



Nagorno-Karabakh: Seeking a Path to Peace in the Ukraine War's Shadow

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What's new? In the shadow of Russia's war in Ukraine, escalating hostilities in and around Armenian-populated Nagorno-Karabakh – including the Azerbaijani capture of an ethnic Armenian village in late March – have sparked both fears of renewed conflict and hopes for peace talks.

Why does it matter? If it escalates, the uptick in fighting could reverse tentative progress toward normalisation of relations – and, eventually, peace – between Armenia and Azerbaijan. The war in Ukraine may distract both Russia and other states whose engagement will be necessary to facilitate talks and forge a durable resolution.

What should be done? Armenia, Azerbaijan and the de facto Nagorno-Karabakh authorities should continue national and local talks on economic and other issues where there may be common ground. The OSCE Minsk Group co-chairs (Russia, France and the United States), the European Union and Turkey should help keep these dialogues going.

I. Overview

Seventeen months after a Russian-brokered ceasefire ended the second Armenia-Azerbaijan war in 30 years, renewed fighting could undermine the truce. Officials in Yerevan and de facto authorities in Stepanakert fear that Baku will take advantage of Russian and Western preoccupation with the war in Ukraine to recapture more land in Armenian-populated Nagorno-Karabakh. Azerbaijan sees the whole territory as its own under international law. It insists that the de facto authorities' armed forces are illegal and wants Russian peacekeepers to disarm them. Russia is wary of escalation, which could dash its hopes to play a leading role in a stable South Caucasus. But the Ukraine war may diminish Moscow's leverage and block the Kremlin from collaborating openly with France and the U.S., the other co-chairs of the main forum for talks on peacemaking. Given the costs of fresh conflict, these powers and others – like the European Union and Turkey – should cooperate quietly to sustain a range of dialogue formats and encourage continued national and local talks to explore economic issues and steps to lower tensions.

The roots of the Nagorno-Karabakh conflict stretch back decades. In 1988, ethnic Armenians living in what was then the Nagorno-Karabakh Autonomous Oblast (NKAO) – a majority-Armenian enclave inside the territory of Soviet Azerbaijan – demanded its transfer to Armenia. As the Soviet Union collapsed, frictions grew into outright war. The first Nagorno-Karabakh war ended in a Russian-sponsored ceasefire in 1994, with Armenian forces in control of NKAO, which declared independence, as well as seven Azerbaijani territories to the west, south and east of Nagorno-Karabakh. This status quo held until the second war, which began in September 2020. At that conflict's end, Azerbaijan had the upper hand. In another ceasefire forged by Moscow, it took control of part of Nagorno-Karabakh, including the towns Shusha and Hadrut, and the seven adjacent territories it had lost in 1994. Russian peacekeepers deployed to patrol the portions of the former NKAO that remained in the hands of ethnic Armenians, as Yerevan's troops withdrew.

The region has seen some fighting in the period since the ceasefire, in particular near Nagorno-Karabakh's perimeter and along the Armenia-Azerbaijan state border. Since Russia's 24 February invasion of Ukraine, however, the risk of an escalation that could bring the region back to open conflict may have increased. The most recent clash between Azerbaijani forces and those of the de facto authorities in late March resulted in Azerbaijan claiming control of the village of Farukh, which lies in an Armenian-populated district of Nagorno-Karabakh that had been under the administration of the de facto authorities there. (Crisis Group uses Soviet-era place names for locations in Nagorno-Karabakh.)

In spite of these tensions, Armenian and Azerbaijani officials are talking – their most recent meeting was in Brussels on 6 April. While their sporadic discussions have proven inconclusive to date, recent statements from Yerevan show some willingness to compromise. But with respect to core issues concerning the fate of Nagorno-Karabakh itself, the parties for now remain far apart.

With the Azerbaijanis now firmly in control of the seven adjacent territories that Armenian forces had seized in the first war, the core territorial dispute is now entirely focused on Nagorno-Karabakh itself. Azerbaijan's position is that the only deal it wants is one that begins with unequivocal acceptance by Armenia of Baku's sovereignty over all territory within its internationally recognised borders, including the whole of Nagorno-Karabakh. It has not been interested in exploring creative solutions for the status of Nagorno-Karabakh of the sort floated between the two wars that entailed a high degree of autonomy from Baku and self-governance, including their own police forces. Instead, it argues that ethnic Armenians living in Karabakh will simply be Azerbaijani citizens. For the Armenians and the de facto authorities, these pledges are insufficient, although Yerevan's leadership has indicated that security and rights for Karabakh Armenians may be more crucial to them than the territory's status.

Under the circumstances, the most promising strategy may be the same one that mediators have relied on to date: encourage the parties to work together on less sensitive issues, like the restoration of economic ties, while slowly exploring paths toward a more long-term deal. The demarcation of state borders between Armenia and Azerbaijan also needs attention. Concentrating on these matters may not make the issue of Nagorno-Karabakh's status that lies at the core of the Armenian-Azerbaijani dispute easier to resolve, but if the parties can continue to talk rather than fight, then perhaps the atmosphere for tackling those tough questions can also improve.

In the meantime, the outside actors with the most influence – Russia, France, the U.S., the EU and Turkey – will need to arrive at a modus vivendi that allows them to pursue their mutual interest in stabilising the South Caucasus, even as they square off over Russia's continued invasion of Ukraine. While overt collaboration between Moscow, on one hand, and Paris, Washington and Brussels on the other seems unlikely, if not impossible, absent a just settlement in Ukraine, the two camps can and should try to reach quiet understandings about how to manage tensions in and around Nagorno-Karabakh. The Western powers should make clear that they support Russian mediation and peacekeeping efforts, and all should signal that they wish discussions between the two sides to proceed in multiple formats, at both the national and local levels. Given the strength of its relationship with Baku, and its interest in warmer relations with Yerevan, Ankara may be well positioned to help contain disputes as they arise.

