

Mountainous Karabakh: Conflict Resolution through Power-sharing and Regional Integration

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Abstract

This article examines the Karabakh conflict - one of the most protracted, violent and complicated ethno-territorial conflicts in the post-communist space. It addresses the major obstacles the parties facing towards settlement, and suggests a way to solve the conflict. One of the practical findings is that the Karabakh conflict cannot be solved exclusively on an intra-state level and requires a combination of intra-state measures with inter-state and supra-state measures. Thus, the article advocates a three-step approach to resolution of the conflict – introducing fundamental principles of a solution, which would reduce uncertainty and provide a ‘road map’; creating a dual power-sharing arrangement, which would be based on equal relationships between Azeris and Armenians at both sub-state (Mountainous Karabakh) and national (Azerbaijan) levels; and combining this power-sharing arrangement with regional and EU integration.

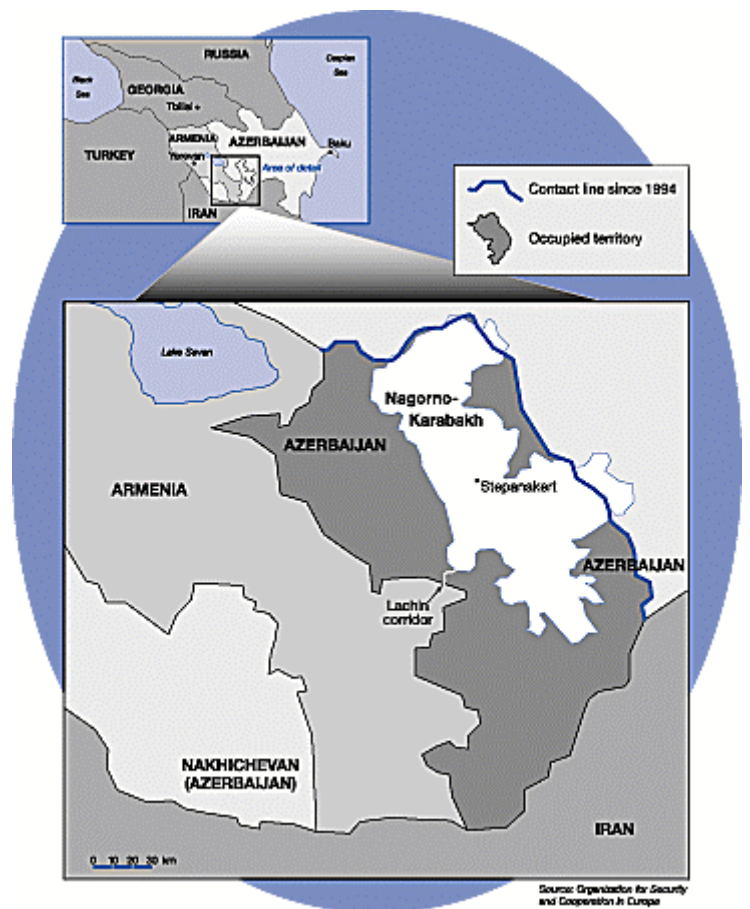
Introduction

The Armenian-Azeri ethnic and territorial conflict over Mountainous Karabakh, or simply, the Karabakh conflict, is the longest running ethno-territorial conflict in the post-communist area. It represents a very interesting case to students of conflict and conflict resolution due to the complexities of history, ethnic identities and nationalism, as well as the presence of the whole gamut of questions, which the field of conflict resolution is dealing with. These questions range from the discussion of tensions between self-determination and sovereignty, secession and territorial integrity, partition and co-existence, and also democratic methods of conflict resolution and management based on respect of individual and group rights, and the modes of international involvement in the ethno-territorial conflicts.

