armenia in 1992-1993) as a candidate for Prime Minister for the transitional period. However, the initiators of the movement did not need elections in principle as the main thing was to remove Pashinyan from the post of Prime Minister. They, by and large, needed political revenge. The movement gathered quite numerous rallies, but the number of protesters was not enough for Pashinyan’s resignation (those protests did not come close to the events of April 2018, neither in scale nor in geography). The opposition, apart from demanding the release of the “traitor Nikol” and promises of maximum rapprochement with Russia, did not actually offer any agenda for overcoming the crisis. The accusations against Pashinyan about the outbreak of war, the collapse of the army and the signing of the surrender on the night of November 10, 2020 were unfair (especially about the army, and especially coming from RPA representatives who had been in power for twenty years). Promises to take revenge by playing back the existing new status quo in Karabakh with the help of Russia looked cynical and mean. Nobody was going to do this, but the slogan was convenient. The transition period without elections, but with its own technical prime minister, was necessary for the opposition to prepare early elections, but under its own rules, which should have resulted in the appointment of a non-too toxic figure—agreed with Moscow and with the support of financial, media and other resources of Robert Kocharyan (“Karabakh clan”).

This strategy of “revanchists” completely failed. Nikol Pashinyan resisted once again, announced early elections at the right time, and won them with his party, which effectively received a constitutional majority. And this was despite the fact that President Armen Sargsyan, both Armenian Catholicos and leading scientific and academic circles of the country advocated his resignation. At the same time, Pashinyan withstood the pressure of the attempted military coup (many consider it to be an imitation of one) at the level of the General Staff headed by its Chief Onik Gasparyan<sup>56</sup>. The parliamentary opposition/minority was formed by the old “faces of revanchism” such as Robert Kocharyan’s Armenia and I Have Honor blocs (Serzh Sargsyan’s RPA and Armen Vanetsyan’s Motherland)<sup>57</sup>.

Thus, the results of the 44-day war, which ended in a national catastrophe for Armenia are as follows:

1. There was no overthrow of the democratically elected government. Although the situation was dire, Nikol Pashinyan and his closest political circle survived the threat of

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<sup>54</sup> Меграбян Р. (R. Mehrabyan). Постреволюционная Армения сегодня. Повестка реформ vs гибридная война (Post-revolutionary Armenia today. Reform agenda vs hybrid war – in Russian). 18.02.2020. URL: <https://cacds.org.ua/рубен-меграбян-постреволюционная-а/>

<sup>55</sup> Меграбян Р. (R. Mehrabyan). Армения после выборов – новые внутривнутриполитические реалии (Armenia after the elections - new internal political realities – in Russian). 03.08.2021. URL: <https://cacds.org.ua/рубен-меграбян-армения-после-выборов/>

<sup>56</sup> Меграбян Р. (R. Mehrabyan). Отставка Армена Саргсяна. Внезапно, но закономерно (Resignation of Armen Sargsyan. Sudden but natural – in Russian). 07.02.2022. URL: <https://cacds.org.ua/рубен-меграбян-отставка-армена-саргс/>

<sup>57</sup> Меграбян Р. (R. Mehrabyan). Армения после выборов – новые внутривнутриполитические реалии (Armenia after the elections - new internal political realities – in Russian). 03.08.2021. URL: <https://cacds.org.ua/рубен-меграбян-армения-после-выборов/>

physical elimination (organized by “revanchists” and disguised as a kind of popular uprising).

2. The extreme toxicity of the opposition “revanchists”, who focused on the figures of Serzh Sargsyan, Robert Kocharyan or Artur Vanetsyan (the leader of the I Have Honor party project), not only failed to raise the public on the scale necessary to overthrow the regime, but also led to the fact that in the early elections Nikol Pashinyan’s party received a virtually constitutional majority in the parliament.

3. Society in Armenia remains deeply polarized and the internal political situation lacks stability. The de facto loss of Karabakh and the deployment of Russian peacekeepers in its part have significantly reduced Armenia’s geopolitical importance and influence and at the same time increased Yerevan’s dependence on Russia. Armenia is on the verge of a complete loss of de facto sovereignty, but may retain the nominal attributes of an independent state, such as membership in the UN and other international organizations. The defeat in the Karabakh war in 2020 raised the possibility of Armenia joining Russian initiatives to deepen cooperation in the post-Soviet space (such as a “union state”).

4. The Kremlin’s sharp “peacekeeping” intervention right on the verge of the final defeat of the Armenian group in Karabakh complicated the situation for Moscow, including the fact that Armenian society, in a state of deep social frustration, began to be torn between two poles of perception that are “Russia betrayed” and “Russia saved”. It should be emphasized that over the past two decades of systematic building of political and economic vassal dependence of Armenia on Russia, the Kremlin for the first time faces such a challenge on the “Armenian front”. And no doubt Moscow will build its policy towards its “main ally in the region” around the formation of a sense (complex) of doom and, accordingly, even greater dependence on the “only possible savior”. “Armenia is doomed without Russia” and “Revenge is possible only with Russia” remain the main narratives that the Kremlin conveys and imposes on all Armenian political actors who claim to be its supporters and, accordingly, in the Kremlin’s logic, to win and survive in power.

5. As a follow-up to the previous point, Armenian society, despite the shock and frustration, demonstrated civic and political maturity, not succumbing to calls for the overthrow of the government. Armenia avoided bloodshed inside, which threatened direct intervention of Russia with unpredictable consequences. The state of uncertainty in Armenian society between the poles of “Russia betrayed”/ “Russia saved” was beneficial to Moscow. The situation changed after the latest escalation on the Armenian-Azerbaijani border in September 2022, when Moscow neither used the lever of the “non-existent CSTO” nor intervened directly. The Kremlin began to lose Armenia due to the loss of Armenians, among whom anti-Russian (respectively, pro-Western) sentiments began to grow.

### **Karabakh issue in the internal political and public discourse of Azerbaijan**

The basic consensus point for Azerbaijani society on Karabakh was the doctrinal consolidation of the de-occupation of its own territories, including by military means. The inevitability of military victory became the main leitmotif for the authorities in terms of internal political consolidation of Azerbaijani society. At the same time, this could have turned into a problem of people’s “complex of excessive expectations” due to the failure to implement the strategy of de-occupation of the region.

Unlike Armenia, Baku has been systematically engaged in military development of the state since the second half of the 2000s, achieving unprecedented results as of 2020. Azerbaijan was preparing for the war systematically and persistently, spending significant funds on building modern armed forces and equipping them with quality equipment. Among other things, during the 2010s, Azerbaijan relied on the purchase and “domestication” (so far in the form of large-scale assembly) of high-tech weapons, moving away from the practice of modernization of outdated Soviet (Russian) equipment. Thus,

Russia remained a key supplier of weapons, especially armored vehicles. At the same time, in the case of military-technical cooperation with Moscow, Baku rather did not “buy”, but “bought off the Kremlin politically”, playing along with the Kremlin moderators and simply letting Rosoboronexport earn money in the situation when Russia was gradually losing its arms markets.

At the same time, Israel and Türkiye began to play an increasingly important role in the military-technical plan for the Republic of Azerbaijan, in particular in the segments of high-precision weapons, reconnaissance and strike unmanned aerial vehicles. Baku and Ankara established long-term cooperation at the level of general staffs, and systematic training of Azerbaijani military personnel was conducted in Türkiye. The allied Azerbaijani-Turkish concept of “one nation, two states” has been supported in practice in the security and defense sector for years<sup>58</sup>. Such an approach found full consensus within the state, which was important for the administration of İlham Aliyev in the strategy of minimizing and leveling hybrid threats from Russia and Iran.

For a long time, a face-to-face confrontation with Armenia over Karabakh was excluded due to the Russian arbitration of the Karabakh conflict. Azerbaijan, being aware of this, for many years adhered to a policy that can be figuratively described as “not to tease the Kremlin”. This way Baku hoped for dividends for itself in resolving the Karabakh issue. Moscow, making use of this situation, has preserved and developed a powerful system of influences and instruments of pressure on Baku, which are now called hybrid. This—even after the victory in the 44-day war and as of October 2022—remains a separate and key challenge for the İlham Aliyev administration in the context of the continuation of the war over Karabakh.

Azerbaijan’s hopes for Kremlin dividends sparkled with new colors when the Velvet Revolution of April-May 2018 brought to power in Armenia the team of “incomprehensible” and “alien”—for both Moscow and Baku—Nikol Pashinyan. The popularity of Armenia and its new leader was growing in the world. The “story of democratic success” of Armenia carried clear image threats to the Aliyev regime in case of further slowdown in solving the Karabakh problem.

In the Karabakh issue, positive negotiating symptoms were initially observed. A number of meetings were held at the highest level in the Aliyev-Pashinyan format and at the level of foreign ministers. There was a period when for several months there was a real ceasefire on the demarcation line in the Karabakh region, which is not typical of this conflict in principle. However, the situation began to deteriorate in April 2020, when Russian Foreign Minister Sergey Lavrov sharply and publicly began to put pressure on Yerevan to implement the so-called “Lavrov plan” to resolve the conflict.

The situation was once again at a crossroads between maintaining the status quo and escalation of hostilities. The status quo suited Yerevan. Moscow began to get nervous, realizing Baku’s accusations about its inability to force Nikol Pashinyan to make concessions. In Azerbaijan, the state propaganda machine was systematically hyping up the population, convincing it that there was no alternative to the military way of returning Karabakh.

Such a freeze in the situation has become a separate challenge for the administration of İlham Aliyev, who since the end of 2019 has launched a reformatting of the government, which can be described as a “revolution of the elites from above”. On February 9, 2020, early parliamentary elections were held in Azerbaijan at the initiative of Aliyev. After the elections in late February 2020, the Government of the Republic invited opposition parties to dialogue, and meetings were organized with the participation of the vast majority of opposition parties<sup>59</sup>.

As part of these processes, the cadres of the long-time “gray cardinal” Ramiz

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<sup>58</sup> Rahimli G. Azerbaijan - Turkey: Commitment To “One Nation, Two States” Doctrine. 27.06.2019. URL: [https://azertag.az/en/xeber/Azerbaijan\\_\\_\\_Turkey\\_Commitment\\_To\\_One\\_Nation\\_Two\\_States\\_Doctrine-1299851](https://azertag.az/en/xeber/Azerbaijan___Turkey_Commitment_To_One_Nation_Two_States_Doctrine-1299851)

<sup>59</sup> We shall not take irony about the Azerbaijani opposition into account. It was the background for deeper processes.

Mehdiyev or old political associates of Heydar Aliyev (many of them should have left simply because of the age limit) began to be purged from the highest echelons of power—these were and still are mostly the same figures. Such reconstruction could not but run into the interests of the Kremlin lobby in Baku. In this context, the most illustrative is the “mysterious” dismissal (or rather disappearance from the political scene) of the Chief of the General Staff of the Armed Forces of Azerbaijan, Colonel General Najmeddin Sadikov in early October 2020 at the height (!) of the military campaign<sup>60</sup>. On the official website of the Ministry of Defense of Azerbaijan, the mention of him was simply removed. Official Baku simply did not comment on this, but various information was circulating in the media and various expert centers, including about his arrest, as well as that Sadikov was the main representative of Russian agents in the military bloc of Azerbaijan. As a statement of fact, no Chief of the General Staff was then present at the Victory Parade in Baku on December 10, 2020. In the same period, immediately after the victory, according to official information, the head of the Main Department of Internal Security of the Ministry of Defense of the Republic of Azerbaijan Ramil Askerov, who, according to media reports, is the nephew of Najmeddin Sadikov, was dismissed. Rumors and speculations can be treated differently, but the coincidence of these events in place and time speaks for itself. In Azerbaijan, both before the start and during the military campaign, a large-scale purge of the Russian “fifth column” was carried out at various levels.

To elaborate on the topic, here is an example of cause-and-effect relationships that clearly characterizes the depth of the problem and the strange determination to solve it. In the initial phase of the autumn military campaign of 2020, the Azerbaijani Armed Forces could not sharply turn the situation in their favor. Fierce fighting took place in areas along the contact line. However, after the removal of Sadikov on October 9, 2020, the city of Jeybrail was taken in the south<sup>61</sup>. Azerbaijani experts point out that Sadikov’s dismissal took place “on the recommendation” of Turkish generals, who provided systematic assistance to the Republic of Azerbaijan in planning the operation at all levels.

The inevitability of a large-scale aggravation on the Karabakh front as of autumn 2020 became apparent after the July battles that unfolded on the Armenian-Azerbaijani state border in the Tavush-Tovuz region (which, importantly, is far from the demarcation line in the Karabakh region). In a few days, Moscow’s efforts against the background of Türkiye’s parallel tough reaction in support of Azerbaijan managed to return the status quo. Nevertheless, it became obvious that Baku demanded satisfaction for these events, and the conflict began to live in a new dimension, including at the level of perception by the Azerbaijani population.

Regardless of who initiated the July outbreak on the state border (or whether the escalation was caused by accidental events), it was evident that the Armenian side was trying to improve its tactical positions by occupying at least one dominant height on the non-delineated section of the border. It was impossible to win back the situation by retreating to the previous positions. Azerbaijan suffered losses during the battles (among others, the Chief of Staff of the 3rd Army Corps of the Azerbaijani Armed Forces, Major General Polad Gashimov, was killed).

The already high degree of demand of the Azerbaijani society for de-occupation of Karabakh has increased even more. From the side of Yerevan, in particular at the level of the Minister of Defense David Tonoyan, as an element of information and psychological pressure on the enemy, theses such as “new war—new territories” continued to be voiced<sup>62</sup>. Armenia made it clear that in case of aggravation on the Karabakh front, it

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<sup>60</sup> Начальник Генштаба Азербайджана обвинен в госизмене (Chief of General Staff of Azerbaijan accused of treason – in Russian). 04.10.2020. URL: <https://www.kavkaz-uzel.eu/articles/354926/>

<sup>61</sup> Located 20 km from the old demarcation line, it was the administrative center of one of the seven districts of the Republic of Azerbaijan outside the territory of the former NКАО, which Armenia fully or partially captured during the 1992-1994 war.

<sup>62</sup> «Новая война – новые территории»: Тоноян предупредил Алиева (“New war - new territories”: Tonoyan warned Aliyev – in Russian). 30.03.2019. URL: <https://verelq.am/ru/node/44594>

reserves the right to respond asymmetrically, hinting at new territorial losses for Azerbaijan. In such an atmosphere, immediately after the news of Polad Hashimov's death, unusually large-scale demonstrations were held in Baku and other regions of Azerbaijan, the main slogan of which was "Hand us weapons". Although the discontent of the masses was suppressed, the authorities could no longer ignore such demands of the society from below<sup>63</sup>.

The key moment of the July 2020 events was also an unusually sharp deterioration in relations between Baku and Moscow. There was a scandal around the topic of Russian supplies of "400 tons of military cargo to Armenia" during and immediately after the fighting<sup>64</sup>. The explanations of the Russian Defense Minister Sergey Shoigu a la "*these are nightstands and beds for the Russian military base in Gyumri*" obviously did not convince the Azerbaijani side. Against this background, Azerbaijan began to demonstrate a sharp rapprochement with Türkiye, which started to actively play its own game in the South Caucasus. Key regional transport and energy highways pass through the Tovuz region of Azerbaijan in close proximity to the zone of the July hostilities. Therefore, Ankara perceived the signal from Moscow (not so much as from Yerevan) unambiguously. The stakes were raised even higher. All this was layered on the long-term deadlock in the Karabakh settlement process in the format of the OSCE Minsk Group described above. Thus, in 2020, Azerbaijan's September decision to (counter-)attack was not spontaneous, but carefully calibrated and prepared. Moreover, according to a number of signs, it was expected and prepared for in Yerevan and was not a factor of surprise, as in April 2016.

As a result of the military victory in the 44-day war in Azerbaijan, the following situation has developed:

1. In domestic politics, the victory strengthened the positions of the authorities and consolidated the society around the policy of Ilham Aliyev on de-occupation of the territories. This also applies to opposition circles (inside and outside the country, regardless of geography), which unanimously recognized the victories of the official Baku on the Karabakh front. In Azerbaijan, the victory in the 44-day war led to an unprecedented growth of Ilham Aliyev's rating. Military achievements turn a part of Azerbaijani society's eyes away from fundamental problems inherent in the country (ensuring human rights, dependence of the economy on energy exports). At the same time, as a result of the victory in the 44-day war, Ilham Aliyev secured his position in the intra-clan confrontation within the government.

2. The victory restored the wounded pride of Azerbaijanis, but the presence of Russian troops in Karabakh is becoming a more irritating factor in Azerbaijan's internal politics. This is especially felt now, in the period after February 24, 2022, in the wake of Russia's full-scale invasion of Ukraine, when most of the Azerbaijani society takes the Ukrainian side.

3. The Karabakh issue remains a crucial factor in the domestic discourse. The majority of the Azerbaijani population has a negative attitude to the deployment of the Russian military contingent on the territory of Karabakh under the Russian military protectorate. This attitude is further exacerbated by the behavior of the Russian military contingent, which perceives the remaining fragments of the so-called "NKR" not as part of the territory of Azerbaijan, but as a separate "republic". Under such circumstances, on the one hand, there is a process of reintegration of the liberated territories into Azerbaijan, and on the other hand, the Karabakh separatist forces still preserve their infrastructure.

4. Among the factors of the Azerbaijani society's dissatisfaction with the presence of Russian "peacekeepers" in the territory of Karabakh, we can identify the following:

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<sup>63</sup> We shall recall that the demands have been systematically formed and supported for many years by the same government.

<sup>64</sup> Ильхам Алиев - Путину: Россия поставила в Армению более 400 тонн военных грузов и это вызывает вопросы у общественности (Ilham Aliyev to Putin: Russia has supplied more than 400 tons of military cargo to Armenia and this raises questions from the public – in Russian). 13.08.2020. URL: <https://1news.az/news/20200813114628715-Ilkham-Aliyev-Putinu-Rossiya-postavila-v-Armeniyu-boleee-400-tonn-voennykh-gruzov-i-eto-vyzyvaet-voprosy-u-obshestvennosti>



- the incompleteness of the victory: why the Azerbaijani armed forces stopped and did not take control of Khankendi (Stepanakert) and Khojaly; Azerbaijan was forced to accept the presence of the Russian military contingent on its territory under the most favorable (in the opinion of the majority of the population) conditions on the battlefield; the levers of bargaining/pressure applied by the Kremlin to Baku in fact form a new system of challenges and risks for Azerbaijan
- creation on the territory of Karabakh (that is, Azerbaijan) of a full-fledged military base of the Russian Federation with the support of the attributes of the government of the fragments of the “NKR” in the absence of tools to influence the processes on the part of Baku and Yerevan without Russian moderation<sup>65</sup>;
- vague interpretations of the trilateral Statement of November 10, 2020 did not ensure the full withdrawal and disarmament of Armenian armed formations from the territory of Karabakh, which is under Russia’s military protectorate<sup>66</sup>;
- Azerbaijan has not fully established an effective mechanism for controlling the movement of personnel and equipment of the Russian “peacekeeping” contingent<sup>67</sup>;
- the realization that after the expiration of the five-year term of stay of the “peacekeeping” contingent in Karabakh, Russia will do everything possible to maintain its military presence in Azerbaijan.

Thus, Azerbaijan, albeit in the most favorable conditions for itself, has joined the club of countries that are waiting for fundamental changes in Russia (the Kremlin) to finally resolve the issue of restoring its territorial integrity. After February 24, 2022, this process is largely moderated by the Armed Forces of Ukraine, which consistently undermine the military potential of the Russian Federation on their way to victory.

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<sup>65</sup> Копчак В. (V. Korchak.) Российские «миротворцы» в Карабахе или мифология оптимизма (Russian "peacekeepers" in Karabakh or the mythology of optimism – in Russian). 30.12.2020. URL: <https://cacds.org.ua/в-копчак-российские-миротворцы-в-ка/>

<sup>66</sup> Мурадов М. (M. Muradov). Российские миротворцы в Нагорном Карабахе – вызовы и риски для Азербайджана (Russian peacekeepers in Nagorno-Karabakh – challenges and risks for Azerbaijan – in Russian). 17.12.2020. URL: <https://cacds.org.ua/мурад-мурадов-российские-миротворцы/>

<sup>67</sup> Копчак В. (V. Korchak). Военна перемога у війні за Карабах і російський «миротворчий капкан» – нова реальність Азербайджану (Military victory in the war for Karabakh and the Russian "peacekeeping trap" – the new reality of Azerbaijan – in Ukrainian). 20.01.2021. URL: <https://cacds.org.ua/володимир-копчак-военна-перемога-у-ві/>

### CHAPTER 3. MILITARY DIMENSION OF THE KARABAKH CONFLICT: RESULTS AND LESSONS OF THE 44-DAY WAR

The Karabakh conflict, which has lasted since the late 1980s and goes back to even earlier times, has become one of the hotspots on the territory of the former USSR. The specific feature of the conflict was the relatively smaller role played by Russia in its course. Unlike encroachments on the territorial integrity of Georgia, Moldova and Ukraine, Moscow did not participate in it directly. Still, it played a destructive role in preserving the Armenian-Azerbaijani confrontation.

Another peculiar attribute of the war was the extreme antagonism between the parties, which eventually made the conflict ethnic in nature. It was based on the contradiction between Armenian separatism in Karabakh and Azerbaijan's desire to preserve its territorial integrity within internationally recognized borders. Moreover, the evolving confrontation resulted in the aggravation of conflicting issues of historical memory, as well as in the growing hostility at the societal level.

The conflict between Armenia and Azerbaijan is often seen as a series of wars. The first of them in the mid-1990s ended with Armenia's victory and Azerbaijan's loss of control not only over most of the territories of the former NKAO, but also over seven districts around this area (in whole or in part). The second war of 2020 by contrast led to Azerbaijan's victory and the liberation of a large part of the occupied territories.

From a military point of view, this classification makes sense. Nevertheless, in our opinion, the use of the terms "First" and "Second" Karabakh wars creates a false impression of the existence of an unstable "peace" in the period between them. This contradicts an objective assessment of the situation. In fact, the conflict has never stopped, continuing from the late 1980s to the present day. In certain periods it took on an active phase, and the term "war" is used to describe them. It should be noted that the events in early April 2016—the 4-day active phase of fighting in Karabakh— despite its rapidity, should also be classified as such. Yet the situation on the line of contact was not calm even in between the periods of escalation. The conflict did not wane, and it was obvious that the 1994 Bishkek Protocol only provided a pause in the Armenian-Azerbaijani confrontation, rather than bringing at least a fragile peace.

#### **Azerbaijan's efforts to develop its military capabilities**

The results of the hostilities of the early 1990s—defeat and loss of control over approximately 20% of its territory—were not acceptable to either the authorities in Baku or Azerbaijani society. Azerbaijan began the process of reorganization and rearmament of the armed forces as soon as the economic situation made it possible. The rise in energy prices and stabilization of the national economy in the early 2000s provided Baku with the necessary tools to carry out measures aimed at improving the combat capability of the army and its preparation for a specific task—the restoration of the territorial integrity of the state. The unambiguous support of this idea by the society only made it easier for the Azerbaijani leadership to pursue this policy.