A durable solution to the Nagorno-Karabakh conflict is not yet within reach. But if outside actors can cabin their disagreements and give each other sufficient space to play their respective roles, it may be possible to fend off a return to war and help make a settlement more plausible.

II. New Fighting Follows Old

The unsteady calm along the line of contact between Azerbaijan and Armenian-populated territories in Nagorno-Karabakh has been fraying for weeks. Except for areas over which Baku reasserted control in the second war, Nagorno-Karabakh has been patrolled by Russian peacekeepers since the November 2020 ceasefire that ended six weeks of war between Armenia and Azerbaijan. It continues to be governed by de facto local authorities, whose forces face off against Azerbaijani units along a new front line created by the war.

While there have been intermittent clashes over the past months, recent weeks saw a rise in violence greater than any since the second war ended. Starting in February, the region's de facto leadership has reported near-daily military incursions, shelling and other dangerous activities, and Azerbaijani authorities also noted skirmishes. De facto authorities accuse Azerbaijani forces of broadcasting the Muslim call to prayer over loudspeakers into Armenian Christian villages, along with blaring warnings to residents that Azerbaijan considers their farming illegal and thus they should leave the region.¹

Tensions have been concentrated in two key areas. One is in the mountains encircling Agdam, a region in the east of Nagorno-Karabakh, regained by Azerbaijan in the 2020 war. The other is in the south of the portion of Nagorno-Karabakh that remains under de facto authority control. Near Agdam, strategic terrain includes a mountain range overlooking both Agdam and Armenian-populated settlements inside Nagorno-Karabakh's Askeran area, which includes villages at the feet of these mountains. Hit hard by the 2020 war, the locals were slow to return. Women and children began leaving these villages when shelling started in February. In the south, two Armenian-

¹ "Karabakh villagers complain about threats from Azerbaijani militaries", *Caucasian Knot*, 27 February 2022.

populated villages, Krasnyi Bazar and Tagavard, lie along major arteries that enable Baku to supply the city of Shusha, in Nagorno-Karabakh, which it also regained in the war. These two villages, also devastated in the 2020 fighting, are not fully controlled by Azerbaijan; Tagavard is now divided, with Azerbaijani military positions inside its territory.

The Russian peacekeepers deployed throughout Armenian-populated Nagorno-Karabakh since the ceasefire stepped up their patrols in both areas at the beginning of March, visiting daily as of 9 March. But that has not kept the peace. On 11 March, the de facto defence ministry indicated that Baku used heavy weapons for the first time since the November 2020 ceasefire: a 120mm mine shell landed close to a school in the Armenian-populated village of Khanabad.² Fearing an escalation, local de facto authorities reported that they evacuated women and children from this village and nearby, while Azerbaijan denied carrying out an attack and blamed the local de facto forces for provoking tensions.

After heavy weapons use was reported, Russian forces pressed both Armenians and Azerbaijanis to back away from their established positions and trenches in order to widen the space between the combatants. De facto troops left the area under Russian peacekeeper monitoring in late March. Azerbaijani forces, however, remained in place.

Then, on 24 March Azerbaijani soldiers entered the Armenian-populated village of Farukh in Nagorno-Karabakh, near Agdam. The ensuing skirmishes between these units and de facto Nagorno-Karabakh's defence forces amounted to the biggest clash since the ceasefire. Additional, smaller clashes followed around the nearby Kartan-glukh heights, with de facto authorities reporting a 25 March drone attack in this mountainous area by Azerbaijan. They also said three of their personnel were killed and fifteen wounded on 24 March alone. Azerbaijan, for its part, denied violating the ceasefire agreement. An Azerbaijani official told Crisis Group that the force movements into Farukh had been previously agreed with Russian peacekeepers and representatives of the de facto authorities, and that clashes resulted from an unprovoked attack on an Azerbaijani soldier, which escalated.³ De facto authorities denied this version of events.⁴

On 25 March, U.S., EU, and French officials called on Azerbaijan to return to its previous positions. The Russian defence ministry confirmed that Azerbaijan had used the Turkish-made TB-2 Bayraktar drone in its strikes and echoed calls from Washington, Brussels and Paris that Azerbaijani troops go back to where they were on 23 March. Russian officials, including President Vladimir Putin and Defence Minister Sergei Shoigu, have since talked to their Armenian and Azerbaijani counterparts repeatedly. But despite a 26 March Russian defence ministry statement that "following the negotiations, Azerbaijan withdrew its units from the area of the settlement of Farukh", Azerbaijani authorities have indicated that they have neither withdrawn nor intend to do so. Russian peacekeepers have now deployed their reserve troops in Farukh in order "to prevent further advances by Azerbaijani forces".⁵ On 29 March,

² "Nagorno-Karabakh reports about a mortar shelling attack on a rural school", *Caucasian Knot*, 11 March 2022.

³ Crisis Group interview, senior Azerbaijani official, 28 March 2022.

⁴ "Artsakh denies Azeri reports of attempted subversion", *Armedia*, 26 March 2022.