The current conflict started yet during the Soviet period in the late 1980s. Political liberalisation during Gorbachov's perestroika unleashed nationalistic forces and surfaced the frozen but unresolved ethnic problems of the past. In February 1988 well-organised mass demonstrations began in Yerevan, the capital of Armenia and Stepanakert (Khankendi), the regional capital of the then Mountainous Karabakh Autonomous Region (MKAR) of Azerbaijan demanding incorporation of Mountainous Karabakh into Armenia. Gradually, ethnic clashes in the region increased as the Azerbaijani government rejected transferring a part of its territory to Armenia. With the dissolution of the Soviet Union in late 1991, the conflict turned into a full-scale war between Azerbaijan and the Karabakh Armenian separatists supported actively by Armenia. The large-scale hostilities ended in May 1994 with a cease-fire agreement between the conflicting parties. Azerbaijan was de

facto militarily defeated with Armenian forces occupying Mountainous Karabakh and seven surrounding Azeri provinces, which make up around 20 percent of the country's territory (see the map of the occupied territories). As a result of ethnic cleansing committed by both sides, the conflict has produced a large number of refugees and internally displaced persons (IDPs). An estimated 350,000 Armenians, predominantly

urban from Baku, fled Azerbaijan, as well as 750,000-800,000 Azeris, mostly from rural



areas, fled Armenia, Mountainous Karabakh and seven adjacent Azeri provinces.¹

The aim of the present article is not to discuss the complexities of history and geopolitics, but instead, to shift the focus to more practical policy-oriented discussion of a solution to the Karabakh conflict. This article argues that solution of the Karabakh conflict must be built on three essential elements: 1) introduction of clearly defined fundamental principles on which the solution must be based; 2) creation of a proper power-sharing system at both sub-state (Mountainous Karabakh) and state (Azerbaijan) levels; and 3) the combining of this power-sharing arrangement with regional and EU integration.

Obstacles to Peace in the Karabakh conflict

The following major problems for peaceful conflict resolution in the Karabakh conflict can be identified.

1) Status quo and positional disparities between the conflicting parties

The fact that Azerbaijan has virtually lost the war has put it in a comparatively disadvantageous position when the Armenian party uses the occupied territories outside Mountainous Karabakh “as a bargaining chip on the issue of the status of the territory and a security guarantee against Azerbaijan.”² As MacFarlane and Minear write, “Karabakh [Armenians] and Armenia approached the settlement process with little urgency” with a view that with each passing day their positions in Karabakh grew stronger, and, as one Karabakh Armenian official emphasised, “generally the defeated party, not the

¹ Statistics from Human Rights Watch, *Azerbaijan: Seven Years of Conflict in Nagorno-Karabakh*, (New York: Human Rights Watch, 1994), 58

² Neil MacFarlane and Larry Minear, *Humanitarian Action and Politics: The Case of Nagorno-Karabakh*, (Providence, RI: The Thomas J. Watson Institute for International Studies, 1997), 33

victorious, made concessions.”³ On the other hand, the Azerbaijanian government refused to be treated as a defeated party, especially bearing in mind that it has more resources, greater economic potential and long-term oil revenues. As the Azerbaijanian president Ilham Aliyev said, “I believe we should not make haste, we should wait... Azerbaijan will achieve what it desires by consolidating the country’s economic potential and settling problems connected with this.”⁴ These power considerations of both sides is the major reason why Azerbaijan and Armenia have been locked in wearisome “neither war, nor peace” situation for years.

2) *Status of the Mountainous Karabakh*

This has been the major issue in all negotiations and itself stems from the military consequences of the conflict. The Armenian government and the Karabakh Armenian authorities, given their military advantage demand either independence for Mountainous Karabakh or its unification with Armenia.⁵ The Azerbaijanian government, on the other hand, proclaims its readiness to grant “maximum possible autonomy” to the Karabakh Armenians,⁶ but similarly to the opposite side, is not willing to expose its concession limits by elaborating more.

In the past the status issue has been addressed by the OSCE and its Minsk Group, which are the major international institutions spearheading the mediation efforts. At its Lisbon Summit in 1996 the OSCE passed a resolution calling for the territorial integrity

³ *ibid.*, 88

⁴ “Ilkham Aliyev: no compromises or haste in settling Karabakh conflict” ITAR-TASS News Agency, Feb 9, 2004

⁵ Thus, for example, Arkadiy Ghukasyan, the “president” of the self-proclaimed “Nagorno-Karabakh Republic” said during the talks between the then Azerbaijan president Heydar Aliyev and his Armenian counterpart Robert Kocharyan in Key West Florida in April 2001 that other options would mean “that we move not toward peace but toward war.” See, “Karabakh Leader: Independence or Unification with Armenia”, RFE/RL Azerbaijan Report, April 5, 2001, Available online:

<http://www.rferl.org/reports/azerbaijan-report/2001/04/0-050401.asp>

⁶ MacFarlane and Minear, 87

of Azerbaijan, the highest degree of self-rule to Mountainous Karabakh within Azerbaijan and guaranteed security for Mountainous Karabakh and its whole population. The resolution has been accepted by all OSCE members, but was vetoed by Armenia.⁷ In 1997 the Minsk Group⁸ set forth a step-by-step proposal calling for an Armenian withdrawal from the occupied Azeri territories outside Mountainous Karabakh (except for Lachin province linking Mountainous Karabakh with Armenia), return of refugees, the lifting of economic embargoes and with final discussions on the status of Mountainous Karabakh to proceed only after these measures have been implemented. Azerbaijan and after some hesitation, Armenia both conditionally accepted the plan, but the Karabakh Armenian authorities rejected it out of hand demanding that its independence and security be guaranteed before any talks start.⁹ Domestic opposition in Armenia also forced the Armenian president Levon Ter-Petrosyan to resign, paving the way for the more radical Robert Kocharyan, who prior to coming to power in Armenia was the “president” of the self-proclaimed “Nagorno-Karabakh Republic”. In 1998 the Minsk Group set forth the “common state” proposal, which would allow non-hierarchical relations between Azerbaijan and the Armenian authorities of Mountainous Karabakh and *de facto* but not *de jure* independence for Mountainous Karabakh, which nevertheless would not have the right to secession. The plan was conditionally accepted by Armenia and Karabakh Armenian authorities but rejected by Azerbaijan as “defeatist”. However, a series of bilateral talks that followed between the then Azerbaijanian president Heydar

⁷ Instead, this resolution was attached as an annex to the Lisbon Summit Declaration. For the text of this resolution see, Annex 1 to the Lisbon Summit Declaration, “Statement of the OSCE Chairman-in-Office”, <http://www.osce.org/docs/english/1990-1999/summits/lisbo96e.htm#Anchor-ANNE-32721>

⁸ The Minsk Group was established on March 24, 1992 by the OSCE with aim of facilitating dialogue between the Armenian and Azeri parties to the conflict. It is headed by the Co-Chairmanship consisting of France, USA and Russia.

⁹ Patricia Carley, “Introduction” in *Nagorno-Karabakh: Searching for Solution* (Washington: USIP, 1997), Online version: http://www.usip.org/pubs/peaceworks/pwks25/chap1_25.html

Aliyev and his Armenian counterpart Robert Kocharyan were said to have brought the two presidents close to an agreement based on a renamed and modified version of “common state”. The assassinations in the Armenian parliament in October 1999 have effectively halted these talks.

The Minsk Group set forth new proposals in March-April 2001, during the high-level talks between Heydar Aliyev and Robert Kocharyan in Paris and Key-West, Florida. The details of the talks have remained largely secret, but reportedly this proposal, similarly to the previous one, employed the idea of non-hierarchical relationships between the central Azerbaijanian Government and the Karabakh Armenian authorities. Despite rumours that the parties were again close to a solution, the Azerbaijanian authorities, both during Heydar Aliyev and after coming into power in October 2003 elections of his son Ilham Aliyev, have firmly denied any agreement has been reached in Paris or Key-West. However, these and subsequent developments suggest, that even if no formal agreement was reached, the parties are in the process of establishing a common ground for the future status of Mountainous Karabakh. Thus, Armenia and Karabakh Armenian leadership gradually begin to realise the uselessness of their demand for Mountainous Karabakh’s independence from Azerbaijan and its unification with Armenia. In turn, the Azerbaijanian authorities carefully tend to accept the Armenian demands on exclusion of subordinate relationships between Mountainous Karabakh and Azerbaijan. A recent round of talks between the Azerbaijanian and Armenian presidents, Ilham Aliyev and Robert Kocharyan, were held in September 2004 in Astana, Kazakhstan on the sidelines of the Commonwealth of Independent States (CIS) summit. Reportedly, one of the suggestions put forward was the withdrawal of the occupying forces from the Azeri territories adjacent to Mountainous Karabakh and the holding of referendums in

Mountainous Karabakh and in Azerbaijan regarding the future status of the region. Armenia also reiterated its insistence on exclusion of vertical relationships between Mountainous Karabakh and Azerbaijan.¹⁰