At the first stage, the question was the purchase of Soviet weapons, familiar to the Azerbaijani military. In fact, in this way Baku sought to overcome the existing deficit of equipment, paying attention to the speed of deliveries (which were carried out from the stocks left in other countries from the Soviet era). Ukraine played an indispensable role in arming Azerbaijan during this period<sup>68</sup>. Among other things, it transferred to Azerbaijan 45 T-72M1 tanks (2004-2006), 18 BTR-80 (2007) and 150 BTR-70 (2007-2010), 12 BM-9A52 "Smerch" multiple rocket launchers (2004-2005), 54 122-mm self-propelled guns 2S1 "Gvozdika" (2008-2010), 16 152-mm self-propelled guns 2S3 "Acacia" (2009-2010), 3 203-mm self-propelled guns 2S7 "Pion" (2008), 55 122-mm howitzers D-30 (2007), 12 training

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<sup>68</sup> Москалик Д. (D. Moskalyk). Как Украина вооружала Азербайджан (How Ukraine armed Azerbaijan – in Russian). 08.02.2021. URL: [https://petrimazepa.com/kak\\_ukraina\\_vooruzhala\\_azerbaydzhan](https://petrimazepa.com/kak_ukraina_vooruzhala_azerbaydzhan)

aircraft L-39 “Albatros” (2006) and 16 MiG-29 fighters (delivered after special modernization in 2006-2011), 12 attack helicopters Mi-24 (2009-2010).

In the early 2010s, Baku revised the sources of its defense procurement, providing the most urgent needs of the army with Soviet-made weapons from Ukraine. Azerbaijan turned to Russia for newer models of weapons developed as an improvement of existing Soviet designs<sup>69</sup>. Under contracts concluded in 2010-2011, Russia supplied Azerbaijan with 18 BM-9A52 “Smerch” MLRS, 18 TOS-1A heavy flamethrower systems, 100 T-90S tanks, 100 BMP-3 infantry fighting vehicles, 230 BTR-82A, 18 2S19M1 “Msta-S” and 18 2S31 “Vienna” self-propelled guns. In addition, Azerbaijan received S-300PMU-2 and Tor-M2E air defense systems. The Azerbaijani Air Force received 24 Mi-35M attack helicopters; a contract for the supply of 60 Mi-17 transport helicopters was also signed.

These supplies had not only military but also geopolitical significance. Azerbaijan pursued a pragmatic policy towards Russia, which remained Armenia’s key ally. Realizing that the Russian leadership was striving for hegemony in the entire South Caucasus, Baku was building its relations with Moscow in a cautious and rational manner. Remaining outside the pro-Russian military alliances as a matter of principle, it refrained from unnecessary aggravation of relations with Russia. Azerbaijan demonstrated readiness to take into account Russian interests and develop friendly relations. Large-scale purchases of Russian weapons in the early 2010s were also part of this strategy. It was not only about obtaining new equipment for the Azerbaijani army, but also about further establishing contacts with the Kremlin.

At the same time, Azerbaijan has never considered Russia as a reliable partner or supplier of weapons. From a political point of view, this was justified by the understanding of Russian goals in the South Caucasus; from a military point of view, it was due to the lagging behind of the Russian military-industrial complex in the areas of innovative developments that were of interest to Baku. In contrast, since the mid-2010s, the development of practical partnerships with Türkiye and Israel has made it possible to equip the Azerbaijani armed forces with modern weapons.

The assistance from the Republic of Türkiye was of great importance for increasing the combat capability of the Azerbaijani army. Cooperation between the states is based on the formula “one people, two states”. Turkish advisers and specialists participated in the training of the armed forces of Azerbaijan. They contributed to the development of the Azerbaijani system of military educational institutions, including the preparation of programs and teaching staff. With the support of Türkiye, training in accordance with NATO standards was introduced at the Higher Military School of Azerbaijan. In addition, many Azerbaijani officers have received education in Turkish educational centers.

Joint Azerbaijani-Turkish exercises became more frequent. In 2019 alone, 13 events were held in this format<sup>70</sup>. They continued in 2020, including immediately before the active phase of the 44-day war (in July-August).

Türkiye has become a source of modern weapons for Azerbaijan. On February 25, 2020, an intergovernmental agreement on military-financial cooperation was signed between the states. Within its framework, Ankara agreed to render arms support to Baku in the amount of 200 million Turkish liras (about \$33 million). Among other things, Azerbaijan received from Türkiye Bayraktar TB2 UAVs, TR-300 Kasirga and T-122 Sakarya MLRS, Cobra armored vehicles, SOM-B1 cruise missiles.

Türkiye provided intelligence to the Azerbaijani command during the active phase of the fighting, as well as uninterrupted supply of weapons and ammunition. Turkish servicemen were involved in the work of the headquarters of the Azerbaijani army, strengthening its operational capabilities. Turkish aircrafts (6 units of F-16) were deployed

<sup>69</sup> Kucera J. Report: Azerbaijan Gets 85 Percent Of Its Weapons From Russia. 18.03.2015. URL: <https://eurasianet.org/report-azerbaijan-gets-85-percent-of-its-weapons-from-russia>

<sup>70</sup> Mehdiyev M. Azerbaijan, Turkey Team Up For Large-Scale Military Drills. 29.07.2020. URL: <https://caspiannews.com/news-detail/azerbaijan-turkey-team-up-for-large-scale-military-drills-2020-7-28-58/>

on the territory of Azerbaijan during the 44-day war. Their purpose was to reinforce Azerbaijan's air defense, and to perform a demonstrative function.

Israel has also become a vital source of modern weapons for Azerbaijan. First of all, those included UAVs (including kamikaze drones) and missiles. Harop barrage munitions played an important role in strikes on Armenian forces during the 44-day war. The Azerbaijani army had at its disposal Israeli-made LORA ballistic missiles used to attack Armenian communications<sup>71</sup>. Israeli SandCat armored vehicles were also used in the battles.

The military power of Azerbaijan was based on excess profits from energy exports, which allowed filling the defense budget. For example, in 2011 it was \$1.68 billion<sup>72</sup>, in 2015—\$1.74 billion<sup>73</sup>, in 2017—\$1.55 billion<sup>74</sup>, in 2020—\$2.27 billion<sup>75</sup>. At that, the above figures—which already exceeded Armenian expenditures by at least four times—probably do not take into account a sizeable part of the funds spent in the second half of the 2010s on arms purchases.

As a result, the Azerbaijani armed forces were provided with high-precision instruments, which were applied on a massive scale during the 44-day war. Azerbaijan introduced an enhanced concept of coordinated air-ground operations based on the developments of Western theorists (AirLand Battle). Baku has ensured high combat capability of the national army. This primarily concerns the Special Forces, which occupy a special place in the structure of the armed forces.

One should note that the Azerbaijani command had the opportunity to test its work in practice. The 4-day war of 2016 was a kind of test of strength for the Azerbaijani army. It helped to evaluate the results achieved in the modernization of the armed forces, to determine the effectiveness of the adopted doctrines and to identify mistakes and shortcomings that needed to be eliminated.

The conflict demonstrated a high level of combat capability of the Azerbaijani army and readiness for modern warfare. At the same time, the events of 2016 revealed some factors to reflect on.

Firstly, the war showed the insufficient combat capability of mechanized units manned by conscripts to break through the prepared line of defense in the area characterized by difficult terrain. The necessity to rely on trained professional soldiers was proved. As a result of the experience gained, assault and reconnaissance units staffed by contract servicemen were deployed in the army corps of the Azerbaijani army.

Secondly, the high intensity of fire from the Armenian air defense required a change in the tactics of aviation. Baku realized that successful provision of air support to the advancing troops is possible only after neutralization of air defense. Special attention was paid to this aspect of military planning in the preparation of future operations. Azerbaijani aviation abandoned actions at low altitudes in favor of using ammunition from high altitudes or from areas beyond the reach of enemy air defenses. This led to the purchase of special ammunition and modernization of equipment.

Third, there was a lack of coordination between different components of the armed forces in the conduct of hostilities. Addressing this gap required an increased level of coordination, which was possible through intensive training and better communications. A system of unified information space was introduced in the troops.

As a result of the implemented reforms, Azerbaijan had effective and combat-ready armed forces<sup>76</sup>. As of the beginning of 2020, the Azerbaijani army had 67 thousand military

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<sup>71</sup> Wezeman P. D., Kuimova A., Smith J. Arms transfers to conflict zones: The case of Nagorno-Karabakh. 30.04.2021. URL: <https://www.sipri.org/commentary/topical-background/2021/arms-transfers-conflict-zones-case-nagorno-karabakh>

<sup>72</sup> The Military Balance – 2012. P. 92.

<sup>73</sup> The Military Balance – 2016. P. 179.

<sup>74</sup> The Military Balance – 2018. P. 182.

<sup>75</sup> The Military Balance – 2021. P. 180.

<sup>76</sup> The Military Balance – 2021. P. 184-186.

personnel; another 15 thousand people served in paramilitary formations (such as the Border Guard Service and Internal Troops). Baku also counted on 300 thousand reservists. The army was armed with 439 tanks (T-55, T-72, T-90), 164 infantry fighting vehicles (including new BMP-3) and 620 APCs, 132 self-propelled artillery, 207 units of towed artillery, 147 MLRS, 112 mortars. The basis of the aviation was 15 MiG-29 fighters and 21 bombers / attack aircraft (Su-24, Su-25). Azerbaijan could also use 26 Mi-24 helicopters and more than 20 Mi-17 helicopters. To this should be added a significant advantage over the enemy in the field of UAVs. Baku was ready to resort to force to resolve the Karabakh conflict.

### **Armenia's efforts to preserve the status quo in the conflict zone**

Armenia emerged victorious from the war of the 1990s, so its interest was to secure the existing status quo around Karabakh. While planning its actions in case of escalation, it relied primarily on political and diplomatic means. Yerevan hoped that Russia would act as a guarantor of its security and restrain Azerbaijan. The course of events in 2016 gave grounds for such expectations.

Under such conditions, the military component remained de facto secondary in maintaining the current status quo in the conflict zone. The Armenian command planned to conduct a defensive operation in fortified positions, which was supposed to buy time for diplomatic pressure on Azerbaijan.

In the north of the Karabakh front, the geographical conditions played into the hands of the Armenian formations, because the demarcation line passed through the difficult terrain on the Murovdag range. In other directions, the Armenian command had high expectations for the built line of fortifications (the so-called Ohanyan Line). But the prepared positions remained fragmented. The defense line was particularly strengthened in the central part of the front (Aghdam direction). But in the south, the fortifications were weaker. In addition, as a result of the 2016 offensive, the Azerbaijani military were able to regain control of Leletepe Hill. This simplified their offensive operations in the area.

The defense line itself was vulnerable to artillery and UAV attacks. It was not sufficiently enhanced. The main activity to strengthen the position was the mining of the area, which was conducted on a large scale throughout the period of relative calm in the conflict zone. This created obstacles to the Azerbaijani offensive in autumn 2020—yet it failed to stop it. Mines pose a much greater danger to the post-conflict reconstruction process and the return of refugees to areas liberated by Azerbaijani forces. The situation is complicated by the lack of accurate maps of minefields even on the Armenian side, as the mining of the area has been carried out chaotically for many years.

Military planning of the Armenian armed forces was based on obsolete concepts. The organization and training of troops did not include the study and implementation of modern methods and tactics of warfare. The Armenian command was counting on a repetition of the scenario according to which the conflict unfolded in the 1990s. It underestimated the qualitative transformations that had taken place in the Azerbaijani army—both in terms of its material support and training of personnel. The material and technical support of the Armenian units remained at a low level. The troops lacked means of communication and intelligence. The armed forces were manned by conscripts.

Armenia's problem was limited funds, and as a result, its defense budget was far behind that of Azerbaijan. Thus, in 2011 it was only \$395 million<sup>77</sup>, in 2015—\$412 million<sup>78</sup>, in 2017—\$429 million<sup>79</sup>, in 2020—\$621 million. In 2020 it reached \$621 million<sup>80</sup>.

The escalation of 2016 highlighted the need to rearm the Armenian army. Naturally, Yerevan turned to its key partner, the Russian Federation, and received a loan of \$200

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<sup>77</sup> The Military Balance – 2012. P. 89.

<sup>78</sup> The Military Balance – 2016. P. 178.

<sup>79</sup> The Military Balance – 2018. P. 181.

<sup>80</sup> The Military Balance – 2021. P. 179.

million for the purchase of Russian weapons. One cannot say that the Armenian command did not understand the urgent needs of the armed forces at all. Thus, the key direction was to strengthen air defense. Yerevan allocated considerable resources for military spending. However, the expenses proved to be inefficient.

In some cases, Armenia relied on limited purchases of modern weapons that were qualitatively superior to their Azerbaijani analogues. An example is the purchase of 4 Su-30SM aircrafts, which were more advanced than Azerbaijani aircrafts. But in fact, it was a one-time deal—rather a public image step, which had weight only during the period of political and diplomatic confrontation. In the conditions of active hostilities, individual types of weapons, not supported by a comprehensive modernization of the armed forces, could not change the course of events (and in the case of fighters, they could not do it as a matter of fact, given the nature and theater of hostilities, as well as the presence of Azerbaijan's own effective air defense system).

By purchasing 9K720 “Iskander” missile systems, which Armenia received after 2016, Yerevan placed its bets on the deterrence factor. Probably, the Armenian leadership hoped that the threat of ballistic missile strikes would force Azerbaijan to abandon the use of force in Karabakh altogether, or would stop a potential escalation if events on the front line did not unfold according to the Armenian scenario. However, these calculations also proved to be wrong. Missile attacks on Azerbaijani territory in the fall of 2020 did not affect Baku’s readiness to continue the operation.

The revolutionary events of 2018 caused a certain destabilization of military planning in Armenia. Obviously, the thesis that Nikol Pashinyan’s government has destroyed the system built by the overthrown regime of the “Karabakh clan” in two years and thus is responsible for unsatisfactory preparations for the war does not stand up to criticism. Today, it is used by the Armenian opposition exclusively for its own purposes to destabilize the domestic political situation and regain power. Although, the results of the 2021 parliamentary elections have clearly shown that Armenian society responds to events mostly adequately.

It is the “Karabakh clan” that is to blame for Armenia’s unpreparedness for active hostilities. For twenty years, it enjoyed full power in the state, propagated hard nationalist ideas and rejected the possibility of compromise with Azerbaijan—while failing to fulfill the task of strengthening the military potential of the state.

However, the factor of destabilization of Armenia caused by the revolution should not be ignored. The security sector has traditionally been a pillar of the old government, which is why it was difficult for Nikol Pashinyan to cooperate with it. His background as a journalist and political activist gave him a weak position in communication with the military, which based its authority on the victories of the 1990s. Promoting people of the new government to leadership positions took time and could meet resistance. It should be noted that during the rule of the “Karabakh clan” Armenia and Karabakh Armenian groups acted in full cooperation at the political level. Nikol Pashinyan’s coming to power could initiate some tension and a decrease in the level of communication—not critically, but tangibly from the point of view of interaction during the period of active hostilities.

As of early 2020, the Armenian armed forces did not look frankly weak—although they were numerically inferior to the Azerbaijani ones<sup>81</sup>. The assessment of the situation is complicated by the lack of accurate data on the Armenian formations of the so-called “NKR”. In general, the Armenian army consisted of 45 thousand soldiers, another 4.5 thousand served in the police and border service. The units of the so-called “NKR” numbered about 18-20 thousand people. The mobilization reserve of Armenia was 210 thousand people. The main problem was the quantity and quality of weapons. Armenia and the so-called “Nagorno-Karabakh Republic” had more than 300 tanks, several hundred infantry fighting vehicles and armored personnel carriers. However, the available

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<sup>81</sup> The Military Balance – 2021. P. 183-184, 186.

equipment was old and of Soviet design. Armenian forces were inferior to Azerbaijani in artillery and aviation<sup>82</sup>.

A major mistake was the belief in the theses of their own propaganda, which portrayed Azerbaijanis as a people incapable of war, unable to defeat the Armenian army. In fact, Armenia rested on the laurels of the victories of the 1990s, not taking into account that the situation had changed significantly. At the same time, the fighting spirit of the Armenian formations should not be underestimated. Even being outnumbered in artillery and without air support, the Armenian infantry did resist, as evidenced by the fierceness of the fighting during the 44-day war.

### **The 44-day war (September 27—November 9, 2020): the course of events in the conflict zone**

The first fighting between Armenia and Azerbaijan in 2020 did not take place in Karabakh. The aggravation took place in the Tovuz region, on the northern section of the Armenian-Azerbaijani border.

The clashes, which took place from July 12 to 16, did not give either side an advantage, but resulted in casualties. Armenia confirmed the death of 5 of its servicemen. Azerbaijan reported the death of 12 soldiers and 1 civilian. On the Azerbaijani side, the Chief of Staff of the 3rd Army Corps, Major General Polad Gashimov, an extremely popular figure in the army, was killed. The events on the border caused mass protests in Baku, where the population demanded a tough response from the authorities<sup>83</sup>.

The period of calm in the conflict zone after the Tovuz battles did not last long—just over two months. Active hostilities in Karabakh began on 27 September 2020. Both Yerevan and Baku blamed the opposite side for the outbreak of fighting, focusing on the shelling of civilian objects by the enemy.

According to Armenia, the Azerbaijani military struck at settlements controlled by Armenian groups on the territory of Karabakh (including the capital of the self-proclaimed “NKR”—the city of Khankendi / Stepanakert)<sup>84</sup>. Armenian sources reported the death of at least 2 civilians as a result of these attacks.

According to Azerbaijan, the Armenian side carried out large-scale provocations on the line of contact, shelling several settlements in the frontline zone (Gapanli, Chirgali, Orta Gervend, Alkhanli, Shukurbeyli, Jojug Marjanlivillages)<sup>85</sup>. This resulted in (at least 5 killed, 19 wounded) and damage to infrastructure. In response to the shelling, the Azerbaijani armed forces began a counter-offensive, launching the “Iron Fist” operation.

Azerbaijan seized the initiative immediately and dictated the conditions on the battlefield. Armenia only tried to hold the line and carried out local counterattacks in response to the actions of the Azerbaijani military. It tried to use its missile weapons to strike at Azerbaijani territory—probably aiming to “increase the price” of the war for Azerbaijani society and thus force Baku to stop the offensive. However, the Azerbaijani armed forces successfully intercepted the R-17 (“Scud”) missiles using S-300PMU-2 air defense systems. Military facilities and critical infrastructure on Azerbaijani territory were not damaged—but on October 11 and 17<sup>86</sup>, the missiles hit civilian objects in the city of

<sup>82</sup> Рустамзаде А. (A. Rustamzade). Не «Байрактаром» единым – Часть 2. Артиллерия+ (Not “Bayraktar” alone - Part 2. Artillery + - in Russian). 08.03.2021. URL: <https://cacds.org.ua/агиль-рустамзаде-не-байрактаром-ед/>

<sup>83</sup> Рустамзаде А. (A. Rustamzade). Капкан аналогий (Trap of analogies – in Russian). 13.08.2021. URL: <https://cacds.org.ua/агиль-рустамзаде-капкан-аналогий/>

<sup>84</sup> В Нагорном Карабахе началась новая война: Степанакерт под огнем (A new war has begun in Nagorno-Karabakh: Stepanakert under fire – in Russian). 27.09.2020. URL: <https://eadaily.com/ru/news/2020/09/27/v-nagornom-karabahe-nachalas-novaya-voyna-stepanakert-pod-ognem>

<sup>85</sup> Армянские вооруженные силы совершили масштабные провокации по всей протяженности фронта (The Armenian armed forces committed large-scale provocations along the entire length of the frontline – in Russian). 27.09.2020. URL: <https://mod.gov.az/ru/news/armjanskije-vooruzhennye-sily-sovershili-masshtabnye-provokacii-po-vsej-protyazhennosti-fronta-32312.html>

<sup>86</sup> Armenia: Unlawful Rocket, Missile Strikes on Azerbaijan. 11.12.2020. URL: <https://www.hrw.org/news/2020/12/11/armenia-unlawful-rocket-missile-strikes-azerbaijan>

Ganja, resulting in the destruction of housing and the death of civilians.

Considering the course of events at the front, it is reasonable to propose a periodization of the 44-day war. Logically, the periods of the war should be distinguished based on the nature of hostilities and the results of the advance of the armed forces of Azerbaijan. On this ground, the 44-day war consists of three stages.

The first stage of the conflict is characterized by fighting along the contact line. Azerbaijani troops tried to break through the Armenian line of defense, carrying out attacks in the northern (Talish-Madagiz direction) and southern directions.

The armed forces of Azerbaijan were able to advance during the first days of the active phase of hostilities. The Armenian command tried to remedy the situation with counterattacks. However, they were not successful, leading only to the destruction of combat-ready units of the Armenian army. The first massive strike led to large-scale losses among Armenian formations. The use of attack UAVs, kamikaze drones and artillery against Armenian armored vehicles played a major role in this.

Azerbaijan established control over the airspace in the conflict zone from the first days of the fighting, and subsequently exploited it to launch intensive strikes using aircraft, helicopters and UAVs (both strike models and kamikaze drones). The effective use of UAVs by Azerbaijan was due to the correct tactics and comprehensive solutions for the intelligence and control system<sup>87</sup>.

Separately, measures were taken to disable the Armenian air defense system, which was a priority target of air attacks. In order to detect the Armenian air defense system, the Azerbaijani armed forces used specially modernized An-2 aircraft, which served as decoy targets, and in some cases—kamikaze aircraft.

At the first stage of hostilities, they were able to disguise low-altitude air defense systems of Armenian formations (anti-aircraft guns, man-portable air defense systems). The use of this tactic helped to inflict serious losses on the Armenian air defense during the first week of the war. Probably, unconfirmed statements of the Armenian command about the destruction of a large number of enemy aircraft during this period are explained by striking such targets.

However, the use of An-2 had its limitations due to the low flight ceiling of this model. Over time, the Armenian air defense stopped responding to targets flying at low altitude, attacking only objects detected above 5 km. Also, no successful use of An-2 as kamikaze drones was recorded.

The first stage of hostilities ended around 3-4 October, when Azerbaijani units occupied several strategically important locations. In the north, they managed to take control of the settlements of Talysh and Madagiz, but later the offensive in this direction stopped<sup>88</sup>. The main successes of the Azerbaijani military were achieved in the south, where they managed to break through the Armenian defense line and regain control over the city of Jibrail.

Among the factors that determined the success of the Azerbaijani armed forces in the southern direction are the following:

- The presence of prepared borders for attacking and weakening the Armenian defense as a result of the 4-day war in 2016.
- The best conditions for the offensive and the use of advanced weapons (flat terrain, which allowed the successful use of airspace control).

The second stage of hostilities is characterized by the development of the offensive of Azerbaijani troops deep into the territory controlled by Armenian formations. The Azerbaijani command threw the main forces to realize the advantage gained on the

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<sup>87</sup> Рустамзаде А. (A. Rustamzade). 44-дневная война – не «Байрактаром» единым или слагаемые успеха (The 44-day war: not "Bayraktar" alone, or components of success – in Russian). 19.02.2021. URL: <https://cacds.org.ua/агиль-рустамзаде-44-дневная-война-не-б/>

<sup>88</sup> Рустамзаде А. (A. Rustamzade). Не «Байрактаром» единым – Часть 2. Артиллерия+ (Not "Bayraktar" alone - Part 2. Artillery + – in Russian). 08.03.2021. URL: <https://cacds.org.ua/агиль-рустамзаде-не-байрактаром-ед/>



southern flank. In other parts of the front, the fighting was mainly of a deterrent nature (although this does not negate their fierce nature).

First of all, an attack was conducted from Jebrail in the northern direction—Azerbaijani troops launched an offensive on the city of Hadrut. On October 9, the liberation of this settlement was announced, but the Armenian side denied this message. Probably, the Azerbaijani military during this period occupied the heights dominating over Hadrut, which eventually led to the retreat of Armenian formations from the area a few days later.

After the battles for Hadrut, the Azerbaijani command changed the direction of the main attack. The troops launched an offensive to the west, along the border with Iran, which runs along the Araks River. This direction gave the attackers considerable advantages in terms of airspace control. The flat terrain did not allow the Armenian forces to build intermediate defense lines. As a result, after breaking through the front line, Azerbaijani troops quickly entered the operational space.