⁵ "Karabakh's village Parukh is under the control of peacekeepers", *Sputnik Armenia*, 28 March 2022 (Russian).

the peacekeepers released drone video footage showing several of their armoured vehicles and freshly dug trenches around the village.⁶

With some 400 local ethnic Armenians still displaced, Azerbaijani forces have commenced construction of a road to ease access to this and other newly established positions. While Stepanakert worries that Azerbaijan's new deployments could help it stage attacks deep into the Armenian-populated areas it administers, Azerbaijanis describe the movements as necessary to help Baku secure its civil works and infrastructure projects in and around Agdam. These projects, they say, are in turn necessary to prepare the region for the return of Azerbaijanis forcibly displaced in the first Karabakh war in the early 1990s. The projects include rehabilitating the nearby Khachinchay reservoir, expected to provide water critical for irrigation, as well as public consumption in Agdam city.⁷

III. Growing Tensions

In Armenia and Armenian-populated Nagorno-Karabakh, officials, analysts and citizens argue that Azerbaijan has embarked on the first step in a new military campaign, timed to take advantage of Russian and global preoccupation with the war in Ukraine. With negotiations between Armenia and Azerbaijan largely frozen, they worry that Azerbaijan will now try to forcibly gain control of the parts of Nagorno-Karabakh they were not able to recapture in 2020. They see events in Farukh as a precursor for more of the same elsewhere: a campaign of incursions and shelling intended to compel ethnic Armenians to leave, which they characterise as a form of ethnic cleansing.⁸ They are particularly concerned about areas where civilian settlements and military positions are in close proximity. The de facto leadership has voiced these fears since early March. In the wake of the 24 March attacks, they have called on international organisations and foreign governments to condemn Azerbaijan's actions. They have also asked Moscow to up its peacekeeping deployment.⁹

Baku denies any such intention or any connection between its actions and the war in Ukraine. Instead, Azerbaijani officials argue that skirmishes are the result of Armenia's force presence in the region, which they assert is a violation of the 2020 ceasefire agreement calling for the departure of Armenian troops. To all appearances, Armenia does seem to have withdrawn all its personnel, while forces of the de facto authorities, not addressed specifically by the agreement, remain under arms.¹⁰ Nevertheless, in early March, Azerbaijan's deputy foreign minister stressed that "the illegal Armenian military units [in Nagorno-Karabakh] must be unequivocally with-

⁶ Telegram channel of Russian peacekeeping forces in Nagorno-Karabakh, 29 March 2022.

⁷ Crisis Group interviews, senior Azerbaijani officials, 28-30 March 2022.

⁸ "Statement of the Foreign Ministry of Armenia", Ministry of Foreign Affairs of the Republic of Armenia, 26 March 2022.

⁹ "The Security Council of the Artsakh Republic Addressed an Official Letter to the Chairman of the Security Council of the Russian Federation Vladimir Putin", NKR InfoCenter, 26 March 2022.

¹⁰ Crisis Group interviews, Armenian official, military expert, journalist, Yerevan, August and November 2021. See also Crisis Group Europe Report N°264, *Post-war Prospects for Nagorno-Karabakh*, 9 June 2021.

drawn.”¹¹ Later in the month, a senior Azerbaijani official told Crisis Group that “the illegal Armenian military units are building new fortification lines disguised as agricultural activities and under the eyes of Russian peacekeepers. This is the reason for tension and skirmishes”.¹² Government-aligned Azerbaijani media outlets have since February called on Baku to conduct a military operation to disarm Armenian units in the region.¹³

Azerbaijan also complains that the Russian peacekeeping mission is ignoring a substantial Armenian build-up and shirking what they see as its duty to disarm de facto forces. An Azerbaijani official said “there are remnants of the Armenian armed forces and military equipment” in the region that must be removed.¹⁴ Azerbaijan accuses Russia of sending peacekeepers in excess of the force size specified in the ceasefire agreement and undertaking activities, such as humanitarian aid distribution, that are outside its duties as Baku understands them.

But despite Baku’s complaints, there is little reason to think that de facto forces are building up. These now number about 12,000 soldiers, just over half the size of the force commanded by the de facto entity prior to the 2020 war.¹⁵ Moreover, the front line that they patrol is two and a half times longer. They are also poorly equipped, as Armenia has withdrawn its forces to its territory and with them most of the heavy weaponry that was deployed against Azerbaijan during the fighting. Yerevan has sent no fresh forces to the area and is providing no new weapons to the de facto authorities. When individual Armenian military personnel have tried to cross into Armenian-populated Nagorno-Karabakh, Russian peacekeepers, who inspect vehicles watched by both their own and Azerbaijani surveillance cameras, refused them entry.¹⁶

As for the Russian peacekeepers, they appear to remain well within the force size limits of the ceasefire document. They now number only 1,600 soldiers, fewer than the 1,960 permitted by the agreement, and well below the 4,000 civilian and military personnel deployed in the war’s immediate aftermath.¹⁷ At the time of writing, they are in the midst of their twice-yearly rotation of personnel.

With this force size, the capacity of the Russian peacekeeping mission is necessarily limited. It operates 27 checkpoints, located primarily along key roads within Armenian-populated Nagorno-Karabakh, and along the Lachin corridor and the rest of the single road connecting Nagorno-Karabakh to Armenia. Starting in August 2021, it has added daily patrols throughout the peacekeeping zone of operation, focusing on settlements alongside or near the front line. Peacekeepers observe and report on the situation on the ground and also often provide security escorts to farm-

¹¹ “Illegal Armenian military units must be withdrawn from Azerbaijani territory: MFA”, APA, 11 March 2022.

¹² Crisis Group interview, senior Azerbaijani official, 12 March 2022.