The fact that the negotiations over status have, at least from 1998, been conducted around the idea of non-hierarchical relations is rather elucidating. It means that, if Armenian authorities abandon the idea of Mountainous Karabakh's independence and/or its unification with Armenia, the Azerbaijanian government may eventually accept the idea of non-hierarchical relationships and thus, demonstrate its readiness to grant Karabakh Armenians "the highest possible autonomy". On the other hand, the constant failures to reach such an agreement leads us to think that, probably, when compromising on this very important point, Azerbaijan would also want to get answers and guarantees with regard to the future fate of the Karabakh Azeri community and the questions linked with their interaction with the Karabakh Armenian authorities on the one hand, and the central Azerbaijanian Government on the other. This point brings us to the third major problem for the peaceful resolution of the Karabakh conflict...

3) *Status of Shusha and Lachin*

Throughout the negotiations, the question of the status of the Shusha province of the former MKAR and the Lachin province adjacent to it, which borders with and connects Mountainous Karabakh to Armenia, has been no less contentious than the question of Mountainous Karabakh's status. The Shusha province was home to most of the Karabakh Azeris, which comprised 21.5% of the Mountainous Karabakh population according the last population census in 1989. It was the only one among the five provinces of the

¹⁰ For information on Astana talks, see, R. Tofiqoglu, "Podrobnosti peregovorov v Astane ostayutsa zagadkoy" (Details of the Astana talks remain a mystery), Echo newspaper, Baku, Sept. 17, in Russian; "Armenian Foreign Minister Implies Karabakh Settlement Entering New Phase", RFE/RL Newline Vol. 8, No. 182, Part I, 23 September 2004; A. Rashidoglu, "Kiprskaya model dlya Karabakha?" ("Cyprus Model" for Karabakh?), Echo newspaper, Baku, Sept. 24, in Russian

former MKAR with predominantly Azeri population (91.7%) before the conflict.¹¹ (See, Annex 1. Mountainous Karabakh's ethnic composition map of 1989). The town of Shusha also has an important symbolic meaning for the Azeris, being a historical centre of Karabakh and also home to many Azeri cultural figures. As Emirbayov writes, "The return of the Shusha region to Azerbaijani control could contribute greatly to Azerbaijanis' willingness to accept certain concessions as part of a comprehensive peace settlement."¹²

Lachin is an Azeri province outside the boundaries of the former MKAR, which holds the strategic location linking Mountainous Karabakh (through the Shusha province) with Armenia proper. Throughout the negotiations the Armenian party maintained that without having a direct link between Mountainous Karabakh and Armenia, which implies annexation of the Lachin province, the Karabakh Armenians would feel always insecure and vulnerable. Lachin is also the only Azeri province outside Mountainous Karabakh to be actively settled by Armenians after its initial occupation in 1992 with the clear intent of permanent settlement. As one Karabakh Armenian official stated, "Whatever happens to the occupied territories, the Lachin Corridor stays with us. The sooner reconstruction proceeds there, the sooner the Azeris will accept it."¹³

Armenian authorities are reportedly carrying out a massive population resettlement programme in the occupied territories of Azerbaijan. Thus, according to this programme, the population of the Mountainous Karabakh would be increased twofold from under

¹¹ Results of the USSR population census; Distribution of the population by ethnic origin and home language; Table 9C, page 3-89. – 1989, cited in http://www.radicaliazeri.org/shusha_map_nk_e.html

¹² Elchin Amirbayov, "Shusha's Pivotal Role in a Nagorno-Karabakh Settlement", *Caspian Studies Program Policy Brief, No.6*, (Cambridge: MA, December 2001), 2, Available online: <http://www.ciaonet.org/wps/ame01/ame01.pdf>

¹³ MacFarlane and Minear, 86

150,000 in early 1990s to 300,000 by 2010.¹⁴ However, as the experience of the Cyprus peace negotiations demonstrates, these illegal settlements and *fait accompli* mindset of a party to the conflict have the consequence of significantly complicating the peace process and may become one of the major obstacles to conflict resolution.