The pace of the Azerbaijani offensive was slowed down only due to Iranian intervention. As the fighting approached the Khudaferin hydroelectric power plant, the Iranian military took control of the entire territory of the facility, including the area on the left bank of the Araks River—that is, on the territory of Azerbaijan, controlled by Armenian formations until recently. Therefore, they got in the way of the advancing Azerbaijani units. Diplomatic settlement of the situation postponed the advance of Azerbaijani forces for a day.

The Iranian factor gave the Armenian forces time to prepare for defense, which led to an increase in the intensity of fighting in the south. But this could not stop the Azerbaijani offensive towards the Armenian-Azerbaijani border. As a result, on October 20, Azerbaijani units entered the city of Zangilan. Separate advanced columns began to move north towards the Lachin corridor, threatening to cut the main line of supply to Armenian forces in Karabakh. On October 22, Azerbaijani troops were already six miles from this vital transport artery.

The Armenian command tried to use the approach of hostilities to the Armenian territory. Since Azerbaijan, for political reasons, did not plan to transfer the fighting to the territory of Armenia, Armenian units could use it to accumulate forces and apply artillery strikes on the advancing units. Realizing the strategic importance of the Lachin corridor, Armenian reserves were moved to this area. Using mountainous terrain, Armenian formations carried out a series of ambushes and local counterattacks. This led to a slowdown of the Azerbaijani offensive and fierce fighting along the border.

The critical moment of the Azerbaijani operation was in the third quarter of October. At this time, the Azerbaijani army had already taken full advantage of the successes gained as a result of the breakthrough of the Armenian defense in the south. The new stage of hostilities required reorientation of offensive actions in the northern direction. The mountainous terrain in this area allowed the Armenian forces to keep the defense in tactically advantageous positions.

During this period, the logistics of the Azerbaijani offensive faced difficulties due to the need to lay new routes and the rapid advance of the forward forces that had moved away from the rear. Veterans of combat operations testify that there were problems with the supply of food and drinking water on the front line. The delivery of goods to the frontline units had to be carried out in the dark, including on foot.

The fighting took place along the Lachin-Krasny Bazar line<sup>89</sup>. Azerbaijani forces continued to advance in the northern direction—as it was expected by the Armenian command. However, in late October, the Azerbaijani side changed the place of the main attack, catching its opponents off guard. This particular period of hostilities should be considered as the third stage of the war.

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<sup>89</sup> Рустамзаде А. (A. Rustamzade). Не «Байрактаром» единым. Часть 3. Мобильные группы+ (Not "Bayraktar" alone. Part 3. Mobile groups+ – in Russian). 31.03.2021. URL: <https://cacds.org.ua/агиль-рустамзаде-не-байрактаром-еди/>

Instead of attacking the fortified Armenian positions in the area of the Krasny Bazar, the Azerbaijani armed forces launched an offensive in the direction of the city of Shusha. The lack of roads in this area did not allow the use of armored vehicles and motor transport. At the forefront of the attack were the special forces (from the Special Forces Brigade of the General Staff of Azerbaijan and two battalions of the Special Forces Brigade of the Nakhchivan Separate Army<sup>90</sup>), who covered the arduous route on foot. Azerbaijani sources indicate that they made a five-day march through the mountainous terrain, avoiding clashes with Armenian formations and bypassing key points of their defense. They approached Shusha in several columns<sup>91</sup>. The Armenian command failed to timely identify the threat. Its attention was focused on holding positions in the Lachin area. There was also a traditional underestimation of the enemy—the Armenians believed that the Azerbaijanis were incapable of such a risky operation and would attack exclusively along the roads.

Fighting directly in the Shushi area—actually in the center of the territory controlled by Armenians before the active phase of fighting, in the immediate vicinity of Khankendi / Stepanakert—began on October 30. Around 4-5 November, Azerbaijani units occupied the heights south of the city. After that, they developed the offensive, blocking the Lachin corridor in the Shushi area. The bridge over the Khakari River was also destroyed. This made it impossible to send reinforcements from Armenia to Shushi.

Still, Armenian forces continued to hold dominant positions in Shusha itself, which is located on a mountain plateau. Azerbaijani units entered the city on November 6. Special forces took advantage of the fog to climb the Shusha cliff from the area of Dashalty village. This route is extremely difficult, so the Armenian units did not expect an attack from this direction, which took them by surprise. Taking advantage of the moment, the Azerbaijanis were able to gain a foothold on the plateau, established blocking positions on the road to Khankendi / Stepanakert, from where counterattacks were expected, and began the clearing operation.

The Armenian forces continued to put up fierce resistance in Shusha, simultaneously trying to launch a counteroffensive. Bad weather did not allow the Azerbaijanis to take full advantage of the airspace control. The battles in Shusha during November 6-8 were marked by extreme intensity and showed high combat capability of the elite units of the Azerbaijani army. Without heavy weapons and aviation support, they successfully countered enemy armored vehicles, repelled Armenian counterattacks and emerged victorious from the urban battles fought at short range.

It should be noted that the Armenian units also showed high morale in the battles in this direction. They continued defending and did not abandon their positions. But the decisive turning movement of the Azerbaijani special forces resulted in the loss of control, which eventually led to the collapse of the Armenian defense.

The Battle of Shusha put an end to the 44-day war. Having regained control of the town, the Azerbaijani forces found themselves in positions from which they could continue their offensive on Khankendi / Stepanakert. Media reported that their forward units even advanced in this direction, entering the village of Shushakend. Meanwhile, on the night of November 9-10, a ceasefire was signed in Moscow, which ended the fighting and fixed a new line of demarcation<sup>92</sup>. According to its terms, the Russian military contingent was deployed in the territories still controlled by Armenian formations.

Azerbaijan did have military capacity to continue operations. In our opinion, the key

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<sup>90</sup> Бутусов Ю. (Y. Butusov). Звільнити наш Донбас без застосування сили неможливо (It is impossible to liberate our Donbas without the use of force – in Ukrainian). 07.11.2021. URL: <https://gordonua.com/ukr/blogs/jurbutusov/zvilniti-nash-donbas-bez-zastosuvannja-sili-nemozhlivo-1580252.html>

<sup>91</sup> Spencer J., Ghoorhoo H. The Battle Of Shusha City And The Missed Lessons Of The 2020 Nagorno-Karabakh War. 14.07.2021. URL: <https://mwi.usma.edu/the-battle-of-shusha-city-and-the-missed-lessons-of-the-2020-nagorno-karabakh-war/>

<sup>92</sup> Заявление Президента Азербайджанской Республики, Премьер-министра Республики Армения и Президента Российской Федерации (Statement by the President of the Republic of Azerbaijan, the Prime Minister of the Republic of Armenia and the President of the Russian Federation – in Russian). 10.11.2020. URL: <http://kremlin.ru/events/president/news/64384>

reasons that determined Baku's consent to the ceasefire are the following:

- The desire to avoid accusations of a humanitarian catastrophe. Most of the fighting so far has been conducted in the areas around the territory of the former NKAO, where there was practically no Armenian population. Exceptions are the battles for Hadrut and Shusha, but Armenians left en masse when Azerbaijani troops approached. In contrast, the continuation of the offensive moved the fighting to the territory densely populated by Armenians—and the local population had nowhere to flee except Armenia. Operations to regain control over Khankendi / Stepanakert would have led to the final departure of tens of thousands of Armenians from Karabakh. The mainstreaming of the refugee problem in the information space threatened Baku with image losses.
- Taking account of the natural factor. The approach of winter complicated the conduct of further hostilities in the mountainous terrain. Bad weather has already prevented the use of UAVs at the key moment of the battle for Shusha. In the future, Azerbaijani forces would have to continue the offensive in less favorable conditions, not being able to fully use the available material and technical advantages.
- Potential pressure from Russia. The Russian leadership considers the conflict over Karabakh as an asset through which it projects influence on both Armenia and Azerbaijan. The final resolution of the conflict through the restoration of Azerbaijan's territorial integrity is contrary to Moscow's interests. Probably, Russia put pressure on Baku to stop the offensive, and at some point the Azerbaijani authorities decided that at this stage it would be better to take a break.

By suspending the military operation, the Azerbaijani leadership made a successful political step. The successes achieved during the 44-day war broke the old status quo in the conflict zone. They helped the Azerbaijani society to feel victory by taking revenge for the defeats of the first half of the 1990s. The liberation of Shusha—the cultural capital of Azerbaijan—was an essential achievement for Baku.

At the same time, Azerbaijan practically did not have to deal with the control of territories inhabited by disloyal population. In fact, Baku has shown Yerevan that it will never abandon the restoration of its territorial integrity and has demonstrated its willingness (and ability) to resolve the issue by force — but has given its opponents pause to resolve the conflict by diplomatic means.

From a long-term perspective, this is the correct step. Regaining control over all of Karabakh in 2020 would hardly have ended the conflict. It could have provoked Armenia to continue its policy of non-recognition of Azerbaijani sovereignty over these territories, and the flourishing of revanchist ideas. Instead, now, during the pause taken, Armenia is being pushed to a diplomatic settlement. Baku is interested in Yerevan's voluntary recognition of Karabakh belonging to Azerbaijan, delimitation and demarcation of the state border and conclusion of relevant agreements that would mean Yerevan's renunciation of its claims.

### **Results and lessons of the 44-day war**

The 44-day war involved severe fighting, in which both sides suffered heavy losses. According to the official data of the Armenian side, for Yerevan they amounted to 3825 soldiers killed<sup>93</sup> and 187 missing<sup>94</sup>. These figures include representatives of the armed formations of the so-called "NKR." However, alternative estimates indicate that these figures may be significantly underestimated.

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<sup>93</sup> Prime Minister Nikol Pashinyan's speech at the National Assembly during the discussion of the performance report of the Government Action Plan for 2021. 13.04.2022. URL: <https://web.archive.org/web/20220414071601/https://www.primeminister.am/en/statements-and-messages/item/2022/04/13/Nikol-Pashinyan-Speech/>

<sup>94</sup> 187 Armenian troops still MIA, 21 civilians missing in 2020 Nagorno Karabakh war. 21.03.2022. URL: <https://www.armenpress.am/eng/news/1078446/>

During the active phase of the conflict, Azerbaijan did not release information on its own losses. The Azerbaijani Ministry of Defence published a preliminary list of casualties only on 8 December. Subsequently, it continued to be updated. As of October 21, 2021, the confirmed Azerbaijani losses amounted to 2906 people killed and 6 missing<sup>95</sup>.

For Azerbaijan, this was an acceptable price to pay for the results achieved. Within the 44-day active phase of hostilities, Azerbaijani troops were able to make impressive achievements. They regained control over the territories of Fizuli, Jebrail, Zangilan and Qubadli districts, as well as part of the territories of the former NKAO. Under the terms of the ceasefire, Armenian formations were withdrawn from the territories of the Aghdam, Kalbajar and Lachin districts.

The hostilities in the fall of 2020 did not lead to a final resolution of the Karabakh conflict. Nevertheless, they redefined the status quo in the region. Azerbaijan completely liberated seven districts located around the territories of the former NKAO. In addition, control over certain areas of Karabakh was restored, including the city of Shusha, which has an exceptionally high symbolic value for Azerbaijanis.

A negative consequence of the war was the fact that, as a result of it, a Russian military contingent was deployed on the territory of Karabakh (according to the agreements—1960 servicemen, 90 armored personnel carriers, 380 units of automotive and special equipment). From the military point of view, its potential is insignificant and does not affect the balance of power in the conflict zone. However, it is a demonstration of Russian influence in the region and is used by Moscow to put pressure on both Yerevan and Baku.

The 44-day war was in fact the first traditional conflict in the XXI century, i. e. a clash between the armed forces of two states, which, although substantially different in potential, had a similar nomenclature of weapons and command structure. This makes it essentially different from the civil wars in the Middle East and Africa, the U.S. military campaigns in Iraq and Afghanistan. Therefore, it is of particular interest to researchers, as it provides material for analysis—identifying trends and testing the proposed theories of modern military science.

The operations carried out within the framework of the 44-day war by the Azerbaijani army proved the following:

- The importance of creating a system of a single information space that combines intelligence and strike components and allows the use of information in almost real time. Situational awareness of the state of affairs in the combat zone influenced the speed of decision-making and the implementation of fire damage by appropriate means. In fact, the Azerbaijani command monitored the situation at the front in real time and could quickly respond to changes in the situation.
- The effectiveness of the use of a wide range of means of destruction of armored vehicles and enemy positions, which include kamikaze drones, anti-tank missile systems, etc. Azerbaijan's advantages in these types of weapons allowed it to disrupt Armenian counterattacks with the use of armored vehicles without significant losses for the Azerbaijani side. Also, the active use of UAVs and artillery blocked the lines of communication of the Armenian forces, preventing not only the replenishment of units on the front line, but also the prompt response to the changing situation, which required maneuvers by existing forces.
- The need to improve the electronic warfare system to detect and neutralize the air defense system, which is the key to the effective use of UAVs. It was Azerbaijan's neutralization of the Armenian air defense system in the early active phase of the fighting that gave it the opportunity to fully use the available resources for air strikes on enemy positions. In the information domain, the successful actions of the UAVs

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<sup>95</sup> List of the servicemen fallen Shehids in the Patriotic War. 21.10.2021. URL: <https://mod.gov.az/en/news/list-of-the-servicemen-fallen-shehids-in-the-patriotic-war-38076.html>

became a sort of symbol of Baku's victories—but in fact, their results were ensured by the detection, defeat and suppression of air defense.

- Advantages of high-precision weapons. Azerbaijan proved that only they can inflict losses on the enemy that undermine its potential, shake the defense and eventually lead to its collapse. Armenia had at its disposal means of fire destruction, but their accuracy did not meet the requirements of the modern battlefield. Similar conclusions can be drawn from the use of missile weapons during the active fighting. Armenian missile attacks on the territory of Azerbaijan resulted solely in the death of civilians without damaging military targets. They did not complicate the operations of the Azerbaijani army in any way—only further strengthened its desire for victory.

At the same time, it would be a mistake to attribute the success of the Azerbaijani army to mere technical superiority over the enemy. The 44-day war confirmed the impact of the quality of personnel on the combat capability of the armed forces.

The core of the Armenian army consisted of young men—conscripts and volunteers—who were led by older officers. The former lacked training, while the latter were guided by the Soviet military school and tactics, which have partially lost their relevance in modern conditions.

In contrast, the core of the Azerbaijani army was professional military with several years of service experience. This is confirmed by the analysis of its losses in terms of the age of the dead—about a third were people aged 25-27 years<sup>96</sup>.

It should be taken into account that high motivation to fight was present on both sides of the front line. For the Azerbaijani military, the liberation of the occupied territories was a key part of the national idea. The war was revenge for the national tragedy of defeat in the conflict in the first half of the 1990s. In the end, Armenian soldiers showed resilience in the face of fierce fighting—but it was not enough to succeed when the opposing side was equally as strong and better prepared.

The results of the Azerbaijani military were ensured by effective tactics. They relied on reconnaissance and long-range fire, provided by the active use of artillery and UAVs<sup>97</sup>. One can assume that they borrowed the tactics of the Turkish Armed Forces, which were used in Syria against ISIS and Kurdish formations. Within the framework of joint exercises and training in Turkish military educational institutions, the Azerbaijani military had the opportunity to learn firsthand about its core elements.

Azerbaijani troops skillfully carried out offensive operations, using effective tactics to regain control over the settlements in the conflict zone. They avoided street fighting, instead focusing on gaining control of the dominant positions around the towns held by Armenian units. This is exactly the scenario that was implemented in Hadrut, and the offensive on Shusha was based on such principles. The battles for the latter city showed that in case of necessity the Azerbaijani army can succeed even in adverse conditions. However, it should be noted that the victory in Shusha was achieved by the use of special units—the most trained part of the armed forces; and Baku had to pay dearly for it.

It can be argued that the main reason for Azerbaijan's victory was not technological superiority, but the demonstrated ability to learn from its mistakes. The Azerbaijani leadership learned the lessons of the defeats of the 1990s and consistently transformed the national armed forces in accordance with the requirements of the time. As a result, it managed to change the military balance of power in the conflict zone and create preconditions for a successful offensive.

An important lesson that can be learned from the success of Azerbaijan was an

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<sup>96</sup> Stronell A. Learning the lessons of Nagorno-Karabakh the Russian way. 10.03.2021. URL: <https://www.iiss.org/blogs/analysis/2021/03/lessons-of-nagorno-karabakh>

<sup>97</sup> Рустамзаде А. (A. Rustamzade). 44-дневная война – не «Байрактаром» единым или слагаемые успеха (The 44-day war: not "Bayraktar" alone, or components of success – in Russian). 19.02.2021. URL: <https://cacds.org.ua/агиль-рустамзаде-44-дневная-война-не-б/>

efficient information policy during the active phase of the fighting. Baku's activity in the information sphere was characterized by balance and rationality. Azerbaijan introduced significant restrictions within the national information space, providing the population with dosed information from official sources. At the same time, Baku tried to actively work for the external audience, trying to at least partially level the advantage of Armenia in terms of sympathy in the international arena. The credibility of Azerbaijani reports on the course of hostilities was bolstered by confirmations and evidence of the declared successes (for example, video materials on the defeat of enemy forces and the regaining of control over certain settlements). In fact, Azerbaijani sources have never seriously misled the audience about the course of events on the front line—in some cases, reports of victories were too hasty, but in the end, after a few days, they were confirmed anyway. This turned Azerbaijan into a reliable source of information in the eyes of the outside observer, especially in contrast to Armenian reports, in which claims of sensational triumphs were not supported by adequate evidence.

Another element in the foundation of Azerbaijan's victory was an effective international policy that supported the war effort. The strategic partnership with Türkiye yielded dividends, and Ankara unequivocally supported Baku during the 44-day war. This strikingly distinguishes the Azerbaijani situation from the Armenian one. Armenia's main ally took a cautious stance and did not provide the amount of assistance that Yerevan expected. Moscow provided Armenia with limited military assistance during the period of active hostilities. Russia made it clear that it was not going to side with Yerevan in the conflict. Its position was based on the quite logical assertion that Russian security guarantees do not extend to the territory of Karabakh. However, in some cases, military necessity led to strikes by the Azerbaijani military on targets in Armenia. Russia was forced to resort to diplomatic maneuvers and explanations, arguing its refusal to side with its partner. This only confirmed that Moscow cares only about its interests, and security guarantees from it should not be relied on.

## CHAPTER 4. ECONOMIC DIMENSION OF THE KARABAKH CONFLICT

The First Karabakh War, which ended in May 1994 with a ceasefire agreement between Azerbaijan and Armenia, had a significant economic impact on both sides. The economic integrity of the South Caucasus was shattered, reducing the economic potential and opportunities for cooperation among the countries of the region. The conflict has also led to the loss of huge financial resources on both sides due to military expenditures.

Azerbaijan, relying on its oil resources, was able to quickly overcome the economic crisis of the 1990s and significantly increase its GDP. The Armenian economy, on the contrary, suffered heavy losses due to the transport blockade by Azerbaijan and Türkiye and became dependent on the Russian Federation.

The prospects for conflict resolution after the 44-day war open up new opportunities for both Azerbaijan and Armenia, as well as for the entire South Caucasus. Regional transport projects that can be launched in the event of a political settlement between Yerevan and Baku promise to accelerate the economic development of Karabakh and turn this war-torn territory into an important regional transport hub. Connecting new and rehabilitated transit routes in and around Karabakh with existing road and rail lines, unblocking the borders and implementing transport corridor projects (such as the Zangezur corridor) will have positive consequences. This will not only expand the regional transport network, but may also have a positive impact on regional cooperation.

### **Impact of the economic factor on the capacity of the conflict parties in preparation for the 44-day war**

The First Karabakh War de facto ended with the victory of Armenia, although the final settlement of the conflict was not achieved. Since the cessation of hostilities in 1994, Azerbaijan has been consistently implementing domestic reforms. This policy was conducted amid economic instability and serious political challenges related to disintegration and separatist processes within the state, largely inspired by the Russian Federation.

By 2000, the country had achieved comprehensive price liberalization and a unified exchange rate; almost all quantitative and administrative restrictions on imports and exports had been lifted; and privatization of small enterprises was almost complete. In a short period of time, the legal framework for a market economy was created<sup>98</sup>.

The main directions of the country's economic policy were:

- creation of an economic system based on different forms of ownership;
- transition to market economic relations;
- integration of the country into the world economy.

The basis of Baku's economic achievements was the new oil strategy, which was initiated by signing the "contract of the century" on September 20, 1994 with 13 leading oil companies of the world, representing eight states. The agreement on the joint development of the Azeri, Chirag and Gunashli fields located in the Azerbaijani sector of the Caspian Sea played an exceptional role in the economic development of the country, and paved the way for the signing of 26 more agreements with 41 oil companies in the following years. The State Oil Fund of the Republic of Azerbaijan was established in 1999 for the purpose of rational management of financial resources received from oil sales.

This policy has borne fruit, ensuring the growth of economic indicators. In 1994, at the end of the First Karabakh War, Azerbaijan's GDP was \$1.18 billion. In the period from 2000 to 2014, the country's GDP grew rapidly (on average by more than 15% annually)—to a maximum of \$75.24 billion. Later, the figures fell to \$48.17 billion in 2019<sup>99</sup>, on the eve

<sup>98</sup> Кудряченко А.І., Солошенко В.В. (A. Kudriachenko, V. Soloshenko). Азербайджанська Республіка: засади успішних трансформаційних перетворень (Azerbaijan Republic: the Principles of Successful Transformational Changes – in Ukrainian). Проблеми всесвітньої історії (Problems of World History). 2021. 4 (16) С. 155-174.

<sup>99</sup> GDP (current US\$) – Azerbaijan. World Bank. URL: <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=AZ>

of the 44-day war, due to the drop in world oil prices in 2014-2015.

Modernization of the army is directly linked to the economic development of Azerbaijan. From 2000 to 2010, Baku steadily invested between 2.2% and 3.4% of the country's GDP in the defense sector. With the growth of the economy, total military spending jumped from \$120 million at the beginning of the century to over \$1.5 billion in 2010. The dynamics of investment in the defense sector records the beginning of a fundamental increase in 2011. In the period from 2011 to 2019, the country's military spending amounted to \$22.75 billion. For comparison, the corresponding expenditures of Armenia for this period amounted to only \$4.15 billion<sup>100</sup>. As a result, in 2020, at the time of the outbreak of active hostilities, the Azerbaijani armed forces were rearmed with modern weapons and were technologically better equipped than the enemy. This gave them a substantial advantage on the battlefield.

In Armenia, the situation was following a different scenario. The country could not count on super profits from energy exports. Its economic potential was declining in the conditions of closing the borders with Türkiye and Azerbaijan. Negative trends in economic development were exacerbated by inefficient and corrupt leadership. In the first ten years of independence, the political elite was transformed in Armenia. The so-called "Karabakh clan"—people originating from Karabakh—came to power. Political discourse on modernization gave way to bellicose rhetoric. In these conditions, the development of the economic system and the process of reforms slowed down.

Due to acute shortages of goods, trade and transport blockades and severe damage to the energy infrastructure, the Armenian economy was becoming increasingly closed. "Food cartels" were successful in eliminating competitors and began to control the import and export of goods and food. Initially, the need for these cartels was a consequence of the "economics of conflict" due to the war in Karabakh, as they strengthened a generally weak state<sup>101</sup>. Over time, however, the monopoly of these cartels quickly expanded beyond consumer goods. They exploited their connections with the state to enrich themselves in the privatization process. At the same time, they further consolidated their power, preventing the emergence of competitors and securing exclusive procurement contracts with public institutions. The resulting extractive system slowed down economic development.