¹³ “‘Coercion to fulfil conditions of tripartite statement’ – experts from Baku discuss situation in Karabakh”, Jam News, 14 March 2022.

¹⁴ Crisis Group interview, senior Azerbaijani official, Baku, March 2022.

¹⁵ Crisis Group interview, Armenian expert and journalist, Yerevan, November 2021.

¹⁶ Crisis Group interviews, residents and de facto officials, Stepanakert, March, April and November 2021.

¹⁷ Crisis Group interview, Russian academic closely affiliated with the Russian peacekeeping forces in Nagorno-Karabakh, March 2022. See also Crisis Group Report, *Post-war Prospects for Nagorno-Karabakh*, op. cit.

ers and to construction workers travelling to repair irrigation channels, water pipes and electricity lines. They also often accompany Armenian pilgrims visiting monasteries in Nagorno-Karabakh that are situated very close to the front, as well as Azerbaijani military and civilian convoys that enter Armenian-populated areas or use roads inside Nagorno-Karabakh.

On 22 March, the Russian peacekeepers started describing their contacts with the Azerbaijani and Armenian general staffs as necessary “to ensure the safety of Russian peacekeepers” in their daily reports about the situation on the ground, suggesting some concern about their own security.

Baku has been at best lukewarm about the mission from its inception. It takes umbrage at the fact that the mission stems from the trilateral ceasefire agreement among Azerbaijani, Russian and Armenian leaders signed in November 2020, arguing that because Nagorno-Karabakh is Azerbaijani territory, Armenian approval is irrelevant. Azerbaijan has also balked at formally defining a mandate for the peacekeeping force. One of the few concrete terms relating to the force is a five-year term, to be renewed if all agree; Baku has indicated that it would most likely prefer that the mandate not be extended.¹⁸ At the same time, however, Baku has not said how it expects things to play out if its demands are met: who, for instance, will provide security in Nagorno-Karabakh if local forces are disarmed and the peacekeepers leave?

In addition to military incidents, Azerbaijani, Armenian and de facto authorities have been sparring over a range of other items. One is gas supplies. The single pipeline delivering gas from Armenia to Armenian-populated areas in Nagorno-Karabakh ceased working as of 8 March due to damage that occurred on Azerbaijani-controlled territory. De facto authorities allege that Azerbaijanis engineered an explosion to stop supplies during extremely cold weather.¹⁹ Azerbaijani authorities rejected Russian peacekeeper requests to provide access for repair crews from Armenian-controlled territory.²⁰ Although the Russians patched the pipeline themselves, no gas flowed for eleven days – and then returned for only two days before another break in service until 29 March. Armenia and Stepanakert have accused Azerbaijan of deliberately disrupting the gas supply and indeed of installing a new valve, under the guise of the recent repairs, to let them turn the flow of fuel off and on.²¹ Baku retorted by warning Yerevan not to meddle in its internal affairs.²²

Detainees are another source of friction. Yerevan has pressed Baku to release at least 38 ethnic Armenian detainees, including civilians, who were taken prisoner either during the war or since. Armenians argue that detainee release is required by the 2020 ceasefire statement and that Baku is, in effect, holding these individuals hostages to

¹⁸ Crisis Group interview, senior Azerbaijani diplomat, 10 March 2022.

¹⁹ “Statement of the Foreign Ministry of the Republic of Artsakh on the Occasion of the Termination of Gas Supply”, Ministry of Foreign Affairs of the Republic of Artsakh, 22 March 2022.

²⁰ “State minister: Over 100,000 people in Artsakh fully deprived of gas heating”, Panorama.am, 12 March 2022.

²¹ “Statement of the Foreign Ministry of Armenia Regarding the Actions of Azerbaijan Aimed at Causing Humanitarian Crisis in Artsakh”, Ministry of Foreign Affairs of the Republic of Armenia, 22 March 2022; “Armenian PM: Baku’s actions prove Azerbaijan is responsible for blowing up gas pipe in Karabakh”, JAM News, 24 March 2022; “State minister: Azerbaijan seeks to expel Armenian population of Nagorno-Karabakh from their historic homeland”, ARKA News Agency, 12 March 2022.

²² “Azerbaijani foreign ministry responds to Armenia’s accusations”, Turan Agency, 25 March 2022.

force political concessions from Yerevan in future negotiations.²³ Baku, however, claims that all the detainees in its custody entered the Azerbaijani territories after the ceasefire deal took effect and are thus not covered by it, despite evidence that some had in fact been imprisoned prior to the ceasefire.²⁴ They are being held on terrorism charges.

In addition, Stepanakert is frustrated by Azerbaijan's practice of detaining farmers and cattle herders who accidentally cross the new line of contact as they work. As evidenced by Crisis Group's Nagorno-Karabakh Visual Explainer, at least six residents of the area near Agdam have been held for short periods.²⁵

IV. Russia's Precarious Role

Russia's role in Nagorno-Karabakh diverges sharply from those it plays in other conflicts in the post-Soviet space – most prominently Ukraine (where it is widely seen as the aggressor and its actions have provoked broad condemnation, particularly in the West). Although Moscow here, as elsewhere, undoubtedly pursues its own interests, in this case these tend to be more aligned with broader peace and security goals. Russia's stated aims and pattern of engagement suggest that its intention, broadly speaking, is to enable reconciliation between Azerbaijan and Armenia and a resolution of the future of Nagorno-Karabakh, and to prevent the resurgence of violence. For Moscow, achieving these ends would reinforce and deepen Russian influence in the South Caucasus and allow it to function as the central regional power broker. It views the region as part of its sphere of influence.