4) *The Parties to the Conflict*

A peculiarity of the Karabakh conflict, which also reveals its complexity, is that there are significant disagreements over the question of who the direct parties to the conflict are. This has created confusion among the international community and is the major reason why the conflict still has not been given a clear political and legal assessment by any international institution.¹⁵ On the one hand, Armenia insisted that it is not party to the conflict and that Azerbaijan must negotiate directly with the Karabakh Armenian authorities.¹⁶ On the other hand, Azerbaijan preferred to negotiate with one Armenian party in a time, also fearing that bilateral talks with Karabakh Armenians may allow Armenia to withdraw from negotiations and thus, to escape from the responsibility while still backing the self-proclaimed Karabakh Armenian authorities. Therefore, the Azerbaijanian Government downplayed the role of the Karabakh Armenians in the military phase of the conflict and rejected bilateral talks with Karabakh Armenian authorities insisting on direct negotiations only with Armenia. Azerbaijan also insisted on equal status at the negotiations for the Karabakh Azeris along with the Karabakh Armenians.

¹⁴ For details see, "Over 5,300 families resettled in Nagorno-Karabakh since 2000", Yerkir newspaper, Yerevan, Armenia, October 5, 2004, http://www.yerkir.am/eng/index.php?sub=news_arm&day=05&month=10&year=2004&id=9814&id=9812; Krikorian, Onnik, "Tensions high in disputed Caucasus territory", September 27, 2004, Greatreporter.com web-site, <http://www.greatreporter.com/modules.php?name=News&file=article&sid=291>.

¹⁵ The only exception may be the symbolic recognition of Armenia as an aggressor against Azerbaijan by the Organisation of the Islamic Conference. At the same time, the UN Security Council resolutions 822, 853, 874 and 884 recognise the fact of occupation of Azerbaijan's territory but fail to name the aggressor.

¹⁶ Armenian government says that it is an "interested party". Human Rights Watch, 110

It should be noted that the controversy over the question of who are direct parties to the conflict and who are “interested parties” concerns not the substance of the conflict, but the strategic-political calculations of both the Armenian and Azerbaijanian parties. Most independent observers agree that the Karabakh conflict is an inter-state conflict directly involving Azerbaijan and Armenia. Thus, Human Rights Watch write, “Armenian army troop involvement in Azerbaijan makes Armenia a party to the conflict and makes the war an international armed conflict, as between the government of Armenia and Azerbaijan.”¹⁷ At the same time Karabakh Armenians cannot be disregarded as “puppets” of Yerevan, and in fact, as history shows, themselves have a significant influence on Armenian politics through public support. In this regard, the relationship between Armenia and the Karabakh Armenian authorities resemble in some respects, the relationship between Turkey and the Turkish Cypriots *vis-a-vis* the Cyprus problem. At the same time, Karabakh Azeris, at least for the moment, can hardly be considered as an organised and independent entity and lack the same amount of political and military power that the Karabakh Armenians have. However, this is not to say that the Karabakh Azeris could not become a strong and potentially destabilising force in Azerbaijan tomorrow, if their interests were ignored today.

Combined together, the problems of peace that I have identified above create a situation of deadlock where the parties are unwilling or unable to reach a peaceful solution using the present framework of negotiations. As we see from the discussion above, the primary reason why the parties cannot agree terms is the absence of clearly defined fundamental principles, which would equally meet the legitimate interests of the

¹⁷ *ibid.*, 73

conflicting parties and upon which local and international conflict resolution efforts could be built.

Promoting Mutual Interests in Karabakh Conflict Resolution

Despite the seemingly irreconcilable positions of the conflicting parties, a solution to the Karabakh problem does not necessarily imply win-lose outcomes. Common grounds can be found even in the sine qua non positions of the parties. Thus, the underlying positions of both the Armenian and Azerbaijanian parties to the Karabakh conflict have been summarised in three points. During the high-level talks between the former Azeri president Heydar Aliyev and the Armenian president Robert Kocharyan in Paris and Key West, Florida in March-April 2001 the Armenian parliament put forward three principles reflecting the Armenian position on resolution of the Karabakh conflict. These principles are 1) no subordination of Mountainous Karabakh to the central Azerbaijanian Government; 2) “no enclavisation” – that is establishment of a permanent territorial corridor between Mountainous Karabakh and Armenia through the Lachin corridor; and 3) internationally guaranteed rights for Karabakh Armenians which would include the right of Armenia to intervene militarily if necessary.¹⁸ The Azerbaijanian position has been captured in the so-called “Karabakh Charter” (or “Charter of Four”), a popular grassroots initiative, which soon after the uncertainty over the peace talks in Paris and Key West presented three principles on which the resolution of the Karabakh conflict should be based. These principles are 1) Armenian withdrawal from the occupied territories and restoration of Azerbaijan’s territorial integrity; 2) return of IDPs to their