Still, even with this economic system, Armenia developed faster than many other former Soviet republics—but lagged behind its neighbors in the region. According to McKinsey, Armenia's economy grew by an average of 5.9% in the 15 years from 2004 to 2019. Azerbaijan's economy grew by 7.2%<sup>102</sup>.

At the present stage, Armenia faces a number of problems in the economic sphere:

- imports exceed exports, which creates a balance of payments deficit;
- investments make up an insignificant share in GDP compared to other countries;
- consumer spending is the main engine of growth;
- low labor productivity hinders the country's economic performance;
- the country lacks natural resources, which makes it impossible to obtain super-profits through the export of raw materials;
- outflow of human capital;
- dependence on the economy of the Russian Federation.

Armenia is critically dependent on the Russian economy—in terms of trade partnership (for example, in 2018, exports to Russia accounted for about 28% of

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<sup>100</sup> Military expenditure (% of GDP) – Armenia. World Bank. URL: <https://data.worldbank.org/indicator/MS.MIL.XPND.GD.ZS?locations=AM>

<sup>101</sup> Giragosian R. Переоценка независимости Армении (Reassessment of Armenia's independence – in Russian). 23.12.2011. URL: <https://iwpr.net/ru/global-voices/pereocenska-nezavisimosti-armenii>

<sup>102</sup> Armenia 2021-2041: Overview (September 2021). URL: [https://futurearmenian.com/getreport/.eyJWljozNzQ4OSwiZil6InJlcG9ydHMlCjpljowLCjhlpj0cnVlfQ==/Armenia\\_2021\\_2041\\_Research\\_Executive\\_Summary\\_ENG.pdf](https://futurearmenian.com/getreport/.eyJWljozNzQ4OSwiZil6InJlcG9ydHMlCjpljowLCjhlpj0cnVlfQ==/Armenia_2021_2041_Research_Executive_Summary_ENG.pdf)



Armenia's total exports of goods, with a quarter of Armenia's imports coming from Russia) and the direction of labor migrants. This makes Armenia vulnerable towards any economic shocks in the Russian economy. In 2014–2016, it felt the results of the collapse in global oil prices that hit countries such as Russia and Azerbaijan—although Armenia itself is not an oil exporter. The country came close to falling into recession in 2016, when the economy grew by a mere 0.2%<sup>103</sup>.

One of the main problems of Armenia is the closure of most of its borders—with Türkiye and Azerbaijan. The country has export routes through Georgia and Iran. However, the scope of their functioning is limited. Iran is subject to international sanctions. Armenia has restrained diplomatic relations with Georgia. The infrastructure connecting the two countries needs to be modernized. The potential of using this route to ensure stable ties with Russia is also limited. The Upper Lars checkpoint on the Georgian-Russian border is often impassable during the winter months.

Armenia's confrontational relations with Türkiye and Azerbaijan have resulted in the country losing the opportunity to participate in large regional infrastructure projects (oil and gas pipelines, road/railway projects). Armenia is not engaged in regional trade and transit projects and has not been able to benefit from the growing interest in the development of transport infrastructure in the region connecting Europe and Asia, especially in the context of China's Belt and Road Initiative. Besides, the country has no access to the sea and cannot export its products through ports, while maritime trade is the cheapest and most profitable way to transport goods. Armenia's isolation, lack of natural resources and small domestic market have discouraged foreign investors from investing in the Armenian economy.

### **Economic potential of the temporarily occupied territories of Azerbaijan prior to the 44-day war**

Karabakh is a region that is rich in resources. The territories, which came under the control of Armenian formations as a result of the First Karabakh War, have a great resource potential. In particular, the region comprises Damirli copper-porphyry deposit, Mehmana lead-zinc deposit, Qizilbulag gold-copper deposit, Levchay mercury deposit, Levchay antimony deposit, Zod gold deposit, Qizilbulag gold-copper deposit, Zod gold ore deposit, Vezhneli gold deposit, Chakhmahgayin deposit of agate, colored chalcedony and sarder, Lalazar jasper deposit, Guneypei deposit of lichtenite, Kechaldaz deposit of iridescent obsidian, Narzanli deposit of jade<sup>104</sup>.

Karabakh is also rich in water resources. According to the Deputy Minister of Ecology and Natural Resources of Azerbaijan Vugar Kerimov, 20–25% of the total water resources of Azerbaijan fall on these lands. It is about 2-2.5 billion cubic meters of water. The rivers Tartarchay, Hakari, Bargushad, Khachinchay and Aras flow here. There are currently nine reservoirs on the territory of Karabakh and there is a potential to increase this number in the future<sup>105</sup>.

As a result of the First Karabakh War, this resource base came under the control of the so-called "Nagorno-Karabakh Republic". Given the geographical and diplomatic isolation of the self-proclaimed "NKR", it depended on close political and economic ties with Armenia. After the First Karabakh War, the region's economy was hit hard. The subsequent recovery after the 1994 ceasefire was driven by local and Armenian businesses, as well as the Armenian diaspora abroad. A number of roads and bridges

<sup>103</sup> GDP growth (annual %) – Armenia. URL: <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=AM>

<sup>104</sup> Эфендиева Зарифа Джахангир кызы, Османлы Тахир Рустам оглы (Zarifa Jahangir gizi Efendiyeva, Tahir Rustam oglu Osmanli). Состояние минерально-сырьевой базы в регионе Карабаха Азербайджана и перспективы ее развития (The State of the Mineral Resource Base in the Region of Karabakh of Azerbaijan and Prospects of its Development – in Russian). Известия Уральского государственного горного университета (News of the Ural State Mining University). 2022. 3 (67). С. 14-20.

<sup>105</sup> Водные ресурсы Карабаха будут способствовать развитию и прилегающих территорий – Минэкологии (Karabakh's Water Resources Will Contribute to the Development of Adjacent Territories—Ministry of Ecology – in Russian). 29.06.2021. URL: <https://www.trend.az/business/3447328.html>

were built connecting these territories and Armenia. The development of transport communications contributed to the intensification of economic ties. This was vital for Armenian groups in Karabakh, because all the economic activities of the so-called “NKR” were oriented towards Armenia. In particular, the Kalbajar-Zod (Karvachar-Sotk) highway was used for the export of mining products<sup>106</sup>.

Since the early 2000s, the real GDP of the self-proclaimed “NKR” has been growing at double-digit rates, and over the past decade has achieved economic growth of about 10%. It was over 17% in 2017 according to local statistics. In 2019, the GDP of the self-proclaimed “NKR” amounted to \$713 million or \$4,803 per capita. This figure is higher than Armenia’s GDP per capita, which was only \$4,528<sup>107</sup>. The GDP growth through the construction sector was driven by state and commercial contracts for construction works (construction and repair of school buildings, kindergartens, roads, water pipelines, etc.)

The mining sector saw an upsurge in the exploitation of deposits, including with the participation of Armenians living in Russia. For example, in 2014, the subsidiary of the Vallex Group conglomerate, Base Metals, owned by Moscow Armenian Valery Mezhlumyan, was the largest taxpayer of the so-called “NKR”<sup>108</sup>. Mining products, which were extracted in the occupied territories of Azerbaijan without complying with environmental standards, were supplied to Armenia as raw materials, in some cases processed at factories, and then exported as raw materials or semi-finished products to other countries<sup>109</sup>. Thus, in 2019, exports from the self-proclaimed “NKR” reached \$283 million, with two-thirds of the volume going to Armenia, where the products were re-labeled as “Made in Armenia” and re-exported. Another third of exports went to Russia. The main export items were mineral products (73% in the first half of 2020), precious and semi-precious stones/metals (8%) and crop products (7%)<sup>110</sup>. Azerbaijan considered such actions in the occupied territories illegal and accused Armenia of stealing Karabakh’s resources<sup>111</sup>.

According to the local statistical office, as of 2019, the economy of the self-proclaimed “NKR” was quite diverse: mining and open pit development accounted for 13.7% of GDP; construction—for 10.7% of GDP; agriculture, forestry and fisheries—for 9.5% of GDP. Electricity and gas supply provided 7.8% of GDP.

Before the 44-day war of 2020, one of the most successful sectors of the economy of the self-proclaimed “NKR” was energy. To implement programs in the field of energy, by the decision of the leadership of the self-proclaimed republic in November 2007, the open joint-stock company ArtsakhHEK was established. A network of small hydroelectric power plants was built in addition to the larger Soviet-era dam. In total, there were 36 HPPs in the temporarily occupied territories of Azerbaijan<sup>112</sup>. As a result, the territory was almost completely self-sufficient in electricity, and in 2018 even began to export it to Armenia. This was one of the few areas of the economy in which the so-called “NKR” did not

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<sup>106</sup> Строящаяся вторая автодорога Армения-Карабах станет стимулом для развития Карабаха - премьер-министр (Second Armenia-Karabakh Highway under Construction will be a Stimulus for Karabakh's Development—Prime Minister – in Russian). 29.11.2011. URL: <https://regnum.ru/news/economy/1484962.html>

<sup>107</sup> Martin N. Nagorno-Karabakh's record growth in ruins. 10.12.2020. URL: <https://www.dw.com/en/nagorno-karabakhs-record-growth-in-ruins-amid-conflict-and-pandemic/a-55221921>

<sup>108</sup> Бегларян А. (A. Beglaryan). Арцах: от восстановления – к развитию (Artsakh: From Reconstruction to Development – in Russian). Ноев Ковчег (Noah's Ark). 2014. 6 (236). URL: <https://noev-kovcheg.ru/mag/2014-06/4426.html>

<sup>109</sup> Разграблению Карабаха приходит конец: Base Metals на грани банкротства (The Looting of Karabakh Comes to an End: Base Metals is on the verge of bankruptcy – in Russian). 22.12.2020. URL: <https://1news.az/news/20201218074030353-Razgrableniyu-Karabakha-prihodit-konets-Base-Metals-na-grani-bankrotstva>

<sup>110</sup> Экономика Нагорного Карабаха. Что важно знать (The Economy of Nagorno-Karabakh. What is Important to Know – in Russian). 02.10.2020, URL: <https://www.rbc.ru/economics/02/10/2020/5f75eaf89a79479780090f84>

<sup>111</sup> Снимки из космоса доказали незаконную деятельность Армении в Карабахе – ФОТО (Satellite Images Prove Armenia's Illegal Activities in Karabakh—PHOTO – in Russian). 25.02.2022. URL: <https://media.az/read/1067726596/>

<sup>112</sup> Натиккизи У. (U. Natikkizi). ГЭС в Карабахе: потеря для армян, прибыль для Азербайджана (HPP in Karabakh: loss for Armenians, gain for Azerbaijan – in Russian). 08.10.2021. URL: <https://russian.eurasianet.org/рэс-в-карабахе-потеря-для-армян-прибыток-для-азербайджана>

depend on Yerevan.

Half of the budget revenues of the self-proclaimed “NKR” in recent years have been financed by Yerevan. In 2020, Armenia provided it with a “budget loan” to help finance 70% of its budget expenditures. The region also received assistance from the Armenian diaspora. It has sent significant amounts of remittances and aid, but the actual size of these contributions has never been disclosed<sup>113</sup>.

The interests of diaspora representatives in the so-called “NKR” are not only economic in nature, but also serve as an element of political ties—especially when it comes to the Armenian diaspora in Russia. This trend can be traced in the period after the end of the 44-day war. Currently, the head of the “government” of the self-proclaimed “NKR” is the former head of the Troika Dialog company, Russian billionaire of Armenian origin Ruben Vardanyan. He is known for his harsh rhetoric on the settlement process between Armenia and Azerbaijan. If the Armenian Prime Minister Nikol Pashinyan takes steps towards the normalization of relations with Baku, Ruben Vardanyan will reinforce his criticism of the Armenian leadership and try to enlist the support of radical groups inside Armenia. The Kremlin may see Vardanyan as another tool to maintain control over Armenian politics. Given the crisis in Russian-Armenian relations, in this way Moscow can try to maintain its own presence in the region.

### **Economic cost, results and implications of the 44-day war for Armenia**

The 44-day war and defeat in it led to high losses on the part of Armenia. The country found itself lacking real allies against the backdrop of confrontation with a stronger enemy, lost actual control over most of the occupied territory of Azerbaijan, suffered losses in economic, demographic and military dimensions.

First of all, the military sector of Armenia incurred significant losses. According to scientists from the Azerbaijan State Economic University, the cost of Armenian military equipment destroyed or taken as trophies by the armed forces of Azerbaijan during the war amounted to about \$4 billion<sup>114</sup>. These losses are more than six times higher than the amount of the country’s military expenditures in 2020 (\$634 million), and are also approximately equal to Armenia’s annual budget during this period. The cost of Armenia’s military equipment in the 44-day war is 77% of the country’s total military spending over the past ten years<sup>115</sup>. One should keep in mind that during this period, Armenia’s annual military spending doubled and reached \$650 million per year, which is quite a large amount for a country like Armenia. In 2019, military spending reached 4.77% of GDP<sup>116</sup>. Yet, this was not sufficient for victory, and the expenditures proved to be in vain. Due to the losses suffered, the Armenian army regressed in combat capability, and it will take several years to restore it.

Along with military losses, the 44-day war created problems in Armenia’s energy, agriculture and financial sectors. For some thirty years, Armenia has been developing natural resources in the occupied territories of Azerbaijan, which played an important role in the country’s economic development—but is now deprived of the opportunity to exploit these territories.

Since Armenia has been cut off from electricity imports from Karabakh, it has begun to face energy shortages. Now the state has to import energy to meet demand directly

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<sup>113</sup> Aris B. Nagorno-Karabakh’s previously flourishing economy hit by coronacrisis but supported by Armenia. 10.2.2020. URL: <https://www.intellinews.com/nagorno-karabakh-s-previously-flourishing-economy-hit-by-coronacrisis-but-supported-by-armenia-193286/>

<sup>114</sup> Mehdiyev M. Armenia’s Military Equipment Loss in Recent Karabakh War Stands at \$4 Billion, Exceeding State Budget. 06.12.2020. URL: <https://caspiannews.com/news-detail/armenias-military-equipment-loss-in-recent-karabakh-war-stands-at-4-billion-exceeding-state-budget-2020-12-6-0/>

<sup>115</sup> Baghirov O. Economic Implications Of Second Karabakh War For Armenia – OpEd. 18.04.2021. URL: <https://www.eurasiareview.com/18042021-economic-implications-of-second-karabakh-war-for-armenia-oped/>

<sup>116</sup> Armenia Military Spending / Defense Budget 1993-2022. URL: <https://www.macrotrends.net/countries/ARM/armenia/military-spending-defense-budget>

inside Armenia, as well as export electricity for the Armenian population remaining in the self-proclaimed “NKR”. To eliminate the deficit, Armenia had to increase the volume of imported energy from abroad. In addition, the electricity transmission line between Armenia and the so-called “NKR” was disrupted due to Azerbaijan’s return of control over the Kalbajar region, which was transferred to Baku under the terms of the Ceasefire Statement of 10 November 2020. This has affected the stability of energy supply to the self-proclaimed “NKR”, which is no longer energy self-sufficient.

The Armenian agricultural sector has also been severely affected by the war. Agricultural products imported from the so-called “NKR” played an important role in ensuring the food security of the country. As a result of the war, 90% of the arable land in these territories returned under the control of Azerbaijan. Annually, these lands produced 150 thousand tons of various grain products, 66% of which were exported to Armenia. Grain products imported from Karabakh covered about 25% of local demand in Armenia. Therefore, to prevent a potential food crisis, the Armenian government should substantially increase grain imports from other countries.

The war also affected Armenia’s financial sector. During the fighting, the country was forced to increase budget expenditures to cover the growing military outlays. As a result, the budget deficit widened and amounted to 5.4% of GDP. According to the results of 2020, the country’s GDP fell by 7.4%<sup>117</sup>.

In the absence of powerful allies and unresolved disputes with Azerbaijan, economic recovery and development is a matter of survival for Armenia. After the defeat in the 44-day war, the country struggled with domestic instability. Eventually, Nikol Pashinyan managed to stabilize the situation. Judging by the statements and adopted documents, he intends to focus on overcoming internal crisis trends and strengthening the country’s capabilities. Building strong, democratic state institutions will ensure Armenia’s further development.

Understanding the complexity of the circumstances that Armenia faced, the government of Nikol Pashinyan, having confirmed the credit of trust from the society as a result of the early parliamentary elections in 2021, focused on transformations within the country. It adopted the Action Plan for 2021–2026. The Government of Armenia forecasts the average annual economic growth rate of the national economy in this period at 7%. Under favorable external conditions, this figure can be up to 9% per year.

Currently, Armenia’s economic indicators are close to those anticipated. In 2021, GDP growth in the country was 5.7%. According to the forecast of the European Bank for Reconstruction and Development, in 2022 this figure will be about 8%. However, it should be noted that this level of growth is largely the result of the inflow of migrants from Russia and rising world copper prices.

The government also plans to build infrastructure, in particular through international support. For this purpose, in 2021, the European Union agreed to provide Armenia with an assistance package of €2.6 billion within a four-year program. According to Nikol Pashinyan, these funds will be used for the construction of a 60-kilometer road connecting the cities of Sisian and Kajaran in the southern province of Syunik, the construction of reservoirs and the implementation of other infrastructure and educational projects.

In the social sphere, the government has increased spending on programs to support the population. For example, according to the plan, from 2022, an Armenian family receives 50 thousand drams (about \$100) monthly for every third and subsequent child until the child reaches the age of six. Also, the government program envisages that by 2026 the poverty rate in the country will fall below 10%, and extreme poverty will be eradicated. According to Nikol Pashinyan, the minimum monthly salary in Armenia will be

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<sup>117</sup> GDP growth (annual %) – Armenia. URL: <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=AM>

raised from the current 68 thousand drams (\$138) to 85 thousand drams (\$172)<sup>118</sup>.

It is notable that the current government openly admitted the mistakes and insufficiently effective reforms of the country after the Velvet Revolution of 2018. This is the second chance for Nikol Pashinyan to build democratic institutions inside the country, although now he is working in worse conditions. At the same time, Armenia has new opportunities at this juncture. First of all, this applies to the prospect of restoring regional transport links. According to N. Pashinyan, this issue will also be high on the agenda of his government in the context of creating a stable regional environment after the 44-day war<sup>119</sup>. The Armenian side is ready to open the borders—but Yerevan's position on the practical implementation of transport corridor projects is largely determined by the security aspect. This is likely to limit the scope of regional cooperation.

### **Economic aspect of the war and reconstruction of the liberated territories in Azerbaijan**

Azerbaijan, in contrast, was well prepared for the hostilities that resumed in September 2020. The country enlisted the support of Türkiye, prepared its armed forces, and, last but not least, was ready for the war economically. As of August 1, 2020, Azerbaijan's foreign exchange reserve was estimated at \$57.1 billion<sup>120</sup>. As of December 2019, the investment portfolio of the State Oil Fund (SOFAZ) amounted to \$43.32 billion. In December next year, after the end of the 44-day war, this figure remained virtually unchanged—it stood at \$43.56 billion. In 2020, SOFAZ played a major role in maintaining the fiscal balance in Azerbaijan. \$7.2 billion—49.4% of state budget revenues—was generated by transfers from SOFAZ. By making payments to the state budget regardless of oil prices, the State Oil Fund managed to ensure the fiscal stability of Azerbaijan<sup>121</sup>. The accumulation of reserves in the fund has also had a positive impact on financial stability and the reduction of public debt. In 2020, it decreased by 0.18%.

Azerbaijan's economy suffered a decline in 2020. The country's GDP shrank by 4.4%—that is, on a larger scale than predicted by the IMF, which forecast a fall of 2.2%. This is not, however, the result of the war. Already in the first nine months of the year, before the resumption of active hostilities, Azerbaijan saw a 3.9% drop due to losses associated with the COVID-19 pandemic. In 2021, the country recorded growth of 5.6%. Thus, the 44-day war did not significantly affect the economic situation in Azerbaijan.

There are currently no official statistics on Azerbaijan's expenses during the active phase of the fighting. Estimating the possible options, Azerbaijani sources name the figure of \$40-60 million per day<sup>122</sup>. Under such conditions, for the entire period of hostilities Azerbaijan spent about \$2–3 billion. Baku also directed funds to support wounded soldiers and families of the victims. For this purpose, the Azerbaijani government has created a special fund. As of the summer of 2022, the YAŞAT Foundation received more than \$37 million, and has realized most of this amount.

In addition to the costs associated with the hostilities, the victory in the 44-day war raised the issue of rebuilding the liberated territories and creating conditions for the return of the Azerbaijani population to them. Baku has liberated seven districts around the

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<sup>118</sup> В Армении повысят материнские пособия и минимальную зарплату – Пашинян (Maternity Benefits and Minimum Wage to Be Raised in Armenia—Pashinyan – in Russian). 30.06.2022. URL: <https://newsarmenia.am/news/society/v-armenii-povyssyat-materinskie-posobiya-i-minimalnuyu-zarplatu-pashinyan/>

<sup>119</sup> Айрапетян С. (S. Aghapetian). Власти представляют предвыборную программу, оппозиция считает важным ведение избирательной кампании без вражды (The Authorities Present an Election Program, the Opposition Considers It Important to Conduct an Election Campaign without Hostility – in Russian). 06.06.2021. URL: <https://rus.azatutyun.am/a/31292560.html>

<sup>120</sup> Азербайджан: внутренние проблемы отложены на время войны (Azerbaijan: Domestic Problems Postponed for the Time of War – in Russian). ЕаР Think Bridge. 2020. 29. С. 7-9

<sup>121</sup> State Oil Fund Of The Republic Of Azerbaijan. Annual report 2020. URL: [https://www.oilfund.az/report-and-statistics/get-download-file/7\\_2020\\_tam\\_en.pdf](https://www.oilfund.az/report-and-statistics/get-download-file/7_2020_tam_en.pdf)

<sup>122</sup> На войну Россия в день тратит больше денег, чем стоила 44-х дневная война в Карабахе (Russia Spends More Money a Day on the War than the 44 Day War in Karabakh Cost – in Russian). 04.04.2022. URL: <https://pressklub.az/eksklyuziv/na-vojnu-rossiya-v-den-tratit-bolshe-deneg-chem-stoila-44-h-dnevnyaya-vojna-v-karabahe/?lang=ru>

territory of the former NKAO, which in the long run will allow at least half a million Azerbaijanis to return to these lands. Azerbaijan has also regained control over about a third of the territory of Karabakh itself, including the city of Shusha<sup>123</sup>.

Given the strong resource potential of the former NKAO, these areas will not only require investment, but they also have all chances to become a profitable region. More than 40% of the country's mineral water reserves and 155 deposits of various types of minerals are located here<sup>124</sup>. A number of hydroelectric power plants have been built. This territory is also promising for tourism development.

Yet, all this potential can be used for the benefit of Azerbaijan only after a long process of reconstruction of the region destroyed by war and occupation. Most of the cities located in the liberated territories were destroyed, so they need to be rebuilt almost from scratch. This is a process that will take a long period and will require significant financial resources. According to preliminary estimates of Azerbaijani experts, it may take up to ten years and cost more than \$10 billion<sup>125</sup>.

The country took a comprehensive approach to the reconstruction of Karabakh and adjacent regions. The relevant legal framework was created in a prompt manner. Back in November 2020, the President of Azerbaijan signed a decree on the establishment of a Coordination Headquarters to carry out renovation and construction work on the lands liberated from the occupation. After that, Ilham Aliyev made changes to the division of the country into economic regions in order to simplify the process of reconstruction of the liberated territories. By a decree of July 7, 2021, the Karabakh and East Zangezur economic regions were created here. On August 12, 2021, a decree "On Urban Development in the Liberated Territories" was signed, according to which all work is currently underway.