Moscow has opposed the deployment of other countries' peacekeeping forces, although it has had no real competition, being the only outside power willing to send troops since the first Karabakh war ended in 1994. At that time, the Organization for Security Cooperation in Europe (OSCE), meeting in Budapest, committed to send a multinational peacekeeping mission to Nagorno-Karabakh once a peace agreement was in place. But as negotiations stalled, so did plans for such a deployment. Baku and Yerevan, for their part, have long been concerned about Russia's dominance, which was precisely what Moscow wanted to ensure.²⁶

On the diplomatic front, Moscow has been more collaborative. It has sought to maintain the OSCE Minsk Group process, established to facilitate peace at the end of the first Karabakh war. Russia co-chairs this group with France and the United States, although even before the second war it was the most engaged of the three. The process was somewhat stagnant in the years leading up to the second war. In the war's aftermath, Russia's willingness and ability to deploy forces has in some respects cemented its place as first among equals.

As for the conflict parties, Armenia also supports the continued role of the OSCE Minsk Group co-chairs. This process, for all its failure to reach agreement over nearly three decades, provided a forum in which de facto authorities could participate and

²³ Crisis Group interview, Armenian official, Yerevan, November 2021.

²⁴ "Azerbaijan releases all POWs to Armenian side", TASS, 15 March 2021.

²⁵ See Crisis Group's Nagorno-Karabakh Visual Explainer.

²⁶ Crisis Group Europe Report N°255, *Digging out of Deadlock in Nagorno-Karabakh*, 20 December 2019.

ensured that questions of Nagorno-Karabakh's status and security remained on the table. By contrast, Baku formally rejects the OSCE process, arguing that it has been rendered obsolete by Azerbaijan's November 2020 military victory. Its officials have nevertheless engaged with the co-chairs since 2021. They have told Crisis Group that they see the OSCE Minsk Group as potentially valuable in supporting confidence-building measures that, for example, promote contacts between the ethnic Armenian residents of Nagorno-Karabakh and Azerbaijanis.²⁷

Meanwhile, Russia's peacekeeping presence sets Moscow up as the only real guarantor of security for Armenians living in Nagorno-Karabakh and has thus left Yerevan more dependent on it. Armenia's armed forces were both proven less capable than Yerevan had hoped and degraded substantially by the 2020 war.

Russia's relationship with Azerbaijan is more complicated. For Baku, Russia's ceasefire deal has certain advantages, consolidating its gains in the war while postponing the resolution of difficult questions about the future of Nagorno-Karabakh and the Armenians living there. In the meantime, Azerbaijan has the leeway to concentrate resources on rebuilding the regained territories. But, while Russian President Putin seems to genuinely believe in the strength of his personal relationship with his Azerbaijani counterpart Ilham Aliyev, Azerbaijani officials remain nervous about the presence of Russian peacekeepers in Nagorno-Karabakh, which they see as Russian forces on Azerbaijan's internationally recognised territory.²⁸ Opposition to the peacekeepers' presence intensified in the wake of Russia's offensive in Ukraine, with some voices – mainly opponents of the Aliyev government, journalists and civil society figures – referring to them as an “occupying power”.²⁹ Government officials reject this narrative and accuse those who disseminate it of doing harm to Baku's relations with Moscow.³⁰

The bottom line, however, is that Russia has played a crucial mediation role between Armenia and Azerbaijan since November 2020. The two sides have communicated mainly through Russian diplomats, who have had some success in defusing tensions and preventing clashes from escalating (though not in keeping the clashes from happening in the first place).

But parts of its agenda remain stuck. Moscow's strategy since the 2020 war has been to push forward economic re-engagement, implementation of transport projects and normalisation of Azerbaijani-Armenian relations. Its hope has been that economic ties could help with the normalisation effort, even if the hardest issues relating to Nagorno-Karabakh's future must be postponed to a date when (perhaps due to closer economic ties) prospects for discussions seem brighter. But it has also been difficult to make progress on more modest goals, such as the restoration of transport links between Azerbaijan and Armenia, and the delimitation and demarcation of their state borders. These remain on the negotiating table for future discussions.

Against this backdrop, the recent instability threatens to undermine Russia's role and reverse the wobbly steps toward peace taken to date. For Armenia and Nagorno-Karabakh's de facto authorities, Azerbaijan's seizure of Farukh and refusal to with-

²⁷ Crisis Group interview, senior Azerbaijani diplomat, 10 March 2022.

²⁸ Crisis Group interview, Russian expert, 12 May 2021.

²⁹ “Peaceful occupant”, *Paralel.az*, 30 March 2022; “Peaceful occupier – How can the aggressor in Ukraine create peace in Karabakh?”, *Yeni Xeber*, 3 March 2022 (Azerbaijani).

³⁰ Crisis Group interview, senior Azerbaijani official, 28 March 2022.

draw forces, even with Russian peacekeepers present, raise doubts about Moscow's influence over Baku and thus its ability to protect residents or prevent a new war.³¹ This risk may be exacerbated if Russian forces face more setbacks in Ukraine. It is too early to know how the Ukraine conflict will affect either Russian power or perceptions of it in the region, but if Baku and Yerevan lose confidence in Russia's military might, commitment and overall capacity, its leverage over both will shrink – particularly with respect to Azerbaijan, where observers report that anti-Russian sentiments were already rising before the war.³² In this scenario, Baku may find fewer reasons to accommodate Russian preferences – for example, with respect to extending the Russian peacekeeping mission. That said, even if Armenia no longer sees Russia as a reliable security guarantor, it will remain dependent on it economically.