Almost immediately after the end of active hostilities, the work began on the restoration of settlements, transport communications, power lines, as well as the construction of new infrastructure facilities (such as airports). Reconstruction in the liberated territories is based on the concept of building "smart" cities and villages. This is a general concept for the integration of information and communication technologies for the efficient management of urban property and civil services. It embraces transport, hospitals, schools, power plants, water supply and waste management systems, air pollution monitoring systems, law enforcement agencies, etc. Thus, the entire infrastructure is being electronized and a large database is being created. The collected information is competent to the relevant state authorities, who optimize the work of certain services in order to increase the cost-effectiveness and quality of life of the population.

One of the main goals of this concept is to ensure that the rural population has access to all the necessary services provided in cities. Also, the concept of "smart village" should help residents to generate more income<sup>126</sup>. The first such pilot project was launched in the village of Agali in the Zangilan district.

Transport infrastructure is being actively developed in the liberated territory. Azerbaijan began to build the first airport in the territory of Karabakh in the city of Fizuli in a couple of months after the signing of the ceasefire. The project was completed in just eight months and the facility began operating in October 2021. In October 2022, with the support of Turkish companies, the second airport was built in the region. It is located in the city of Zangilan. In the event of full unblocking of transport routes, this infrastructure can

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<sup>123</sup> De Waal T. Unfinished Business in the Armenia-Azerbaijan Conflict. 11.02.2021. URL: <https://carnegieeurope.eu/2021/02/11/unfinished-business-in-armenia-azerbaijan-conflict-pub-83844>

<sup>124</sup> Что предвещает освобождение оккупированных территорий для экономики Азербайджана (What the Liberation of the Occupied Territories Bodes for Azerbaijan's Economy – in Russian). 30.10.2020. URL: <http://interfax.az/print/817974>

<sup>125</sup> Huseynov V. Azerbaijan to re-build the liberated Karabakh. 11.12.2020. URL: <https://www.euractiv.com/section/azerbaijan/opinion/azerbaijan-to-re-build-the-liberated-karabakh/>

<sup>126</sup> Что представляют собой "умные города" и "умные села", которые будут созданы в Карабахе? (ФОТО) (What are the "Smart Cities" and "Smart Villages" that Will Be Created in Karabakh?—PHOTO – in Russian). 11.08.2022. URL: <https://www.trend.az/azerbaijan/business/3452978.html>

become an important transport hub. The Government of Azerbaijan also plans to build an airport in Lachin—its construction will be finished at the turn of 2024-2025.

Projects to improve road infrastructure are also being implemented. According to Baku's plans, 84 bridges and 33 tunnels will be built in the region (including a strategic object under the Murovdag ridge, which will greatly simplify communication with the Kalbajar district). The railway infrastructure is being modernized and expanded. Currently, the reconstruction of the Barda–Aghdam railway line continues. A 23-kilometer section of the Goradiz (Fuzuli district)–Agbend (Zangilan district) railway line, which is part of the promising Zangezur corridor, has already been put into operation. Azerbaijan intends to bring the railway to the border with Armenia in 2023. However, the issue of unblocking the corridor by Yerevan remains open, as the Armenian leadership opposes this project, arguing its position by political and security factors.

The liberated territories of Azerbaijan were declared “green energy zones” with high potential for renewable energy. The development of hydropower is of great importance. The Gyuleberd hydroelectric power plant in Lachin district was rebuilt in three months. In 2021, two more small HPPs were restarted in Tartar district—Sugovushan-1 and Sugovushan-2. The total capacity of small HPPs in Lachin and Kalbajar districts is 120 megawatts. There are plans to reconstruct dozens more HPPs in these areas. The Khudaferin and Giz Galasi hydroelectric power plants on the Araks River will be rebuilt by 2024. Two HPPs on the border between Azerbaijan and Iran will generate another 120 megawatts for Azerbaijan after the construction is completed<sup>127</sup>.

“We are working on many hydroelectric power plants and many small solar power plants in Karabakh”, Azerbaijani Energy Minister Parviz Shahbazov told reporters in May 2021, adding that work is also underway to develop wind and solar energy<sup>128</sup>. Thus, Baku intends to provide the Karabakh region with electricity from green energy sources.

Officially, in the state budget for the restoration and reconstruction of the liberated territories from the occupation, \$1.29 billion was allocated for 2021 and \$1.57 billion for 2022. For 2023, it is planned to increase the amount and allocate \$1.75 billion. These costs will amount to 9% of state budget expenditures and about 2.8% of GDP<sup>129</sup>.

Azerbaijan also counts on public-private partnership. In particular, in order to distribute the financial burden and reduce the burden on the State Oil Fund, the Karabakh Revival Fund was established.

Azerbaijan also faces the problem of demining the de-occupied territories. According to President Ilham Aliyev, Armenia has laid over a million mines on Azerbaijani territory. According to the estimates of international experts, referred to by Ilham Aliyev, Baku needs about thirty years and \$25 billion to demine the territories<sup>130</sup>. It should be noted that the mine threat leads not only to financial costs, but also to serious human casualties. As of December 14, since the end of the 44-day war, the number of victims of explosions in the liberated territories is already 278 people<sup>131</sup>.

We should underline that the expenses for the restoration of Karabakh are investments that will bring profit in the future. Karabakh is a resource-rich region, and the highways, airports and railways built on its territories will contribute to the revival of

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<sup>127</sup> Натиккизи У. (U. Natikkizi). ГЭС в Карабахе: потеря для армян, прибыль для Азербайджана (HPP in Karabakh: loss for Armenians, gain for Azerbaijan – in Russian). 08.10.2021. URL: <https://russian.eurasianet.org/гэс-в-карабахе-потеря-для-армян-прибыток-для-азербайджана>

<sup>128</sup> Министр энергетики: «В Карабахе ведутся работы на солнечных и ветряных электростанциях» (Works on Solar and Wind Power Plants in Karabakh—Minister of Energy – in Russian). 10.05.2021. URL: <https://www.kaspiy.az/ministr-energetiki-v-karabaxe-vedutsya-raboty-na-solnecnyx-i-vetryanyx-elektrostantsiyax>

<sup>129</sup> Azerbaijan to allocate \$1.7bn for reconstruction of liberated lands in 2023. 16.09.2022. URL: <https://www.azernews.az/business/199473.html>

<sup>130</sup> Азербайджану потребуется около 30 лет и \$25 млрд на разминирование территорий – Алиев. (Azerbaijan Will Need About 30 Years and \$25 Billion for Mine Clearance—Aliyev – in Russian). 13.10.2022. URL: <http://interfax.az/view/878441>

<sup>131</sup> МИД Азербайджана о взрыве мины в Кельбаджаре (Azerbaijani Foreign Ministry on Mine Explosion in Kalbajar – in Russian). 14.12.2022. URL: <https://zerkalo.az/mid-azerbajdzhana-o-vzryve-miny-v-kelbadzhare/>

economic activity. Investments in Karabakh push Baku to unblock transport routes with Armenia as soon as possible, as this will reduce the financial burden on the budget, which has increased after the de-occupation of the region.

### **Key economic interests of other actors given the new status quo in the Armenian-Azerbaijani conflict zone**

The interests of several extra-regional players are intertwined in the South Caucasus. Russia and Türkiye are among the states that have a decisive influence on the balance of power in the region. Iran's policy is also a significant factor in regional processes.

Türkiye is the closest ally of Azerbaijan. Relations between the countries are characterized by the slogan "one nation, two states". Türkiye and Azerbaijan have also signed an Agreement on Strategic Partnership and Mutual Support, which includes a principle similar to Article 5 of the Washington Treaty and, in accordance with Article 51 of the UN Charter, obliges both parties to cooperate if either of them faces aggression by a third state or group of states. Azerbaijan demonstrated its readiness to adhere to the declared principles when it publicly supported Türkiye amid the deterioration of relations between Ankara and Greece. In turn, the Republic of Türkiye provides full support to Baku in its confrontation with Armenia. The military-technical cooperation, the sale of the latest weapons to Azerbaijan and, no less importantly, the training of the Azerbaijani military and joint military exercises prove this.

In the economic sphere, Türkiye is the main direction of Azerbaijani exports. As of 2020, this country accounted for 18.9% of Azerbaijan's exports<sup>132</sup>. At the same time, Türkiye imports not only Azerbaijani energy resources but also goods from other industries.

Türkiye is the "main transit country" of Azerbaijani gas, which is already supplied to Europe through the so-called Southern Gas Corridor. Joint efforts, which started with the construction of the Baku-Tbilisi-Ceyhan oil pipeline, were strengthened by the commissioning of the Baku-Tbilisi-Erzurum gas pipeline. It allows the export of Azerbaijani gas to European markets through the implementation of the Trans-Anatolian Natural Gas Pipeline (TANAP) and Trans-Adriatic Pipeline (TAP) projects. A full-fledged transport corridor between Azerbaijan and Türkiye complements the existence of the Baku-Tbilisi-Kars railway.

The economic aspect of cooperation is closely linked to the security aspect. Azerbaijan supplies natural gas and crude oil to Türkiye through pipelines that run within 16 kilometers of the Azerbaijani-Armenian border. The security of these pipelines is now important not only for Azerbaijan and Türkiye, but also for Europe. The EU is trying to diversify sources of energy imports, and part of the demand should be met by Baku. This increases the influence and importance of Azerbaijan for European politicians

Russia also remains a vital trading partner for Azerbaijan. The trade balance between the countries is negative. 18.27% of Azerbaijan's total imports come from Russia. At the same time, Azerbaijani exports to the Russian Federation account for only 5.17% of the total<sup>133</sup>.

Russia has much closer ties with Armenia. The Armenian economy is largely dependent on Russia. As of 2020, Russia accounted for 32.75% of Armenia's imports and 26.23% of its exports<sup>134</sup>. Both countries are members of the EAEU. Since 2008, the state-owned company Russian Railways has controlled the Armenian railway network. Russia is the main supplier of weapons to Armenia. It should be noted that Moscow also sells

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<sup>132</sup> Azerbaijan trade balance, exports and imports, 2020. URL: <https://wits.worldbank.org/CountryProfile/en/Country/AZE/Year/2020/TradeFlow/EXPIMP>

<sup>133</sup> Azerbaijan trade balance, exports and imports, 2020. URL: <https://wits.worldbank.org/CountryProfile/en/Country/AZE/Year/2020/TradeFlow/EXPIMP>

<sup>134</sup> Armenia Trade Summary 2020 Data. URL: <https://wits.worldbank.org/CountryProfile/en/Country/ARM/Year/LTST/Summary>



weapons to Azerbaijan. However, unlike Yerevan, Baku is not dependent on Moscow. Thus, in the period from 2014 to 2019, Azerbaijan imported only 30% of weapons from Russia, while Armenia imported 94%<sup>135</sup>.

Russia has a military base located on the territory of Armenia in the city of Gyumri. The countries are members of the CSTO and are bound by security commitments. However, as the events in the South Caucasus in 2020 have shown, the alliance between Moscow and Yerevan is not equal. The Russian Federation interpreted its obligations in a way that was beneficial to it and used its position, traditional influence and connections in the region to strengthen its own position. Obviously, the military base in Gyumri is not a guarantor of Armenia's security—it is an asset of the Russian Federation near the borders of Türkiye.

Thus, the partnership between Türkiye and Azerbaijan and Russia's partnership with Armenia have different nature. In the first case, cooperation takes place in conditions of trust and aims at sustainable mutually beneficial development. In the second case, it is situational and based on the imperial ambitions of the Russian regime. The interests of Russia and Armenia may diverge, which makes the latter vulnerable, given the imbalance in power compared to the two Turkic states and Armenian dependence on Russia.

The presence of Iran somewhat balances this configuration. Armenia is a landlocked country and counts on only two routes to connect with the world: through Iran and Georgia. Tehran provides Armenia with gas, fuel and electricity, which is beneficial for both countries under the sanctions imposed on Iran<sup>136</sup>. Because of this, Iran resents the plans of Azerbaijan and Türkiye to build a new railway link to Nakhchivan within the Zangezur corridor, as this could cut off the country's communication with Armenia. In addition, the growing military-technical cooperation between Azerbaijan and Israel and Türkiye's potential expansion in Central Asia contradict Iranian interests. This makes it a natural partner for Yerevan in terms of regional policy and building economic ties.

### **Promising regional projects in the economic sphere and their impact on the process of potential normalization of Azerbaijani-Armenian relations**

For many years, the confrontation between the states of the South Caucasus and the inability to resolve the existing disputes between them limited their economic cooperation and the ability to benefit from the geographical location of the region—to use its transit potential and become stable elements of international trade routes. However, after the 44-day war, Azerbaijan and Armenia started negotiations on the resumption of joint use of regional routes.

The first such route of transcontinental value that runs through the South Caucasus is the East-West route. There is a corridor in the region in this direction through Georgia, but until recently it has seen insignificant traffic flows compared to the Northern Route, which runs through Russia, and the sea route through the Suez Canal. The Chinese Belt and Road Initiative includes the development of a corridor along the route China-Central Asia-West Asia, which runs through the South Caucasus, in particular Azerbaijan, Georgia and Türkiye. However, Beijing has not yet invested in any large infrastructure or transport projects in the region<sup>137</sup>.

Now the importance of the South Caucasus route has increased. Against the background of sanctions imposed against the Russian Federation, the volume of goods supplied through this route has begun to grow rapidly. Thus, the scale of transportation by the Trans-Caspian international transport route has tripled in the first seven months of

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<sup>135</sup> Nazaretyan H. Arms Supplies to Armenia and Azerbaijan. 17.02.2021. URL: <https://evnreport.com/spotlight-karabakh/arms-supplies-to-armenia-and-azerbaijan/>

<sup>136</sup> Волохов В. (V. Volokhov). Іран межує і дружить з усіма сторонами конфлікту (Iran Borders and is Friends with All Parties to the Conflict – in Ukrainian). 16.10.2020. URL: <https://bintel.org.ua/analytics/geopolitics/iran-i-vijna-v-nagirnomu-karabaxu/>

<sup>137</sup> De Waal T. In the South Caucasus, Can New Trade Routes Help Overcome a History of Conflict? 08.11.2022. URL: <https://carnegieeurope.eu/2021/11/08/in-south-caucasus-can-new-trade-routes-help-overcome-history-of-conflict-pub-85729>

2022<sup>138</sup>. However, its capacity is still limited. This corridor accounts for about 3–5% of the total capacity of the northern routes that run through Russian territory. The disadvantage of this route is the low capacity of ferries in the Black and Caspian Seas and the need to modernize the existing infrastructure.

Nevertheless, the development potential of the Trans-Caspian international transport route is on the rise. In this context, the unblocking of the Armenian-Azerbaijani and Armenian-Turkish borders would be economically beneficial to many states. In this case, China will reduce its dependence on the route through Russia. Using the emerging corridor, Armenia could end its economic isolation, join regional transport projects and get a land connection with the Eurasian Economic Union market. Unblocking the transport route through Azerbaijani territory will provide Yerevan with stable transport links with Iran, Russia, China, Central and South Asia. For Armenia, additional economic benefits will be brought by the restoration of railway communication between the cities of Gyumri and Kars in case of normalization of relations with Türkiye. This will give Yerevan access to European markets.

For Azerbaijan, the resumption of transport communication through Armenia is crucial in terms of securing connections with Türkiye and—most importantly—with Nakhchivan. Given that the shortest route in this direction passes through the southern regions of Armenia (Syunik region), Baku insists on its opening within the framework of the Zangezur corridor.

Türkiye will also profit from such a development. Compared to the Baku-Tbilisi-Kars railway, which already connects Azerbaijan with Türkiye via Georgia, the road within the new corridor will be about 340 km shorter. As its operation will reduce transport distance and costs, bilateral trade between Azerbaijan and Türkiye will be boosted. The unblocking of transport routes can have a positive impact on tourism relations between these countries, as it will create a more comfortable land path for travel. In addition, the corridor will give Ankara another way to access the Caspian Sea and Central Asian countries.

The opening of this route would be cost saving compared to more expensive alternative routes. One project that may be postponed is the planned construction of a 223-kilometer railway line between Nakhchivan and Kars by Azerbaijan and Türkiye. Its cost is more than \$200 million—but it will not be considered necessary if the Zangezur route is opened.

Russia also finds the unblocking of the Armenian-Azerbaijani border positive. The very fact of restoration of transport communication opens up great opportunities in the context of establishing a corridor to Armenia and further to Iran and the Middle East<sup>139</sup>. At the same time, Moscow should take into account the benefits that the opening of the Zangezur corridor gives to the Azerbaijani-Turkish alliance.

However, this project does not suit Armenia. Yerevan agrees that under the terms of the November 10, 2020 Ceasefire Agreement, it is necessary to unblock transport links in the region—but opposes the opening of the Zangezur route. Armenia considers this project as an existential threat to its national interests and security. On the one hand, it sees it as a threat to the transition of these territories under the de facto control of Baku<sup>140</sup>. Fears are also expressed that such cooperation will lead to the dominance of Azerbaijani and Turkish capital in the Armenian economy. This could lead to a kind of “Adjarization” of

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<sup>138</sup> Trans-Caspian International Transport Route Sees Triple Increase in Shipment Volume in 2022. 08.09.2022. URL: <https://astanatimes.com/2022/09/trans-caspian-international-transport-route-sees-triple-increase-in-shipment-volume-in-2022/>

<sup>139</sup> Bağırov O. The Nakhchivan corridor will boost connectivity in the Caucasus. 15.01.2021. URL: <https://www.euractiv.com/section/azerbaijan/opinion/the-nakhchivan-corridor-will-boost-connectivity-in-caucasus/>

<sup>140</sup> Poghosyan B. Opinion: Under President Raisi, Iran remains very interested in the South Caucasus, and in remaining a player in the region. 10.08.2021. URL: <https://www.commonspace.eu/opinion/opinion-under-president-raisi-iran-remains-very-interested-south-caucasus-and-remaining?fbclid=IwAR1B7ZAa1r7mdUoag0c9r9pQAbgJh8hjTVBihu4VzysYcPNI0YA0V7Xjqdw>

Armenia<sup>141</sup>. The Armenian side offers alternative options for creating a transport corridor—along the route Gazakh-Ijevan-Yerevan-Nakhchivan<sup>142</sup>. This, in turn, does not comply with the interests of Azerbaijan, because it irrationally lengthens the route to Nakhchivan. Therefore, the prospects for the development of the East-West transport corridor through the South Caucasus are still captive to unresolved contradictions between the countries of the region.

The only state that supports Armenia in the issue of the Zangezur corridor is Iran. The country explicitly warned Azerbaijan against attempts to “block Iran’s access to Armenia”, and at the end of October 2022, Tehran conducted military exercises near the Azerbaijani border. Perhaps one of the goals of these exercises was to demonstrate readiness to use force if Azerbaijan tries to militarily break through a corridor to Nakhchivan.

If an understanding between Azerbaijan and Armenia is reached and the transport routes that have been closed so far are unblocked, it will have a significant impact on the development of the North-South direction. This transit format provides for the movement of goods from Russia through Armenia, Azerbaijan, Iran, up to India. This could be a significant economic boost for Azerbaijan and Armenia. The reopening of the closed railway lines will unload the roads of the South Caucasus and increase the volume of goods transportation.

Russia is the main market for some of Armenia’s most profitable products: cognac, textiles, fresh fruits and vegetables. Currently, the costs of shipping them are high: trucks must either go through the time-consuming Georgian port of Poti or, as in the case of more than 80% of Armenia’s exports to Russia, by road to the Upper Lars checkpoint on the Russian-Georgian border. This road is mountainous, overloaded with vehicles, or becomes impassable due to bad weather. Sometimes it is closed by Russian border guards. All this poses a risk, particularly for the export of fruits and vegetables (which are perishable), and causes financial losses to Armenian exporters<sup>143</sup>.

The situation can be resolved by opening the Armenian-Azerbaijani border and restoring the transport infrastructure that was built in Soviet times. Thus, Armenia will acquire additional stable outlets both in the northern (to the Russian Federation) and southern (to Iran—through the existing railway line passing through Nakhchivan) directions. However, Baku insists that this route can start working only after all the routes are unblocked—first of all, the Zangezur corridor.

Yerevan has tried to promote an alternative railway project with Iran, but for a long time this initiative has not gone further than talks. Iranian officials have repeatedly stated that they are ready to build a 90 km long section of the railway on their territory—up to the border with Armenia. But after that Armenia would have to seek investments for the construction of the largest part of the route on its own territory. It should be noted that this route involves construction works on the area with rough terrain<sup>144</sup>. At the same time, the project would not fully satisfy the interests of Iran, as the railway connection would run only to the territory of Georgia, without involving Russia.

Another variant of the North-South transport corridor with the participation of Iran and Russia is being discussed in the region—a railway connection through Azerbaijan. Since 2005, Russia, Azerbaijan and Iran have been working to create a joint railroad,

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<sup>141</sup> Huseynov R. Armenian Narratives on Normalization and Opening of Borders. 11.09.2021. URL: [https://top-center.org/az/expert-opinion/3208/armenian-narratives-on-normalization-and-opening-of-borders?fbclid=IwAR3RK1NosEJMjrjhUjGDLBvn71w9NyC0fJ8BjiWRotX2\\_a2hxXOcjbvCZKH8](https://top-center.org/az/expert-opinion/3208/armenian-narratives-on-normalization-and-opening-of-borders?fbclid=IwAR3RK1NosEJMjrjhUjGDLBvn71w9NyC0fJ8BjiWRotX2_a2hxXOcjbvCZKH8)

<sup>142</sup> Poghosyan B. Foreign policy priorities of Armenia after the June 2021 Early Parliamentary Elections. 29.07.2021. URL: <https://www.newgeopolitics.org/2021/07/29/foreign-policy-priorities-of-armenia-after-the-june-2021-early-parliamentary-elections/>

<sup>143</sup> De Waal T. In the South Caucasus, Can New Trade Routes Help Overcome a History of Conflict? 08.11.2022. URL: <https://carnegieeurope.eu/2021/11/08/in-south-caucasus-can-new-trade-routes-help-overcome-history-of-conflict-pub-85729>

<sup>144</sup> Армения — Иран: несбывшиеся проекты и реальные перспективы (Armenia—Iran: unfulfilled projects and real prospects — in Russian). 02.08.2019. URL: <https://eadaily.com/ru/news/2019/03/02/armeniya-iran-nesbyvshiesya-proekty-i-realnye-perspektivy>

however, the 165-kilometer-long section of the Rasht-Astara railway on Iranian territory has not been constructed to date. In 2016, Iran received a loan of \$500 million from Azerbaijan, but the project has not yet been finalized.

Due to the sanctions against Russia because of the full-scale invasion of Ukraine, the Russians have stepped up their work towards the completion of this project. Its cost is estimated at at least \$400 million. According to Russian media, the government of the Russian Federation may invest \$1.5 billion in the rail infrastructure of Iran, in particular to extend the railway to ports in the Persian Gulf<sup>145</sup>. Thus, the development of the North-South transport corridor can take place without Armenia's participation. Nevertheless, unblocking the existing infrastructure is a much faster and less costly option. In addition, there are more and more contradictions in relations between Azerbaijan and Iran, which may delay the implementation of the project and increase financial risks.

Moscow is trying to put pressure on Yerevan, realizing that unblocking the Armenian-Azerbaijani border will create a much cheaper alternative. Deputy Prime Minister of the Russian Federation Alexey Overchuk stated that the western route of the international transport corridor North-South may pass through Azerbaijan and Iran instead of Armenia, "if this country does not resolve the issue with the transport blockade"<sup>146</sup>.