V. Implications

An escalation in Nagorno-Karabakh risks sparking another war, with substantial loss of life, displacement and suffering. Even short of full-blown war, new skirmishes could have lasting effects. For parts of Nagorno-Karabakh administered by de facto authorities, which have been in dire straits since the 2020 fighting ended, surges of violence would disrupt farming critical to survival and put additional strain on residents struggling to support, not only themselves, but also new arrivals displaced from territory now controlled by Azerbaijan. If the peacekeeping mission is disrupted, these people would also lose their access to water and other needed infrastructure on Azerbaijani-controlled territory, as well as their ability to retrieve cattle that wander over the line of contact.

If Baku were to embark on a new escalation, it might do so in part because it believes that Russian peacekeepers would step aside, sparing it the risk of clashes with Russian forces. It may also believe that Turkey will do little more than chastise it quietly. Further, it may also believe that European powers are unlikely to be especially punitive if it extends offers of economic normalisation to Yerevan once it is fully in control of Karabakh – assuming that residents either integrate into Azerbaijan or leave for Armenia in a way that Baku can credibly describe as voluntary and which allows them livelihoods and mitigates concerns about the protection of civil and political rights.

This calculation may undersell the reputational price that Baku would pay for regained control of territory and the possibility of blowback from outside actors, who have been primed by the crisis in Ukraine to be especially sensitive to actions that could result in forced displacement and concomitant accusations of ethnic cleansing of Armenians from Nagorno-Karabakh. How disapproval would manifest itself is not clear, however. One possibility is that, if Azerbaijan has hopes of enlarging its role as a gas supplier to the EU, such actions could dash them.

Turkey, which has embarked on tentative normalisation with Armenia, also faces risks if Azerbaijan undertakes new offensives. Given its tight relations with Baku, it

³¹ “Prime Minister Nikol Pashinyan's concluding speech at the National Assembly during the discussion of the performance report of the Government Action Plan for 2021”, Office of the Prime Minister of the Republic of Armenia, 14 April 2022.

³² Crisis Group interviews, Azerbaijani experts, journalists and civil society figures, March-April 2022.

would be difficult to maintain talks with Yerevan amid new fighting and such a development could strain Ankara's relationship with Moscow as well. Turkey's nominal collaboration with Moscow in a joint military facility in Azerbaijan further complicates matters for Ankara. The facility was established to help monitor the ceasefire. But neither Turkey, Azerbaijan nor Russia has provided public information about its activities, despite calls for more transparency. The facility's very presence, nonetheless, signals to all parties that Turkey remains engaged. If it does nothing in the face of a crisis, that claim is undermined.

The best outcome would therefore be a resumption of negotiations between Azerbaijan and Armenia. In March, Baku and Yerevan laid out visions for talks that were mutually exclusive: Azerbaijan wanted Armenia to publicly accept its control of Nagorno-Karabakh and pledge not to use force or make territorial claims against Azerbaijan.³³ Armenia, meanwhile, demanded resumption of talks without preconditions and to be mediated by the OSCE Minsk Group co-chairs, whose role Azerbaijan rejects.³⁴ The parties' continuing impasse regarding how to even discuss anything related to the status of Nagorno-Karabakh left no real room for short-term progress on fundamental issues.

More recent comments offer new grounds for tentative hope, however. During the 6 April EU-hosted meeting in Brussels, the Armenian and Azerbaijani leaders agreed to task their respective foreign ministers with revisiting their positions.³⁵ Outside observers, including Moscow and Ankara, welcomed the decision to launch talks on resuming the peace process.³⁶ In a speech on 13 April, Armenian Prime Minister Nikol Pashinyan indicated that the rights and security of Karabakh Armenians, rather than the territory's status, should now be at the heart of Yerevan's negotiating position.³⁷ While Stepanakert rejected his comments and the de facto region's parliament adopted a resolution condemning them, the statement would seem to create helpful room for negotiations.³⁸ Baku has not yet responded or indicated any change in its own policies.

³³ "Foreign ministry: Azerbaijan has announced basic principles proposed for establishment of relations with Armenia", Azerbaijan State News Agency, 14 March 2022.

³⁴ For Armenia, Azerbaijan's stance amounts to "upending a table because it is not set the way they want". Crisis Group interview, Armenian official, Yerevan, November 2021. Armenia believes the OSCE Minsk Group format is well suited to take into account the needs of Nagorno-Karabakh Armenians and perhaps even allow for some flexibility on status. A new format, by contrast, would prolong the process of reaching a resolution.

³⁵ "Statement of European Council President Charles Michel following the second trilateral meeting with President Ilham Aliyev and Prime Minister Nikol Pashinyan", press release, Council of the European Union, 6 April 2022.

³⁶ "Kremlin hails 'very positive' progress on Armenia-Azerbaijan talks", *Moscow Times*, 7 April 2022; "Press release regarding the meeting between Ilham Aliyev, President of the Republic of Azerbaijan, and Nikol Pashinyan, Prime Minister of the Republic of Armenia Hosted by Charles Michel, President of the European Council, on 6 April", Ministry of Foreign Affairs of the Republic of Turkey, 8 April 2022.

³⁷ "Prime Minister Nikol Pashinyan's speech at the National Assembly during the discussion of the performance report of the Government Action Plan for 2021", Office of the Prime Minister of the Republic of Armenia, 13 April 2022.

³⁸ "Statement of the Republic of Artsakh National Assembly", National Assembly of the Republic of Artsakh (Nagorno-Karabakh), 14 April 2022.