In the current situation, Yerevan is under siege by three powerful states: Russia, Türkiye and Azerbaijan. The country is ready to unblock transport routes, while the Prime Minister of Armenia Nikol Pashinyan stressed that this process should not be to the detriment of the security and vital interests of the Armenian state and the so-called "NKR."

Simultaneously, the Armenian leadership cannot unanimously reject the potential advantages of the settlement of the conflict with Baku. This raises hopes that the implementation of steps in this direction may lead to greater interdependence between the two countries and ease tensions in the long term. Reducing the level of confrontation between the countries of the South Caucasus in the future may contribute to the enhancement of the economic climate in the region as a whole and the realization of joint projects.

Of course, the high level of antagonism between Armenia and Azerbaijan hinders the achievement of success on this issue. It restrains the development of trade relations. This issue is overly securitized by Yerevan, and cooperation with Baku is viewed not through the prism of possible economic gains, but in terms of security issues. The range of foreign policy decisions of Nikol Pashinyan is narrowed by a number of factors (historical enmity with Azerbaijan, as well as unwillingness to make concessions on issues of principle for Armenians). Besides, there is the factor of the Armenian opposition speculating on the issue of peaceful settlement. Therefore, the security issue at the current stage is the dominant factor in relations between Armenia and Azerbaijan, which overrides economic considerations. Yet, in the long run, the importance of the latter for the formation of peace in the South Caucasus cannot be disregarded.

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<sup>145</sup> «Без оглядки на Запад»: Россия инвестирует в иранские проекты серьезные средства ("Without Regard for the West": Russia is investing serious funds in Iranian projects – in Russian). 26.08.2022. URL: <https://easdaily.com/ru/news/2022/07/26/bez-oglyadki-na-zapad-rossiya-investiruet-v-iranskie-proekty-sereznye-sredstva>

<sup>146</sup> Армения рискует выпасть из проекта транспортного коридора «Север – Юг» (Armenia Risks of Dropping Out of North-South Transport Corridor Project – in Russian). 23.10.2022. URL: <https://www.vedomosti.ru/business/articles/2022/10/24/946972-armeniya-riskuet-vipast-iz-proekta-koridora-sever-yug>

## CHAPTER 5. HUMANITARIAN SPHERE OF THE KARABAKH CONFLICT

The Karabakh conflict has become one of the most ferocious in the territories of the former USSR. The history of Karabakh is complex and rich in events. The region was part of many states and is of particular importance for both the Azerbaijani and Armenian peoples. Their historical and cultural heritage is tied to it, and this has been used as an additional escalation trigger.

Contradictions around the control of Karabakh contributed to the deepening of the Armenian-Azerbaijani confrontation. Events in the conflict zone have led to extreme antagonism between the societies, making the peace process much more complicated. The humanitarian aspect of the war, which concerns the issue of refugees and the safety of the civilian population, the rebuilding of the destroyed infrastructure in the territory of Azerbaijan, the problem of restoration, preservation and protection of historical monuments remains the most pressing factor fueling the confrontation.

### **Humanitarian problems and threats in the conflict zone on the eve of the 44-day war**

The key humanitarian issue associated with the Karabakh conflict is the problem of displacement of the region's inhabitants caused by the war. It is directly related to the ethnic composition of the population, which is marked by heterogeneity, as Karabakh has been home to both Azerbaijanis and Armenians for centuries.

From the 1920s, the territory of Karabakh was part of the Azerbaijan SSR as an autonomous region. The ethnic aspect was the basis of this administrative structure. The region was a mountainous enclave populated mainly by Armenians. At the same time, it was surrounded by rural areas inhabited by Azerbaijanis.

The Soviet period of history brought mutual accusations of attempts to forcibly change the ethnic composition of the region's population.

Armenia alleges premeditated attempts to reduce the share of the Armenian population in Karabakh through a deliberate policy of resettlement of Azerbaijanis on its territory. As a result, the ethnic composition of the population of Karabakh changed—in 1923 Armenians made up 94.4% of the population of the region, and in 1989—just 76.9%<sup>147</sup>.

Azerbaijan's accusations relate to the final period of the USSR. The Azerbaijani side declares the beginning in 1987 of the process of mass forced deportation of Azerbaijanis "from their historical lands in the Gafan region of the Armenian SSR", and later, in 1988–1989—from other regions of the Armenian state (similar deportations were carried out earlier, particularly in 1948–1953). As of 1989, the number of Azerbaijanis deported from Armenia was 250 thousand people<sup>148</sup>.

The open armed conflict that erupted between Azerbaijan and Armenia after the collapse of the Soviet Union led to large-scale flows of internally displaced persons (IDPs) and refugees in both directions (from Karabakh to Armenia; from Armenia to Azerbaijan; from the Armenian-occupied territories of Azerbaijan to other Azerbaijani regions)<sup>149</sup>.

In total, the number of IDPs and refugees in Azerbaijan as a result of the events of 1989–1994 amounted to about one million people. Among them were 600 thousand people from the territories occupied by Armenian forces (former NKAO and seven adjacent districts); 250 thousand Azerbaijani refugees from Armenia; 50 thousand Meskhetian Turks who fled Uzbekistan in 1989 for reasons not related to the war in Karabakh. Another

<sup>147</sup> Нагорно-Карабахская проблема (Президент Республики Армения) (Nagorno-Karabakh problem (President of the Republic of Armenia) – in Russian). URL: <https://www.president.am/ru/Artsakh-nkr/>

<sup>148</sup> Армяно-азербайджанский конфликт (Президент Азербайджанской Республики) (Armenian-Azerbaijani conflict (President of the Republic of Azerbaijan) – in Russian). URL: <https://president.az/ru/pages/view/azerbaijan/karabakh>

<sup>149</sup> UNHCR publication for CIS Conference (Displacement in the CIS) - Conflicts in the Caucasus. 01.05.1996. URL: <https://www.unhcr.org/publications/refugeemag/3b5583fd4/unhcr-publication-cis-conference-displacement-cis-conflicts-caucasus.html>

100 thousand people who lived near the front line of the Armenian-Azerbaijani conflict were forced to move deep into the territory of Azerbaijan. Most of the latter returned to their places of residence over time<sup>150</sup>. While refugees from other states (including Armenia) were integrated into host communities, internally displaced persons from Karabakh remained in camps and other temporary shelters in Azerbaijan, awaiting a political settlement that would allow them to return home. Meanwhile, the large-scale destruction of infrastructure and property both in Karabakh and other occupied territories posed a serious challenge and necessitated the restoration of these lands in the perspective<sup>151</sup>.

The total number of refugees from Karabakh and other parts of Azerbaijan to Armenia between 1988 and 1992 reached around 300,000. The Armenian government registered about 360,000 refugees, but it is assumed that about 35,000 of them returned to Karabakh, while tens of thousands left for other countries—mostly within the former Soviet Union—due to poor economic conditions in Armenia itself<sup>152</sup>.

The flows of refugees and internally displaced persons have affected the demography of the Karabakh population. As of 1989, about 188 thousand people were residing in the region, including 145 thousand Armenians, 40 thousand Azerbaijanis, 3 thousand representatives of other nationalities, including Russians. However, the victory of Armenia at the first stage of the conflict led to the outflow of the non-Armenian population from Karabakh. As a result, before the escalation of the armed conflict in 2020, the population of the region was about 150 thousand people<sup>153</sup>, with Armenians making up the vast majority.

There were three main patterns of displacement against the backdrop of the Armenian-Azerbaijani conflict.

The first concerned refugees and included the massive displacement of the Armenian community of Azerbaijan and the Azerbaijani community of Armenia in 1988–1990. The prospect of their return to the former places of residence—Armenia and Azerbaijan respectively—is unlikely.

The second model involved the migration of the population from areas that had previously been populated predominantly by one ethnic group, and which in this context were not the subject of disputes and claims of the other side. This refers, in particular, to the six districts of Azerbaijan around Karabakh (Jebrail, Kalbajar, Qubadli, Aghdam, Zangilan and Fizuli), which were inhabited almost exclusively by ethnic Azerbaijanis before the war. Armenia's military successes in the first half of the 1990s led to the depopulation of these territories. At the same time, Armenians themselves also practically did not settle in these areas, using them mainly for military purposes, as a protective buffer around the former NKAO.

The third model of displacement concerns areas where one population group was replaced by another (new settlers). Prior to the 2020 war, such areas were strategically important cities of Shusha (the only city in Karabakh where the population before the First Karabakh War was dominated by Azerbaijanis) and Lachin (located in a crucial corridor connecting Karabakh and Armenia, the center of the Lachin district, which was dominated by the Azerbaijani-Kurdish population before the conflict). After the waves of displacement, the population of Armenian origin settled in these territories. On the other hand, some territories to the north of the former NKAO (Shahumian district of the Azerbaijan SSR),

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<sup>150</sup> Escalation of violence in Nagorno-Karabakh and the other occupied territories of Azerbaijan. 11.12.2015. URL: <https://pace.coe.int/en/files/22255/html>

<sup>151</sup> MacFarlane S. N., Minear L. Humanitarian Action And Politics: The Case Of Nagorno-Karabakh. 1997. Occasional Paper 25. URL: [https://ciaotest.cc.columbia.edu/wps/wibu/0015217/f\\_0015217\\_12847.pdf](https://ciaotest.cc.columbia.edu/wps/wibu/0015217/f_0015217_12847.pdf)

<sup>152</sup> Report on the humanitarian situation of the refugees and displaced persons in Armenia and Azerbaijan. 14.02.1995. URL: <https://assembly.coe.int/nw/xml/XRef/X2H-Xref-ViewHTML.asp?FileID=6823&lang=EN>

<sup>153</sup> Влада Вірменії стверджує, що Нагірний Карабах залишила понад половина жителів (Armenian authorities claim that more than half of Nagorno-Karabakh residents have left – in Ukrainian). 13.11.2020. URL: <https://www.radiosvoboda.org/a/news-karabah-zalyshyla-ponad-polovyna-zhyteliv/30949141.html>

where the Armenian population prevailed before the conflict, can also be viewed in this context. These areas remained under the control of the Azerbaijani authorities, and in the conditions of the departure of residents of Armenian origin were settled by displaced Azerbaijanis<sup>154</sup>.

Thus, in the long term, amid the problems of resettlement of ethnic groups and displacement of the population, conditions were created for further waves of escalation of the conflict between Azerbaijan and Armenia. In particular, this concerns the position of the Armenian population of Karabakh and settlers in the occupied territories, who increasingly questioned the possibility of any peaceful coexistence with ethnic Azerbaijanis. Continued financial support from the Armenian side, the growing economic importance of the settlements through settlers' investments in building life in these territories strengthened their belief that they have been "Armenian lands from time immemorial"<sup>155</sup>.

In addition to the massive waves of displacement, destruction of civilian infrastructure and architecture, and military and civilian casualties on both sides, the First Karabakh War inflicted enormous damage to the cultural heritage of Azerbaijan and Armenia at the end of the twentieth century.

According to Azerbaijan, 738 historical monuments, 9 mosques, 927 libraries, more than 83.5 thousand exhibits in 28 museums, 4 art galleries, 14 memorials and 1107 cultural institutions, including 1891 cultural resources, remained in the occupied territories. Their loss was considered a great blow to the cultural heritage of the country. In addition, the monuments of general significance located in the occupied territories of Azerbaijan (specifically, in such settlements as Khojaly, Aghdam, Agdere, Fizuli and Jebrail) include medieval bridges and ancient burial mounds. According to the Azerbaijani side, they were used by the Armenian armed forces for military purposes and were damaged as a result. Numerous old Muslim cemeteries, mosques and temples, as well as monuments and other cultural heritage sites that Azerbaijan associates with Caucasian Albania also suffered damage<sup>156</sup>. The Azerbaijani side says that as a result of the protracted armed conflict of 1988–1993, 900 settlements, 150 thousand houses, 7 thousand civilian buildings, 693 schools, 855 kindergartens, 695 medical institutions, 927 libraries, 44 temples, 9 mosques, 473 historical monuments and museums, 40 thousand museum exhibits, 6 thousand industrial and agricultural enterprises, 160 bridges and other infrastructure facilities were destroyed in Karabakh<sup>157</sup>.

In its turn, the Armenian side considers the monuments of its cultural heritage on the territory of Azerbaijan as having been alienated, considered "associated with Caucasian Albania/Arran/Aghvank" (which is seen as a rewriting of history) or destroyed. As of the early 2000s, according to the Armenian side, 218 monasteries, churches and cemeteries with tens of thousands of tombstones and gravestones were destroyed<sup>158</sup>. In Nakhchivan alone, 108 out of 110 medieval and early modern Armenian monasteries, churches and cemeteries were destroyed in 1997–2011<sup>159</sup>.

Cases of mutual destruction of cultural heritage are directly related to the sensitivity

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<sup>154</sup> Individual rights, societal choices: Confronting legacies of displacement in the Nagorno Karabakh conflict. 2011. URL: [https://rc-services-assets.s3.eu-west-1.amazonaws.com/s3fs-public/IndividualRightsSocietalChoices\\_201111\\_ENG.pdf](https://rc-services-assets.s3.eu-west-1.amazonaws.com/s3fs-public/IndividualRightsSocietalChoices_201111_ENG.pdf)

<sup>155</sup> Digging out of Deadlock in Nagorno-Karabakh. 20.12.2019. URL: <https://www.crisisgroup.org/europe-central-asia/caucasus/nagorno-karabakh-conflict/255-digging-out-deadlock-nagorno-karabakh>

<sup>156</sup> Information by Azerbaijan to the study on intentional destruction of cultural heritage (Responses to the questions by Ms. Karima Bennoune, Special Rapporteur in the field of cultural rights). URL: <https://www.ohchr.org/sites/default/files/Documents/Issues/CulturalRights/DestructionHeritage/States/Azerbaijan.pdf>

<sup>157</sup> Армяно-азербайджанский конфликт (Президент Азербайджанской Республики) (Armenian-Azerbaijani conflict (President of the Republic of Azerbaijan) – in Russian). URL: <https://president.az/ru/pages/view/azerbaijan/karabakh>

<sup>158</sup> Contribution of the Republic of Armenia to the consultations on the intentional destruction of cultural heritage as a violation of human rights, in particular cultural rights. URL: <https://www.ohchr.org/sites/default/files/Documents/Issues/CulturalRights/DestructionHeritage/States/Armenia.pdf>

<sup>159</sup> Nutt D., Chronicle C. Report shows near-total erasure of Armenian heritage sites. 12.09.2022. URL: <https://news.cornell.edu/stories/2022/09/report-shows-near-total-erasure-armenian-heritage-sites>

of both sides of the conflict to the issue of historical memory. In Azerbaijani political discourse, Armenians are generally perceived as aggressors and recall the most painful pages of their history, including the 1992 massacre of Azerbaijanis by Armenians in Khojaly. The Armenian side has its own traumatic experience, related in particular to the pogrom in the Azerbaijani city of Sumgait in 1988, which led to the mass evacuation of Armenians from Azerbaijan.

Since the 1990s, there have been no considerable numbers of Armenians living in the government-controlled part of Azerbaijan, and vice versa—there are virtually no Azerbaijanis living in Armenia. Having occupied seven districts around Karabakh, Armenians contributed to the destruction of Azerbaijani towns and villages, cultural monuments and cemeteries. Azerbaijan, on its part, methodically annihilated Armenian cultural heritage on its territory, including valuable medieval monuments in Nakhchivan<sup>160</sup>. This situation has greatly influenced the formation of modern identities of Azerbaijanis and Armenians, which are characterized by the prejudiced attitude of both sides to the possibility of making concessions or giving up mutual claims.

### **Social and humanitarian situation and living conditions in the temporarily occupied territories of Azerbaijan on the eve of the 44-day war**

The armed conflict in the late twentieth century severely undermined the economy in the occupied territories of Azerbaijan. Karabakh was cut off from industrial resources; the region controlled by Armenian formations lost economic ties with other parts of the Azerbaijani state. Rapid economic recovery of the region was not possible due to the lack of human resources, in particular, male population of working age. This was caused by massive displacement of people because of the security and economic reasons. In the first case, it was impossible for the Azerbaijani population to live in the territories under Armenian control. In the second case, it can be stated that a part of the Armenian population of Karabakh, in the conditions of a dire economic situation in the region, placed their hopes for the future on emigration, not recovery. Among the vulnerable groups that remained in Karabakh were the families of those killed and injured in the war, persons with disabilities, large families, the elderly, etc. The lack of opportunities to provide comprehensive international assistance has led to the situation when the region did not have full access to international funding for reconstruction and rehabilitation programs.

Karabakh's infrastructure was heavily damaged by shelling during the hostilities. The most acute humanitarian crisis arose in 1989–1992, when the region with its population was virtually isolated from the outside world. Due to the disruption of agricultural activities, people who stayed in their homes did not have full access to food, and due to the destroyed civilian infrastructure—to electricity and water supply.

The ceasefire allowed to address the basic needs for the population that remained in the region, but did not create conditions for its economic revival. As of 1996, Karabakh's industry was operating at 25–40% of its capacity due to physical damage, lack of access to resources, and conscription of the male population into the military service of the so-called "NKR." Large areas of arable land, especially in the Agdere/Martakert area, were difficult to cultivate. Another challenge was to maintain the functioning of coal mines in the region. In the first post-war years, the threat of mines was a topical issue for the local population. In 1996, there were about 40 thousand mines in different parts of Karabakh, and the number of victims of explosions on ammunition was about 200 people per year.

In the subsequent years, in the occupied territory (especially in Khankendi/Stepanakert), at the expense of the Armenian government, the buildings previously destroyed and damaged during the hostilities underwent gradual reconstruction; energy and water supply were established, as well as telephone communication. Partial

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<sup>160</sup> De Waal T. The Nagorny Karabakh Conflict In Its Fourth Decade. 2021. URL: [https://www.ceps.eu/wp-content/uploads/2021/09/WD2021-02\\_The-Nagorny-Karabakh-Conflict-in-its-Fourth-Decade.pdf](https://www.ceps.eu/wp-content/uploads/2021/09/WD2021-02_The-Nagorny-Karabakh-Conflict-in-its-Fourth-Decade.pdf)



restoration of agricultural activity was used for exporting food products to Armenia (e.g., in 1995, 5 thousand tons of grain were exported to Armenia from occupied Karabakh).

The situation in the sphere of health care was poor—despite the resumption of the work of some medical institutions in Karabakh, they remained insufficiently equipped in technical terms and did not have enough qualified medical personnel<sup>161</sup>.

As of 1998, the humanitarian situation in Karabakh was more stable than in previous years. The food security was enhanced, in particular due to the self-sufficient agricultural activities of the inhabitants of the region. For the approximately 130,000 people living in Karabakh at that time, the number of dwellings in need of repair and reconstruction was estimated at 5,000 (taking into account the needs of potential IDPs and refugees who could return to their homes), which was about 33% of the damaged housing stock.

The mine threat was partially resolved both by avoiding dangerous areas by the population and by demining. However, in the medical sector, there was a lack of staff and funds, outdated treatment protocols, lack of access to medicines, etc.

In general, the economy of the region was stagnating, many people remained unemployed; agriculture was one of the few areas where it was possible to work and make a profit. At the same time, Armenia remained the market for the relevant products—in 1997, 15 thousand tons of wheat were already coming from the occupied region<sup>162</sup>. Nevertheless, problems in the agricultural sector remained. In particular, due to the impossibility of cultivating mined land, loss of livestock, destruction of agricultural equipment, etc. the potential of the territories was not used in full.

Over time, life in the territories controlled by the Armenian forces was gradually restored due to the return of part of the Armenian population that left during the hostilities. Representatives of the Red Cross and the OSCE started working in the occupied territory. Yet, the status of the occupied territory substantially limited the political and economic opportunities of Karabakh, inter alia, in using the services of international financial institutions. For twenty years Karabakh has reoriented all its communications from Azerbaijan to Armenia as it has become the only way out of the region to the outside world<sup>163</sup>. However, the difficult economic situation in Armenia itself did not allow to solve the problems of these territories in this way, as well as to ensure proper conditions for their development and living standards for the population.

As of 2019, about a fifth of the population of Karabakh (21.6%) lived below the national poverty line. At that, the level of poverty was higher in the areas inhabited by refugees and IDPs who returned after the armed conflict. About 81.7% of the population lived in their own homes. In rural areas, there were problems with access to sewerage and waste disposal. However, in general, over 90% of households had access to drinking water; 97.1% of the population—to energy resources. The average economic growth rate of the region in the last decade was 10.2% annually<sup>164</sup>.

Living conditions at the household level in the occupied areas between Armenia and the territories of the former NKAO had their own specifics. In 2019, about 17 thousand ethnic Armenian settlers lived here, who restored water and electricity supply, but did not have normal transport and road connections with other settlements, as well as access to emergency medical care. At the same time, in terms of economy, Lachin, Qubadli and Zangilan districts dominated the local agricultural production. In 2016, they accounted for more than a quarter of the production of Karabakh and adjacent territories (both for export

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<sup>161</sup> MacFarlane S. N., Minear L. Humanitarian Action And Politics: The Case Of Nagorno-Karabakh. 1997. Occasional Paper 25. URL: [https://ciaotest.cc.columbia.edu/wps/wibu/0015217/f\\_0015217\\_12847.pdf](https://ciaotest.cc.columbia.edu/wps/wibu/0015217/f_0015217_12847.pdf)

<sup>162</sup> Lattu K., Garner D., Culkin D. Humanitarian Needs Evaluation For Victims Of The Nagorno-Karabakh Conflict. 1998. URL: [https://pdf.usaid.gov/pdf\\_docs/Pdabq514.pdf](https://pdf.usaid.gov/pdf_docs/Pdabq514.pdf)

<sup>163</sup> Козак Т. (Т. Kozak). На межі миру: як живе самопроголошена Нагірно-Карабаська Республіка (On the edge of peace: how the self-proclaimed Nagorno-Karabakh Republic lives – in Ukrainian). 09.06.2016. URL: <https://hromadske.ua/posts/na-mezhi-myru-iaak-zhyve-samoproholoshena-nahirno-karabakhska-respublika>

<sup>164</sup> Ajmani M. Poverty In Nagorno-Karabakh. 04.11.2020. URL: <https://borgenproject.org/poverty-in-nagorno-karabakh/>

and local consumption). Settlers cultivated uninhabited land along all major roads in the territory up to the rear positions of Armenian troops on the line of contact with Azerbaijani forces<sup>165</sup>.

### **Refugee problem after the end of the 44-day war**

The hostilities of 2020 and the restoration of Azerbaijan's control over a large part of the occupied territories have raised the issue of refugees. On the one hand, this creates conditions for the return of the Azerbaijani population to the liberated territories. On the other hand, the defeat of the Armenian troops forced the Armenian population to seek protection in Armenia and in the territories where the Russian military contingent was deployed.

According to the Armenian government and UNHCR estimates, about 91 thousand ethnic Armenians, 88% of them women, children and the elderly, left Karabakh for Armenia as a result of the 44-day war<sup>166</sup>. According to official data, as of 28 December 2021, the number of people from Karabakh who were in a refugee-like situation in Armenia was 20433<sup>167</sup>. Most of them live in Yerevan, the rest have found refuge in ten other provinces of Armenia. They live with relatives, host families and in temporary accommodation (hotels, dorms, rented housing, etc.).

The massive flow of refugees was accompanied by a challenging socio-economic situation in Armenia, which was seriously weakened by the COVID-19 pandemic. Because of this, employment opportunities for newcomers were severely limited. Data from sociological surveys<sup>168</sup> conducted in November 2020 show that health issues were the primary concern of displaced persons, followed by financial constraints. According to the Economic Resilience Assessment report published in September 2021, the refugee population in Armenia continues to experience financial insecurity<sup>169</sup>. Such groups find it hard to meet basic living needs and cover the costs of utilities, food, clothing, healthcare and education.