VI. Next Steps

While prospects for talks are real, the situation remains precarious. In order to avert further bloodshed and help ensure that negotiations move forward, outside actors such as Russia, France, the U.S., the OSCE, the EU and Turkey – as well as Azerbaijan and Armenia themselves – should focus their efforts on identifying near-term steps to help tamp down tensions on the ground and to mitigate fears and incentives for the parties to resort to violence.

Even if Baku and Yerevan begin to work their way toward a settlement, it will take time. The way forward in the meantime may therefore be to continue pursuing common ground where it is most likely to be found – on issues of common economic interest – and begin to address status and other political issues as openings present themselves. This approach might help create space for the parties to ease tensions and enable economic engagement to proceed.

Talks can continue through a variety of formats, especially if the parties send the signal that no one format need undermine others. Already, two days after the 6 April meeting between Armenian and Azerbaijani leaders in Brussels, Russian Foreign Minister Sergey Lavrov had accused the U.S. and France of trying to sideline Russia in negotiations between Armenia and Azerbaijan. But both Baku and Yerevan took pains to contact Moscow soon thereafter, looking to smooth ruffled feathers, and France and the U.S. publicly reiterated their support for the OSCE Minsk Group. Paris and Washington also dispatched their co-chairs to Yerevan for meetings.

Indeed, different formats could reinforce one another. The OSCE Minsk Group permits discussions about the future of Nagorno-Karabakh. EU-hosted discussions help build ties with Brussels and facilitate conversations about the state border between Armenia and Azerbaijan. Russia should remain open to all of them. Despite Moscow's concerns about exclusion, its peacekeeping presence and critical role in 2020 ensure its continued involvement. There is no evidence, at least to date, to suggest that any other party wants to usurp its position. Against this backdrop, Moscow's fellow OSCE Minsk Group co-chairs might think about offering their own verbal support to the mission, while also helping maintain pressure on Baku and Yerevan to keep talking, both at senior-most levels and locally.

Clearly, anything that smacks of cooperation with Moscow is now difficult for Paris and Washington. The war in Ukraine has led Western countries, including France and the U.S., to embark upon a consistent policy to isolate and punish Russia, as well as to deter it from further escalation in Ukraine.

Still, in the South Caucasus, while Russia's interests and those of Western states do not entirely coincide, they do share the goal of averting another war and getting the parties to a settlement. In the past, all three countries' diplomats have worked in lockstep to engage Baku and Yerevan and prevent escalation. At the least, Western diplomats should privately indicate that they do not in any way oppose Russia's peacekeeping presence in Nagorno-Karabakh. Indeed, if fighting does once again look imminent, Moscow's capacity to deploy additional troops under the ceiling envisioned by the ceasefire deal (they are now below the 1,960-person cap) may be one of the few tools for managing the situation.

The OSCE can also offer its good offices. In the past, its staff has deployed to conflict-affected areas to study problems and help resolve them. The office of the Permanent

Representative of the OSCE Chairman-in-Office remains in place and functioning in Tbilisi and, if all parties agree, can provide support as needed.

The European Union also wields useful influence over the parties. Brussels is the only actor other than Moscow to bring Armenia and Azerbaijan together for summits – in December 2021, and February and April 2022.³⁹ The EU also helped re-establish the hotline between the two countries' defence ministries in November 2021. While both Yerevan and Moscow would oppose the EU spearheading mediation in a way that sidelines Russia, Brussels holds the important carrot of development assistance and should remain prepared to act when opportunities present themselves by continuing to engage Yerevan and Baku to sustain communication and try to foster de-escalation and stability.

Finally, Turkey remains a potentially pivotal player. Its close relations with Baku mean that there are limits to what Azerbaijan will do without Turkish backing. At the same time, Ankara realises the prospective importance of the developing Turkey-Armenia dialogue and the impact that open borders and resumed trade could have for both countries and the region as a whole; de-escalation in Nagorno-Karabakh can only make prospects brighter on that front. Conversely, if the Turkish-Armenian normalisation process fails, critics of regional reintegration will use that as a basis to more actively and effectively oppose negotiations between Baku and Yerevan.

Additionally, in its efforts to facilitate peace, Ankara could leverage the Turkish-Russian monitoring centre. For all its limited activity to date, Baku saw the centre as another affirmation of a role for Ankara in the region's security architecture.⁴⁰ More visible activity by the centre, such as the release of monitoring reports, could help build confidence among the Azerbaijani public that Turkey is actively and effectively participating in ceasefire oversight alongside Russia. That in turn could reduce Azerbaijani scepticism of Moscow's intentions, which has grown as a result of the Ukraine war.

As for the parties themselves, Baku should seek to allay fears about its designs upon Nagorno-Karabakh by publicly presenting its vision for the future of Armenians there and taking additional steps to build confidence with that community, even as it negotiates with Yerevan. It should discuss its plans for ensuring ethnic Armenians' security, safety and access to basic needs, in direct response to the recent comments from the Armenian prime minister mentioned above. Azerbaijan's stated narrative to date – that Armenians as Azerbaijani citizens will have access to the same opportunities that Azerbaijanis enjoy – is inadequate given the history of violence between Armenians and Azerbaijanis in the region.

Baku should also consider what else it can offer. One good-faith gesture would be to release detainees. Baku might also make explicit some of the quiet statements officials made to Crisis Group regarding local police forces and effective self-rule. While these signals may still not be enough to make a deal possible, they could help develop some measure of good-will and ease other talks.