The Government of Armenia, with the assistance of 41 humanitarian partners, has provided critical support to newcomers, including temporary shelter and 18 cash transfer programmes<sup>170</sup>. Host families also played a vital role in welcoming and accommodating refugees, providing them with shelter, food and other resources. However, the war has severely affected both refugee populations in Armenia and host communities and has led to increased physical, social and psychological trauma. In these circumstances, the government and the humanitarian community have faced serious barriers in financing and addressing the basic needs of the conflict-affected population.

Armenians who left Karabakh as a result of the 44-day war demonstrate their frustration with their socio-economic situation by organizing rallies in Yerevan. One of the demands of the protesters is to provide them with housing and official refugee status<sup>171</sup>.

The part of the Armenian population, which as a result of the 44-day war moved from the areas over which Azerbaijan regained control to the territories where the Russian military contingent is deployed, also found themselves in a situation of social crisis. The

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<sup>165</sup> Digging out of Deadlock in Nagorno-Karabakh. 20.12.2019. URL: <https://www.crisisgroup.org/europe-central-asia/caucasus/nagorno-karabakh-conflict/255-digging-out-deadlock-nagorno-karabakh>

<sup>166</sup> Persons in a refugee-like situation (UNHCR Armenia). URL: <https://www.unhcr.org/am/en/persons-in-refugee-like-situation>

<sup>167</sup> Armenia: Winterization support to the refugee-like population displaced from Nagorno-Karabakh - Emergency Plan of Action (EPoA). DREF Operation MDRAM008. 28.12.2021. URL: <https://reliefweb.int/report/armenia/armenia-winterization-support-refugee-population-displaced-nagorno-karabakh-emergency>

<sup>168</sup> Health Issues Emerge as Top Concern Among Nagorno-Karabakh Refugees in Armenia. 02.12.2020. URL: <https://reliefweb.int/report/armenia/health-issues-emerge-top-concern-among-nagorno-karabakh-refugees-armenia>

<sup>169</sup> Armenia: REACH Economic Resilience Assessment Report - September 2021. URL: <https://data.unhcr.org/es/documents/details/88909>

<sup>170</sup> Armenia Inter-agency Response Plan 2020-2021 - Final Report. 25.08.2022. URL: <https://reliefweb.int/report/armenia/armenia-inter-agency-response-plan-2020-2021-final-report>

<sup>171</sup> Арцахцы проводят акцию протеста у офиса ООН в Армении (Artsakh residents hold a protest near the UN office in Armenia – in Russian). 11.07.2022. URL: <http://surl.li/cxie1>

urgent problems of such displaced persons in Karabakh are the lack of housing and jobs. Part of the region's housing stock has been destroyed as a result of the fighting, leading to a shortage of unaffected apartments for rent. In the largest cities of Karabakh, people have settled in basements and attics. Some, particularly families with children, have found temporary shelter in shops and gyms, which do not have adequate conditions<sup>172</sup>.

Having no permanent place of residence creates a problem with finding a job for displaced persons. In this context, the issue of employment of women is the most acute. The scope of opportunities available to them is limited to low-paid jobs, mainly in the textile industry.

Many displaced persons also suffer from psychological trauma. Often men resort to alcohol and drugs to cope with memories of the war or the pain of losing friends and relatives. In addition, Armenian NGOs have recorded a surge in domestic violence, which is especially prevalent in families where adults do not have permanent occupation<sup>173</sup>.

Thus, the problem of Armenian refugees and IDPs is still a pressing one. They remain a vulnerable group of the population, and most of them face financial distress and are unable to cover their own needs.

In the case of Azerbaijani refugees, who were forced to leave the conflict zone as a result of the defeats of the 1990s, the results of the 44-day war, on the contrary, open up wide opportunities for returning to their homes. After the end of hostilities and the signing of the trilateral Statement of 10 November 2020, the restoration of the liberated territories and the return of IDPs has become a national idea in Baku. The government aims to ensure the gradual return of people to their lands as the process of reconstruction of villages and cities is completed. President of Azerbaijan Ilham Aliyev has called this process the "Great Return". It has become one of the priorities of the "Strategy for Socio-Economic Development of the Republic of Azerbaijan for 2022–2026"<sup>174</sup>. It is noted that this process will be supported by the creation of the necessary security preconditions and infrastructure. Thus, within the framework of the Strategy, it is planned to build residential and non-residential complexes, implement the concepts of "smart city" and "smart village" with modern infrastructure. This should encourage people to return by offering them proper living and working conditions.

Independent experts believe that the return of Azerbaijani refugees and IDPs to the liberated territories will not happen quickly. This process will be accompanied by obvious difficulties, the first of which is the security issue. Head of the Azerbaijan National Agency for Mine Action (ANAMA) Vugar Suleymanov stressed that the most urgent problem for Azerbaijan remains the mine threat<sup>175</sup>. In addition to the minefields, there are thousands of unexploded shells in the area of the old demarcation line in the area of former hostilities, and it will take several years to clear the territory. Alongside infrastructure and demining efforts, creating business opportunities is another matter of urgency.

The return of Azerbaijani IDPs is hindered by psychological aspects, the main one being the lack of certainty and confidence in the future. Not all IDPs would be ready to change their established way of life to return to the place where they lived almost 30 years ago (or where their parents lived). This is especially true for those of them who settled in big cities and made a career there. In such cases, the Azerbaijani government plans to

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<sup>172</sup> Post-war Prospects for Nagorno-Karabakh. 09.06.2021. URL: <https://www.crisisgroup.org/europe-central-asia/caucasus/nagorno-karabakh-conflict/264-post-war-prospects-nagorno-karabakh>

<sup>173</sup> Post-war Prospects for Nagorno-Karabakh. 09.06.2021. URL: <https://www.crisisgroup.org/europe-central-asia/caucasus/nagorno-karabakh-conflict/264-post-war-prospects-nagorno-karabakh>

<sup>174</sup> Утверждена Стратегия социально-экономического развития АР на 2022-2026 годы (The Strategy for Socio-Economic Development of the Republic of Azerbaijan for 2022-2026 was approved – in Russian). 22.07.2022. URL: <https://az.sputniknews.ru/20220722/utverzhdena-strategiya-sotsialno-ekonomicheskogo-razvitiya-ar-na-2022-2026-gody-444271772.html>

<sup>175</sup> ANAMA: Минная проблема является одной из самых актуальных для Азербайджана (ANAMA: The mine problem is one of the most urgent for Azerbaijan – in Russian). 01.04.2022. URL: <https://report.az/ru/karabakh/anama-minnaya-problema-yavlyaetsya-odnoj-iz-samyh-aktualnyh-dlya-azerbajdzhana/>

resort to negative incentives to encourage IDPs to return to the liberated areas: those who refuse to move back will be deprived of their IDP status and relevant benefits<sup>176</sup>.

Nevertheless, today displaced Azerbaijani persons, in general, are ready for voluntary return to their small homeland. According to the survey “The Great Return to Karabakh”, conducted by the Center for Social Research in October 2020, the vast majority of respondents (98%) plan in the near future to return to the liberated regions where they used to live. Moreover, return plans are widespread among young people. 96% of young people surveyed intend to return to the liberated territories. The vast majority of respondents, i.e. 83.2%, plan to return together with all family members<sup>177</sup>.

The first step on the way to the “Great Return” was the beginning of the resettlement of residents to the liberated village of Zangilan district of Azerbaijan on July 19, 2022. 41 families (consisting of 201 people) moved to the settlement of Agali, built according to the concept of “smart village”. It is projected that part of the villagers will be engaged in agriculture, the other part intend to work in state institutions<sup>178</sup>.

Thus, the determination of the Azerbaijani government to restore the economy of the liberated territories, the creation of positive and negative incentives for the return of IDPs and the willingness of Azerbaijanis to return to their old places of residence suggest high chances of the “Great Return” process.

### **Current challenges of restoration of the liberated territories of Azerbaijan in the humanitarian sphere**

Right after the termination of active hostilities, Baku started the process of reconstruction of the de-occupied areas. Given the scale of destruction, it requires substantial resources. According to preliminary estimates, the amount of material damage inflicted during the occupation by the Armenian side to the housing stock, infrastructure and resources in the liberated territories of Azerbaijan is \$818 billion.

In total, in 2021-2022, the Government of Azerbaijan allocated almost \$2.8 billion for the reconstruction of the territories concerned. A fund for the liberation of Karabakh was also established, which accumulated assets from individuals and legal entities that could contribute to the restoration of the region. During this time, large infrastructure projects were launched in the economic regions of Karabakh and Eastern Zangezur (created in 2021 as part of the new division of the state into economic regions). The State Agency of Azerbaijan Automobile Roads has undertaken 13 projects to build 725 kilometers of new roads and highways, as well as restore existing routes in the liberated areas. In November 2021, the Victory Road was opened, stretching from the Fuzuli district to the city of Shusha. In the same year, a renovated 28.5 km highway was opened, leading to the strategic settlement of Sugovushan (former Madagiz) and the village of Talysh in the Tartar district. At present, the Barda-Aghdam, Fizuli-Gadrut, Ahmadbeyli-Fizuli-Shusha, Fizuli-Aghdam, Qubadli-Eivazli, Toganali-Kalbajar-Istisu and other highways continue to be built and restored. The Azerbaijani authorities aim to complete the construction of major highways in the region by 2025. The foundation of another important transport project, the Goradiz-Agbend railway, was also laid in 2021. This 100-kilometer-long railway has strategic significance. It should connect the main part of Azerbaijan with the Nakhchivan exclave through the Zangezur corridor (Baku expects the opening of this transport route

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<sup>176</sup> Отказывающихся возвращаться на освобожденные земли вынужденных переселенцев лишат статуса (IDPs who refuse to return to the liberated lands will be deprived of their status – in Russian). 08.01.2021. URL: <https://m.zerkalo.az/otkazyvayushhihsya-vozhvashhatsya-na-osvobodzhennye-zemli-vynuzhdennyh-pereselentsev-lishat-statusa/>

<sup>177</sup> Vətən müharibəsinin bitməsi ilə böyük qayıdış başladı... (With the end of the Patriotic War, the great return began... – in Azerbaijani) 15.07.2021. URL: <https://www.baki-xeber.com/siyaset/124222.html>

<sup>178</sup> Rehimov R., Asgarli A. Жизнь на освобожденных землях Азербайджана возрождается (Life in the liberated lands of Azerbaijan is being revived – in Russian). 26.07.2022. URL: <https://www.aa.com.tr/ru/мир/жизнь-на-освобожденных-землях-азербайджана-возрождается/2646007>

through Armenian territory, referring to the Ceasefire Statement of 10 November 2022)<sup>179</sup>.

For Azerbaijan, the opening of Fizuli International Airport in 2021 was a landmark event. It was the first airport built in the liberated territories. Work on the facility lasted only eight months. A runway 3000 meters long and 60 meters wide was put into operation at the airport. The first test flight to Fizuli International Airport was carried out on September 5, 2021, when the largest passenger aircraft of Azerbaijan Airlines called “Karabakh” landed there. Due to its location, the new airport is considered the “air gate of Karabakh”<sup>180</sup>. On October 20, 2022, the second international airport in the liberated territories was opened in Zangilan, and the launch of the third airport in Lachin district is planned for 2024.

In September 2022, the Government of Azerbaijan allocated an additional \$2.94 million to accelerate ongoing reconstruction work and initiate new projects in the liberated territories. The funds are directed to the design and implementation of construction, repair and rehabilitation works in settlements, cities, villages and towns of the Karabakh and East Zangezur economic regions. An additional \$352 thousand was also allocated for the reconstruction of two secondary schools in the Kalbajar and Zangilan regions of Azerbaijan<sup>181</sup>.

Back in 2020, the Azerbaijani government began work to restore electricity to the liberated territories. Currently, electric substations have been built in Jebrazil, Fizuli, Zangilan, Qubadli and Kalbajar districts<sup>182</sup>.

One of the priority areas of work in the liberated territories is the rebuilding of the city of Aghdam. The general plan for the reconstruction of the city envisages that it will be twice the area of pre-war Aghdam, and will be designed to accommodate up to 100 thousand people (compared to 36 thousand people before the conflict). It is planned to build 23 thousand apartments and 1750 houses. Another priority restoration project is the village of Agali in the Zangilan district of Azerbaijan, which is being rebuilt according to the concept of a “smart village”, designed for 200 houses for almost 1.5 thousand people. In July 2022, the first 200 residents returned there, and in September 12 more families joined them<sup>183</sup>.

Together with Türkiye, Azerbaijan has launched an agro-park project near the village of Agali, where it is planned to carry out agricultural activities using modern technologies on the territory of 600 hectares of cultivated areas. The foundation has also been laid for a 200-hectare industrial park in the Aghdam district to create new jobs for thousands of local residents. It is planned to open similar parks in all liberated regions of Azerbaijan.

In the city of Shusha, reconstruction works are also underway at an accelerated pace. In August 2021, the foundation of the first of 25 buildings in a new residential area for 2020 residents was laid in the center of Shusha. The administration building has already been reconstructed, historical and architectural monuments (a museum house and the walls of an ancient fortress) have been restored.

The issue of protection and restoration of historical monuments in the conflict zone holds a special place in Azerbaijan’s plans. Baku points to the massive destruction of its cultural heritage that took place both during the occupation and during the 44-day war. According to the results of the preliminary investigation, 706 historical and cultural

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<sup>179</sup> Baghirov O. Rebuilding of Karabakh: Results of 2021. 16.01.2022. URL: <https://moderndiplomacy.eu/2022/01/16/rebuilding-of-karabakh-results-of-2021/>

<sup>180</sup> Baghirov O. Rebuilding of Karabakh: Results of 2021. 16.01.2022. URL: <https://moderndiplomacy.eu/2022/01/16/rebuilding-of-karabakh-results-of-2021/>

<sup>181</sup> Hajiyeva G. Azerbaijan Continues Funding Restoration of Liberated Lands. 10.09.2022. URL: <https://caspiannews.com/news-detail/azerbaijan-continues-funding-restoration-of-liberated-lands-2022-9-8-0/>

<sup>182</sup> Rehimov R. Azerbaijan's liberated Karabakh now a construction site for modern projects. 10.11.2021. URL: <https://www.aa.com.tr/en/world/azerbaijans-liberated-karabakh-now-a-construction-site-for-modern-projects/2417129#>

<sup>183</sup> Isayev H. Displaced from Karabakh watch reconstruction process with hope, concern. 05.10.2022. URL: <https://eurasianet.org/displaced-from-karabakh-watch-reconstruction-process-with-hope-concern>

monuments registered by the state were damaged or destroyed (6—of world-class architecture, 5—of world-class archaeology, 119—of national importance, 121—of national archaeological importance); other architectural objects, parks, monuments and decorative and applied arts of local importance were also damaged or destroyed. Azerbaijan claims that artifacts and ancient manuscripts from the 13th century Khudavang/Dadivank monastery, as well as precious artifacts found during archaeological excavations, were illegally transported to Armenia. The scale of the damage caused to the cultural heritage in the territories that have returned to Azerbaijani control suggests a deliberate policy of destruction of the relevant sites during the occupation, which was carried out in order to destroy traces of Azerbaijani habitation in these areas.

Armenian cultural heritage was also subjected to damage and destruction. During the 44-day war, Armenia claimed the deliberate shelling of the Cathedral of Holy Christ the Savior (Surb Amenaprkich Ghazanchetsots Cathedral) and the “Green Church” (Kanach Zham) in Shusha. After the end of the conflict, Armenia pointed to the continuation of acts of destruction of the Church of St. Mary near Jebrail, the demolition of Armenian cemeteries in the villages of Signak and Boyuk Taghlar. According to the Armenian side, the cultural and religious heritage of Armenia, which includes 161 churches and monasteries, 591 stone crosses, 345 valuable tombstones, 108 cemeteries and sacred monuments, 43 fortresses and palaces, 208 other types of monuments, remains under the control of Azerbaijan after the 44-day war<sup>184</sup>.

The issue of mutual compensation for damages and further restoration and protection of cultural and historical heritage sites remains on the agenda for both sides of the conflict. In 2021, Armenia and Azerbaijan initiated legal proceedings against each other in the International Court of Justice under the International Convention on the Elimination of All Forms of Racial Discrimination. In December 2021, the Court issued a judgment requiring both states to “take all necessary measures to prevent incitement and promotion of racial hatred”, as well as Azerbaijan to prevent acts of vandalism against Armenian cultural heritage<sup>185</sup>.

The European Parliament resolution of 10 March 2022<sup>186</sup> condemns Azerbaijan’s policy of erasing Armenian cultural heritage in and around Karabakh and welcomes UNESCO’s proposal to send an independent expert mission to Azerbaijan. A month earlier, an agreement was reached in video format with the participation of the Presidents of Azerbaijan, Armenia, France and the EU Council to send a UNESCO mission to both countries<sup>187</sup>. However, as of early November 2022, the UNESCO research mission has not been sent to either Azerbaijan or Armenia despite requests from officials of both states<sup>188 189</sup>.

Meanwhile, Azerbaijan allocates funds for cultural rehabilitation in the liberated areas, as well as for the protection of more than 1,200 religious and cultural heritage sites on its territory, regardless of their origin. Baku insists that it does not carry out any repressive actions against historical monuments. However, Azerbaijan casts doubt on the historical value of certain objects of religious significance that were built during the occupation.

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<sup>184</sup> Humanitarian consequences of the conflict between Armenia and Azerbaijan. 13.09.2021. URL: [https://pace.coe.int/en/files/29401/html#\\_TOC\\_d36e76](https://pace.coe.int/en/files/29401/html#_TOC_d36e76)

<sup>185</sup> Application of the International Convention on the Elimination of All Forms of Racial Discrimination (Armenia v. Azerbaijan). No. 2021/34. 07.12.2021. URL: <https://www.icj-cij.org/public/files/case-related/180/180-20211207-PRE-01-00-EN.pdf>

<sup>186</sup> European Parliament resolution of 10 March 2022 on the destruction of cultural heritage in Nagorno-Karabakh. 10.03.2022. URL: [https://www.europarl.europa.eu/doceo/document/TA-9-2022-0080\\_EN.html](https://www.europarl.europa.eu/doceo/document/TA-9-2022-0080_EN.html)

<sup>187</sup> Миссия ЮНЕСКО будет направлена в Азербайджан и Армению (UNESCO mission to be sent to Azerbaijan and Armenia – in Russian). 04.02.2022. URL: <https://report.az/ru/vnesnyaya-politika/missiya-yunesko-budet-napravlena-v-azerbajdzhan-i-armeniyu/>

<sup>188</sup> Two years on from the conflict, Armenia must face justice for its destruction of Azerbaijani cultural heritage. 10.11.2022. URL: <https://aze.media/two-years-on-from-the-conflict-armenia-must-face-justice-for-its-destruction-of-azerbaijani-cultural-heritage/>

<sup>189</sup> Armenian culture minister urges UNESCO member states to send mission to Karabakh to save heritage from Azeri destruction. 29.09.2022. URL: <https://armenpress.am/eng/news/1093713.html>

## Prospects for the reintegration of the uncontrolled territories of Azerbaijan

The position of the Azerbaijani government on Karabakh remains unchanged—all the territories of Azerbaijan must be liberated. It is planned that the remaining districts of Karabakh will be gradually integrated under the direct control of Baku. At the same time, the Azerbaijani leadership cannot ignore the prevailing Armenian population that remains in Karabakh.

The future of the territories that Azerbaijan is going to return under its control is still an urgent issue. In the period before the 44-day war, Baku stated that it was ready to offer the region a sort of autonomous status if Armenia recognized it as Azerbaijani territory. However, after the military victory, the option of autonomy disappeared from the Azerbaijani agenda. “The Armenians living in Karabakh will have neither status, nor independence, nor any special privileges. Their rights will be protected just like the rights of Azerbaijani citizens, like the rights of the peoples living in Azerbaijan”, President of Azerbaijan Ilham Aliyev declared<sup>190</sup>.

He has repeatedly assured that after the restoration of Azerbaijani control over the territory of Karabakh, the Armenian part of the population will be able to live there in conditions of security and equal rights. Aliyev emphasizes that Armenians who lived in the region before the conflict and their descendants are citizens of Azerbaijan<sup>191</sup>. Yet, in fact, Baku has not presented a practical plan for the reintegration of these territories and the restoration of Azerbaijani jurisdiction there, which requires the solution of many issues (for example, the restoration of the functioning of the Azerbaijani administration and education system, the procedure for issuing Azerbaijani passports to the local population, etc.) This allows skeptics to suspect Azerbaijan of unwillingness to fulfill the statements on granting all the necessary rights to the Armenians of Karabakh.

Some experts question whether Azerbaijan needs Karabakh with Armenian population. They see signs of pressure on the local population in the recent actions of the Azerbaijani military in the conflict area. The Armenian side criticizes the temporary cutting off of gas supplies to the areas uncontrolled by Baku and the use of loudspeakers for informational influence on the population near the demarcation line, which transmit urges to accept Azerbaijani citizenship or leave Karabakh<sup>192</sup>.

The situation is aggravated by the presence in the conflict zone of Armenian IDPs who moved there as part of the policy of the Armenian authorities during the occupation. Part of this group consists of Armenian migrants from Lebanon and Syria, who settled not even in Karabakh itself, but in the occupied areas surrounding the territory of the former NKAO (mainly in the Lachin region). Azerbaijan considers their resettlement illegal and contradicting the Geneva Convention<sup>193</sup>. Azerbaijani officials state that such persons should leave the territory of Azerbaijan together with Armenian illegal armed groups<sup>194</sup>. With the restoration of Azerbaijani jurisdiction over the Lachin region in August 2022, the Armenian population living in the settlements around the Lachin corridor moved out as soon as possible, fearing reprisals.

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<sup>190</sup> Ильхам Алиев: У проживающих в Карабахе армян не будет ни статуса, ни независимости, ни каких-то особых привилегий (Ilham Aliyev: Armenians living in Karabakh will have no status, no independence, no special privileges – in Russian). 13.08.2022. URL: <https://report.az/ru/vnutrennyaya-politika/ilham-aliev-u-prozhivayushih-v-karabahe-armyan-ne-budet-ni-statusa-ni-nezavisimosti-ni-kakih-to-osobyh-privilegij/>

<sup>191</sup> Ильхам Алиев дал интервью японской газете Nikkei (Ilham Aliyev gave an interview to the Japanese newspaper Nikkei – in Russian). 21.10.2020. URL: <https://president.az/ru/articles/view/43836>

<sup>192</sup> Панченко Ю. (Y. Panchenko). Удар по амбициях РФ: як війна в Україні дала Азербайджану шанс для наступу в Карабаху (A blow to the ambitions of the Russian Federation: how the war in Ukraine gave Azerbaijan a chance for an offensive in Karabakh – in Ukrainian). 28.03.2022. URL: <https://www.eurointegration.com.ua/articles/2022/03/28/7136747/>

<sup>193</sup> Саргсян Т. (T. Sargsyan). Алиев заявил, что Баку собирается вновь заселить Лачин и прилегающие села азербайджанцами (Aliyev said that Baku is going to repopulate Lachin and adjacent villages with Azerbaijanis – in Russian). 12.08.2022. URL: <https://rus.azatutyun.am/a/31985684.html>

<sup>194</sup> Ali Alizada Twitter Account. 26.08.2022. URL: [https://twitter.com/ali\\_f\\_alizada/status/1563200288470618115?s=21&t=8B8MgpPxa-l1xUOo1LBWiw](https://twitter.com/ali_f_alizada/status/1563200288470618115?s=21&t=8B8MgpPxa-l1xUOo1LBWiw)

In his speeches to foreign audiences, Ilham Aliyev assures that Azerbaijan is promoting “a new era of peace and cooperation in the Caucasus”<sup>195</sup>. However, the words of the Azerbaijani president failed to convince the Armenian side that Karabakh Armenians face no threat. The prevailing opinion among Armenian political scientists is that the restoration of Azerbaijani jurisdiction in Karabakh means the deportation or extermination of local Armenians and Armenian cultural heritage<sup>196</sup>. This is how they explain the unwillingness of the absolute majority of Karabakh Armenians to live in Azerbaijan no matter the conditions. Given the level of antagonism and the depth of the conflict that is already developing at the level of societies, they see no prospects for the existence of the Armenian population in the territories of Azerbaijan. Armenian society is consolidated on this issue, both in Armenia and in Karabakh. The public position of the Armenian population of the region rejects any possibility of reintegration into Azerbaijan—even in case of obtaining autonomous status. It is confirmed by the fact that during the two years that have passed since the end of the 44-day war, the Armenian population of the territories controlled by Baku (Hadrut, Shusha) has not returned to their homes.