³⁹ "Press release following the phone calls of President Charles Michel with leaders of Armenia and Azerbaijan on 19 November 2021", European Council, 19 November 2021; "Statement of President Charles Michel following the trilateral meeting with President Ilham Aliyev and Prime Minister Nikol Pashinyan", European Council, 14 December 2021; "Armenia/Azerbaijan: EU hosts high-level meeting in Brussels", European External Action Service, 30 March 2022.

⁴⁰ Crisis Group interviews, senior diplomats and experts, 26-30 March 2022.

At the local level, Baku, Yerevan, Stepanakert and Moscow can also encourage and facilitate front-line engagement between representatives of military units and residents, including civilian agencies responsible for public safety. These contacts can help prevent new flare-ups and could also create lines of communication that do not, in the long run, require Russian peacekeepers to be involved. Crisis Group has proposed that the parties establish a formal mechanism for resolving urgent issues, including detentions and water access, through regular meetings.⁴¹ Even short of that, designating representatives who will meet in emergencies could help resolve tensions when they arise.

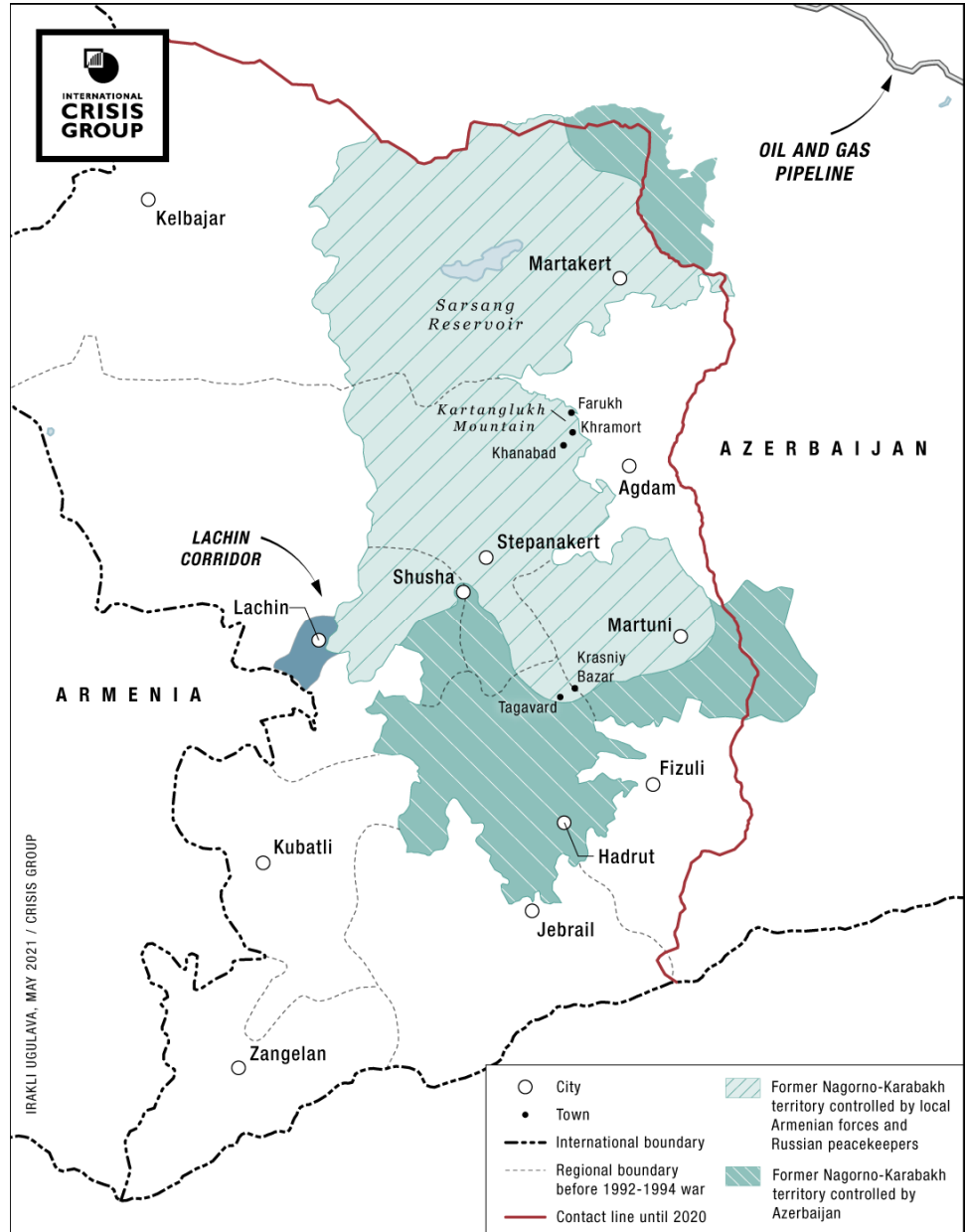
VII. Conclusion

Despite – or perhaps because of – the escalation in and around Nagorno-Karabakh, both Baku and Yerevan still express a willingness to move toward peace talks. The statements of intent are positive, but far from sufficient. Finding a path toward greater stability will also require a concerted effort by Russia, Western powers and Turkey, notwithstanding the deepening rifts caused by Russia's continuing invasion of Ukraine. Difficult as it will be, these external actors should find a way to work together lest the opportunity that now exists be lost and the region's people face another bout of destabilising and damaging conflict.

Baku/Yerevan/Stepanakert/Brussels, 22 April 2022

⁴¹ Crisis Group Europe Report N°264, *Post-war Prospects for Nagorno-Karabakh*, 9 June 2021.

Appendix A: Map of the Conflict Zone





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