Currently, the lack of mutual trust remains a key obstacle to the peace process. The high level of antagonism—not only at the political, but also at the social level—casts doubt on the possibility of coexistence of Azerbaijanis and Armenians in one state—Azerbaijan. Armenia uses the thesis of the threat to the Armenian population of Karabakh to appeal to the specific nature of the conflict and to emphasize the need to resolve it with due regard for the security interests of the inhabitants of the region. Baku, in turn, considers it an exclusively domestic political issue that has nothing to do with the Armenian-Azerbaijani settlement process. Its solution probably requires external moderation and a long process of establishing a public dialogue.

### **The role of international organizations in addressing humanitarian problems in the region**

The main focus of international humanitarian efforts in the Armenian-Azerbaijani conflict zone from the early 1990s until 2020 was to support internally displaced persons from Karabakh and surrounding areas. A number of organizations launched several small-scale programmes that included assistance as well as demining of the territory of Karabakh. These include the International Committee of the Red Cross, Doctors Without Borders and the HALO Trust.

On the eve of the 44-day war, the ICRC was engaged in humanitarian work. Through delegations in Baku and Yerevan and a mission in Karabakh, the organization provided support to communities living along the contact line and the international border between Armenia and Azerbaijan. The ICRC also worked to clarify the fate of missing persons and provide assistance to their families, monitored the conditions of detention of prisoners of war, and played the role of a neutral intermediary to facilitate the transfer and repatriation of released persons. Work in these areas is still ongoing.

The activities of Doctors Without Borders included the provision of medical equipment and support in the conflict zone in 1992–1997, as well as the implementation of a project against tuberculosis in 1997–2003. However, in 2019, Doctors Without Borders ceased its activities in the region, handing over the projects it was working on to the national health authorities.

Another organization, the UK-based HALO Trust, which has been present in the region since the early 2000s and has been involved in de-mining war-affected areas, also had access to the territory of Karabakh.

Wider humanitarian activities were hampered by the lack of progress in the political settlement process. International organizations could not operate in Karabakh without the

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<sup>195</sup> Ilham Aliyev Twitter Account. 01.05.2022. URL: <https://twitter.com/presidentaz/status/1520739129616699394>

<sup>196</sup> According to the results of a survey conducted by the Centre for International Security in January-February 2022.



consent of the Azerbaijani government<sup>197</sup>. As a result, humanitarian assistance to the territories controlled by Armenian formations was provided by the Armenian side, whose resources were limited. The Armenian diaspora abroad provided support in addressing this issue.

The escalation of the situation in 2020 led to increased attention of international organizations to the Karabakh conflict. An issue of focus was the protection of human rights. In November 2021, Council of Europe Commissioner for Human Rights Dunja Mijatović published a memorandum on the humanitarian consequences of the conflict. The most acute problems in the document are the high concentration of mines and other explosive weapons of war in the region; the issue of prisoners of war and missing persons; the problem of refugees and displaced persons; human rights violations.

Along with this, the Commissioner noted that access to the conflict zone remains very limited for organizations providing humanitarian assistance, as well as for human rights monitoring missions. Their activities are increasingly obstructed<sup>198</sup>.

In response to the published memorandum, Armenia and Azerbaijan accused each other of hindering international organizations from providing assistance to the civilian population. Baku is ready to support the trips of UN agencies' personnel to the conflict zone only if they are carried out through the territory of Azerbaijan—any other routes (entry from Armenia) are considered as a violation of Azerbaijani borders. Also, Azerbaijan objects to the opening of offices of international organizations in the territories of Karabakh that are not yet under its control, stating that their activities should be carried out by representative offices in Baku. In response, Yerevan started to insist that international agencies should have access to the Armenian-populated parts of Karabakh only from the territory of Armenia. Given the atmosphere of deep mistrust and the connection to the issue of the political status of the region, a compromise on access for international organizations will be hard to achieve.

Resolution 2391 (2021) of the Parliamentary Assembly of the Council of Europe states that the International Committee of the Red Cross plays an essential role as the only international organization that has access to the entire region affected by the conflict<sup>199</sup>. At the same time, a number of international structures—not only the ICRC, but also the UN High Commissioner for Refugees, Action Against Hunger, People in Need, UNICEF, UN Development Program, World Food Program, etc.—provide assistance to refugees from Karabakh in Armenia. The largest donors of humanitarian aid are the United States of America, the European Union, the Russian Federation, Japan, France, Canada, Norway, Sweden<sup>200</sup>.

Financial and advisory support from international organizations and foreign governments could facilitate rendering assistance to displaced persons, but their activities in Karabakh remain blocked. The ability to meet the needs of the victims of the conflict largely depends on the conclusion of political agreements between Baku and Yerevan. In addition, in the context of the development of parallel tracks aimed at the peaceful settlement of the Karabakh conflict, the OSCE civilian mission may have certain prospects. According to T. de Waal, in the new conditions it can still effectively act as a neutral international observer, reporting complaints of the civilian population in the conflict zone, monitoring unauthorized or suspicious actions and mediating in local disputes<sup>201</sup>.

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<sup>197</sup> MacFarlane S. N., Minear L. Humanitarian Action And Politics: The Case Of Nagorno-Karabakh. 1997. Occasional Paper 25. URL: [https://ciaotest.cc.columbia.edu/wps/wibu/0015217/f\\_0015217\\_12847.pdf](https://ciaotest.cc.columbia.edu/wps/wibu/0015217/f_0015217_12847.pdf)

<sup>198</sup> Memorandum on the humanitarian and human rights consequences following the 2020 outbreak of hostilities between Armenia and Azerbaijan over Nagorno-Karabakh. URL: <https://rm.coe.int/commhdh-2021-29-memorandum-on-the-humanitarian-and-human-rights-consequ/1680a46e1c>

<sup>199</sup> Humanitarian consequences of the conflict between Armenia and Azerbaijan / Nagorno-Karabakh conflict. 27.09.2021. URL: <https://pace.coe.int/en/files/29483/html>

<sup>200</sup> Armenia Inter-agency Response Plan Update 2021 (October 2020 - December 2021). 28.10.2021. URL: <https://reliefweb.int/report/armenia/armenia-inter-agency-response-plan-update-2021-october-2020-december-2021>

<sup>201</sup> De Waal T. Unfinished Business in the Armenia-Azerbaijan Conflict. 11.02.2021. URL: <https://carnegieeurope.eu/2021/02/11/unfinished-business-in-armenia-azerbaijan-conflict-pub-83844>

## CONCLUSIONS

The events of the 2020 autumn were decisive for the South Caucasus. The 44-day war radically changed the status quo in the Karabakh conflict zone. Its results not only open a new stage in the history of the region and create a new regional reality. They provide material for reflection and assessment of the (in)effectiveness of international efforts to prevent escalation.

The military victory of Azerbaijan clearly demonstrates that the efficiency of the force tools for the restoration of territorial integrity cannot be rejected. Humanistic hopes for diplomacy, compromises and principles of peaceful settlement as a universal panacea for war have not been fulfilled. Azerbaijan managed to secure military superiority over Armenia and exercised it in the course of a rapid military campaign. Baku's successes were recorded in the Ceasefire Statement of November 10, 2020. Under its conditions, Azerbaijan not only regained control over all seven occupied districts around the territory of the former NKAO (while retaining the conquered positions within Karabakh itself), but also received a guarantee of safe transport links to the Nakhchivan enclave through the territory of Armenia. Although this condition has not yet been observed (not least because of the vague wording and the new format of the conflict moderation by the Kremlin), its recognition in the document strengthens Azerbaijan's negotiating position in the diplomatic process in the aftermath of the 44-day war.

However, force is not a universal solution. Its use can be successful only if several factors are combined. Azerbaijan had carefully prepared for the possibility of a military operation by building and reforming its national armed forces. It had at its disposal all the resources necessary for this. Objective conditions gave it an advantage over Armenia. This does not diminish the importance of the factor of effective governance and public dedication aimed at the implementation of the national idea—revenge for the defeat in the First Karabakh War and the liberation of the occupied territories. However, he explains that the Azerbaijani experience should not be considered a panacea for all conflicts.

That said, Baku's approach to rebuilding the national armed forces deserves special attention. The latest approaches to planning and training allowed Azerbaijan to build a modern, highly mobile army that defeated the old Soviet-style Armenian army in battle. In the conditions of aggravation of the conflict potential of the regional landscape in the South Caucasus, the Azerbaijani experience of building the national defense sector (in particular, reforming the armed forces, their proper material support, strategy and tactics of their use, etc.) can be considered as effective and exemplary in terms of its use by other post-Soviet states.

From the military point of view, the 44-day war reaffirmed accuracy of the statements about the key role of battlefield awareness and prompt response to changes in the situation in order to achieve military success. Unmanned aerial vehicles—Turkish Bayraktar TB2 strike drones and Israeli Harop kamikaze drones—became a symbol of Azerbaijan's victory. In fact, however, the key role was played by the creation of a unified information space by Azerbaijani troops, which allowed them to effectively use the available means (UAVs were only one of them, and artillery played an extremely important role in Azerbaijan's victory). Also, we should not ignore the high morale and motivation of the Azerbaijani military—after all, the liberation of the occupied territories was the basis of the national idea and a consolidating factor of the Azerbaijani society. At the same time, the defeat of the Armenian formations showed that the presence of soldiers ready to fight (the desire of people in the Armenian trenches to defend their positions should not be underestimated) cannot compensate for the lack of professional military training and logistics, mistakes of the military command and miscalculations of the political elite.

The resumption of hostilities in the Karabakh conflict zone was inevitable, given the extreme antagonism between Yerevan and Baku (not only at the highest political level, but also in public perception, which made the idea of any concessions toxic for both sides). It can be stated that during this war Azerbaijan achieved a remarkable success in restoring its territorial integrity recognized by international law. The means and sacrifices that accompanied this process may cause dissatisfaction of outside observers who hoped for a peaceful settlement. Nevertheless, they cannot deny the fact that Baku had the right to use force to reinstate its internationally recognized borders.

At the same time, we should note that Baku's jurisdiction mainly returned to the areas where hardly any Armenian population was present (with the exception of the cities/districts of Hadrut and Shusha, a number of villages of Khojavand and Khojaly districts in the former NKAO, as well as parts of Lachin and Kalbajar districts, where Armenian settlers resided during the occupation). However, the continuation of the de-occupation of the region implies the return of the Azerbaijani flag to the areas of compact residence of Armenians in Karabakh. This brings into focus another important matter that defines the agenda of the current negotiation process—namely, guaranteeing the security and rights of the Armenian population of Karabakh. This is the issue to which Armenia has been consistently appealing, defending its position on the Karabakh settlement. For Yerevan, the future of the Karabakh Armenians remains a fundamental issue.

It has to be stated that despite the significant changes in the region, the conflict is not over. Azerbaijan has regained control over seven occupied districts and part of the territory of the former NKAO. Yet, its territorial integrity has not been fully restored. Moreover, Baku's demands on disarmament and withdrawal of Armenian formations from the territories under the responsibility of the Russian military contingent have not been fulfilled. Russia has actually taken the so-called "NKR" under its protectorate, and is trying to use the new post-war status quo in the region in its own imperial interests.

Baku has the potential to complete the de-occupation process with the use of force, but this scenario poses a risk of losses—human, material and, above all, image ones. Therefore, diplomacy and mutual understanding remain more acceptable tools for conflict resolution. It should be noted that the final resolution of the conflict will be possible not so much when the Azerbaijani flag returns to Khankendi / Stepanakert and the procedure of demarcation of the Armenian-Azerbaijani border is completed. Peace, much needed in the South Caucasus, will come only if the Armenian and Azerbaijani societies reach an understanding.

No stable peace in the region can be achieved without resolving the conflict at the societal level, given the extreme antagonism between the two opposing sides. Even the achievement of a political compromise will not be able to level the factor of historical enmity and rejection of each other by the parties—which in the long run will create preconditions for sustaining the confrontation. The scale of mutual claims of the parties to the conflict will make it extremely difficult to solve this problem. It will take time and effort, which should be aimed at the fostering of public dialogue.

For a long time, the unwillingness of both Azerbaijan and Armenia to make any serious compromises to reach a peace agreement was a significant obstacle in the peace process. Military victories inspired and formed a tough position of the winner on the diplomatic front. Thus, after the successes in the First Karabakh War, Armenia was not ready for any concessions—even with regard to the de-occupation of the areas around the territory of the former NKAO, in respect of which it had not made claims in the past. Similar trends can be traced in the position of Azerbaijan after the victory in the 44-day war. Statements that the conflict has already been put to an end and is de facto resolved do not

correspond to the reality, as part of the territory of Karabakh still remains outside Baku's jurisdiction, and the future fate of the local Armenian population is of concern to influential international actors.

Azerbaijan is currently trying to separate the processes of restoring territorial integrity in terms of Karabakh's reintegration and reaching a peace agreement with Yerevan. It considers the first issue to be exclusively domestic politics. Still, the process of its solution will obviously remain under the scrutiny of the international community concerned about the fate of the Armenian population of the region. Baku's statements on granting Azerbaijani citizenship to Armenians who lived in the region before the conflict and their descendants is a logical and expected step. However, the lack of transparent mechanisms for the implementation of the reintegration process and the gradual restoration of Azerbaijani jurisdiction over Karabakh is a cause for concern for the international community. Azerbaijan—if it does not want to suffer image losses—should convince the world that it has a clear vision of the future of the region, in which there is a place for all its residents. At the same time, Western liberal democracies should understand the nature of specific aspects of this process (for example, accepting that from Azerbaijan's point of view, the resettlement of Armenians in Karabakh after the conflict was illegal, and that such settlers are not the autochthonous population of the region).

If humanitarian problems are the constraining factors of the peace process, the future economic dividends may become its driving force. For many years, the Armenian-Azerbaijani conflict remained a factor that hindered the sustainable development of the South Caucasus region, in particular the full use of its geopolitically important transit potential for transcontinental routes in the North-South and East-West directions. The results of the 44-day war changed this situation. In case a comprehensive peace agreement between the parties to the conflict is reached, it may contribute to the improvement of the regional environment—benefiting both the countries of the region and interested external players. Thus, the economic factor creates preconditions for ratcheting up the peace process.

Normalization of relations with the neighbors is primarily important for Armenia, which suffers heavy economic losses due to the closure of the borders with Türkiye and Azerbaijan. It is cut off from regional transport routes. Existing communication routes with Georgia and Iran are not reliable due to natural conditions (mountainous terrain), and in some cases are also blocked due to proximity to the conflict zone. Achieving a political settlement of relations with Baku will give Armenia the opportunity to take full advantage of its transit potential. The comprehensive involvement of the country in the regional system of transport links should help to overcome the crisis trends and increase revenues, as well as become the key to its successful economic development in the future.

Azerbaijan considers the unblocking of transport routes in the South Caucasus through the prism of the prospects of the Zangezur corridor. Baku believes that this route is the only alternative to fulfill the terms of the November 10, 2020 Ceasefire Statement. It provides the shortest route to the Nakhchivan enclave—therefore, the Azerbaijani authorities do not see any point in considering alternative, longer routes through Armenian territory. At the same time, Yerevan fears that if the corridor is opened, it will lose actual control over the southern regions of the state. This is unacceptable for Armenia both with regard to the protection of its territorial integrity and the preservation of communication routes with Iran.

Resolving these contradictions in the positions of the parties, taking into account the global importance of the issue of transport corridors, may become one of the tasks of external mediators. The active work of the international community on solving practical

aspects of interaction in the South Caucasus can give a new impetus to the processes of peaceful settlement of the Armenian-Azerbaijani conflict—and level the negative image that has formed around international efforts to resolve the Karabakh problem.

The 44-day war clearly underlined the fact widely known in the expert circles of the failure of international efforts for the diplomatic settlement of the Karabakh conflict during the 1990s–2010s. This happened largely because the international community—both the co-chairs of the OSCE Minsk Group and the international organizations responsible for maintaining international peace and security—actually refused to use effective force instruments of “peace enforcement”, taking a wait-and-see attitude.

Thus, on the one hand, no state in the world (including Armenia) has recognized the separatist movement of Karabakh Armenians. The inviolability of the principle of territorial integrity has been repeatedly reiterated in the international arena. In this context, it should be interpreted as a confirmation of respect for the internationally recognized borders of Azerbaijan. Yet, Baku was reasonably dissatisfied with the international community’s lack of support for practical measures aimed at restoring Azerbaijani sovereignty in Karabakh. Azerbaijani authorities, experts and society see a policy of double standards when comparing the reaction of European and North American countries to the conflict in Karabakh and other conflicts in the post-Soviet space. The prejudice towards the Azerbaijani political system on the part of the West also played a role here.

It is hard to disagree that the Karabakh conflict was perceived quite differently on both sides of the Atlantic than the events in Transnistria, Abkhazia, South Ossetia, Crimea or Donbas. However, the sympathetic attitude towards the idea of Armenian separatism did not evolve into something more than statements and proposals of individual politicians, or legally non-binding decisions of the authorities that have no foreign policy implications. No one planned to carry out a so-called “Kosovo scenario” in Karabakh, as it would undermine the basic principles of international law. Nevertheless, the conditionally soft stance of the international community on the issue of Armenian separatism fueled Yerevan’s illusory expectations that the status quo in the region, which was formed as a result of the First Karabakh War, could eventually be legitimized. These delusional hopes, as well as unreasonable assumptions of unconditional support from the Russian Federation, prevented the Armenian leadership from making a realistic evaluation of the situation and building a rational policy on the Karabakh direction.

The international community has failed to develop effective tools and proposals for the resolution of the Karabakh conflict and, as a result, has withdrawn from the problem. The status quo that existed for 26 years—the freezing of the conflict—was perfectly suitable for the leading players. No one was ready for decisive actions in favor of either side. In fact, under the guise of humanistic principle “if only there was no war”, mediators demonstrated their helplessness and unwillingness to take responsibility for resolving interstate conflicts in the South Caucasus.

The OSCE Minsk Group, formed to address the conflict, proved to be ineffective, demonstrating its inability to ensure the fulfillment of its task of achieving a comprehensive settlement of the conflict. Its co-chairs—the United States, France and the Russian Federation—were guided by the narrow national interests of their policies in the South Caucasus region, which made it impossible to reach a broad consensus and coherence on the practical steps needed to ensure lasting peace.

The end of the Cold War and the collapse of the bipolar system of international relations provided Western countries with certain moral advantages that allowed them to play the role of a civilizational beacon designed to lead the world to peaceful coexistence based on the principles of mutual respect and cooperation. However, they failed to perform

this task, including due to reluctance to actively fulfill such a role and mistakes in the conduct of foreign policy. The latter is also relevant when considering the situation in the South Caucasus. An urgent problem was the poor understanding of the specifics of the region and the lack of strong influence on the negotiation process by the “western part” of the Minsk Group co-chairs—the United States and France. The South Caucasus attracted their interest mainly in the context of solving their own specific foreign and domestic policy tasks, such as deterring Iran or flirting with the Armenian electorate. In a broader sense, these states were quite comfortable with Russia's dominant role in the region, as a result of which it has long been in the shadow of the Russian vector of Washington's and Paris' foreign policy (especially in the 1990s, when the West expected qualitative transformations in Russia and its democratic development). As a result, the U.S. and France left the South Caucasus—and the Karabakh problem—without due attention. Meanwhile, for Russia, the Armenian-Azerbaijani conflict was only a tool for projecting its influence and imperial ambitions, with its resolution never seen as a long-term foreign policy goal.

In this context, we should consider the geopolitical results of the 44-day war. It is obvious that the role of the Republic of Türkiye in the South Caucasus has been strengthened. This trend should in no way be seen as a challenge to the stability of the region. It is a natural way of its development and is justified by the regional weight of Ankara, which is emerging as an active geopolitical player. The real threat, the key negative consequence of the 44-day war, is the stronger Russian positions in the region since Russia deployed its military contingent in Karabakh and tried to monopolize the Armenian-Azerbaijani peace process.

The West has already made a mistake in the early 1990s, when it actually stepped aside from solving many problems of the post-Soviet space and gave tacit consent to the dominance of the Russian Federation here. It should not be repeated, because Russia will never play a constructive role of a mediator. Moscow is not interested in resolving conflicts between former Soviet republics. It takes advantage of the antagonism between them to preserve its own hegemony and project its influence. Russia is pursuing the imperial project “USSR 2.0”, under which it seeks to restore its dominance in the territories that were once part of the Russian Empire or the Soviet Union. In the case of the Karabakh conflict, Moscow's destructive role in the region is evident. The Kremlin is trying to control the conflict in order to keep Yerevan in its orbit and simultaneously gain leverage over Baku. All hopes that Russia can act as a stabilizing factor in the region are misguided. Expectations that the Kremlin can become a guarantor of the security of Karabakh Armenians are vain, as well as assumptions that Moscow will act as a highly effective mediator and put pressure on Yerevan to spur the peace process on Azerbaijani terms.

The conditions of the Ceasefire Statement of November 10, 2020 not only recorded Azerbaijan's victory in the 44-day war. Russia tried to maximize the benefits of the new status quo in the conflict zone—and created a trap for Yerevan and Baku to fall into. Russia's so-called “peacekeeping” and “mediation” were meant to preserve the Kremlin's influence in the South Caucasus, increasing Armenia's dependence on Moscow (with the aim of eventually depriving it of real sovereignty) and shaping the course of Russian-Azerbaijani relations.

The full-scale Russian invasion of Ukraine on February 24, 2022 changed the geopolitical realities of global affairs. On the one hand, aggression against Ukraine diverts Moscow's resources from other regions, and defeats on the fronts reduce Russia's power potential. This weakens Russia and opens new opportunities for the countries of the South Caucasus. On the other hand, Russia's actions have revealed its imperial neo-colonial intentions—and the civilized world must respond adequately. Counteraction to the Russian

regime should be comprehensive and include not only support for Ukraine, but also other directions. We should abandon any illusions that the current Russian regime can play a constructive role in any regional processes. We should not be deceived that the torturer of Ukraine can become a “peacemaker” in the South Caucasus. The countries interested in the settlement of the Armenian-Azerbaijani conflict should understand that this can be done only if Russia is deprived of its influence in the region and the initiative in the peace process is taken away from it.

In this regard, the creation of negotiating platforms alternative to the Russian one is essential. Recent initiatives of the European Union demonstrate the ability of Brussels to play a leading role in bringing peace to the region. The international community should work actively in this direction, stimulating the Armenian-Azerbaijani dialogue at the highest level and contributing to the smoothing of bilateral relations. Both Baku and Yerevan are the main beneficiaries of the peace process, which requires constructive moderation and should be based on the generally accepted principles of peaceful settlement: maintenance of security and restoration of justice in the conflict zone on the basis of full and universally recognized respect for international law and territorial integrity of the countries of the South Caucasus.