¹⁸ Vladimir Socor, “Impasse in Paris”, *Monitor* 47 (March 8, 2001), Available online: http://www.jamestown.org/publications_details.php?volume_id=24&issue_id=1976&article_id=18110

homes and guarantee of their security; and 3) granting both Armenian and Azeri population of Mountainous Karabakh the right to self-governance.¹⁹

However irreconcilable these positions may seem, in essence, they are not mutually exclusive and, in fact, could be integrated and institutionalised in a form of power-sharing arrangements. Thus, various forms of power-sharing, especially in its territorially based federal form exclude the possibility of subordination, while still preserving territorial integrity. This form of power-sharing in fact existed in Cyprus, in non-territorial form, and it exists in territorial form in today's Bosnia. The adjustment of the autonomous units' borders is not an insurmountable problem either, and has not been the cornerstone of problems in Karabakh peace talks. The demands of both Armenians and Azeris also coincide on the provision of internationally recognised security guarantees to the population of Mountainous Karabakh, which implies both the Armenian majority and the Azeri minority. Thus, as we see, power-sharing is the realm within which the convergence of opposing positions can take place.

The power-sharing in Mountainous Karabakh in the initial post-conflict stage would most probably take the form of extreme consociationalism, as in Bosnia in 1995-1997. Considering the recent memories, low level of trust, and weak association of the parties' interests, this arrangement would have a strong inclination towards elements of self-rule. Demographic separation of the Armenian and Azeri communities in the initial phases is also necessary for dampening the security dilemma associated with intermingled settlement patterns. A middle ground between the need for certain ethnic partition and the right of the forcefully displaced (mainly Azeri) population to return to their homes can be found in forming two ethnic Armenian and Azeri zones. The Armenian ethnic zone

¹⁹ "Charter of Four supporters growing", Assa-Irada news agency, August 2, 2001

would consist of predominantly Armenian-inhabited districts in Mountainous Karabakh. The Azeri zone would consist of Shusha, which as mentioned, was the only district of Mountainous Karabakh with a predominantly Azeri population before the war, and the Lachin district adjacent to it.

However, it is very important not to repeat the mistakes of power-sharing in Cyprus (1960-1963) and Bosnia (esp. during 1995-1997). The common negative feature of these power-sharing arrangements was that they did not provide enough incentives for the conflicting ethnic groups to cooperate in common governing structures. The political elites could effectively isolate themselves from common structures, the competencies and decision-making of which were very narrow, and instead, focused on decision-making in their respective entities, in which they had an extreme degree of self-rule. As a result, these power-sharing arrangements quickly became ineffective and dysfunctional and could even cease to exist.²⁰

Thus, in the Karabakh case, if power-sharing is constructed at the bilateral level between the Karabakh Armenians and the Azerbaijanian Government, there would be no incentive for the Karabakh Armenians to move forward from an originally rigid consociational model towards a more balanced mix of self-rule and shared rule.

The Bosnian experience provides useful insights on how to solve this problem. There the territories with a mixed population are divided into mostly homogenous municipalities, which may have varying degrees of self-rule, depending on the overall pattern of power-sharing. This means that the advantages of self-governance are extended to the last possible territorial community without disintegrating the polity (which is commonly a state, but also may be a particular region).

²⁰ See, for example, Marcus Cox, *State Building and Post-Conflict Reconstruction: Lessons from Bosnia*, (Geneva: CASIN, January 2001), Available online: <http://www.casin.ch/pdf/cox.pdf>

Applied to the Karabakh case, this would imply that the Karabakh Azeris, most of whom originate from the Shusha province, would have the right to return to their homes and their relations with the Karabakh Armenians would be based on power-sharing arrangements. In this case, power-sharing needs an in-built flexibility and necessitates establishing an analogous power-sharing between the Armenian and Azeri communities of Mountainous Karabakh as would exist between the Karabakh Armenian authorities and the Azerbaijanian government. Thus, the aspirations of both the Armenian and Azerbaijanian parties to gain more power and influence in Mountainous Karabakh would find a middle ground: the Karabakh Armenians would not be interested in retaining extreme consociationalism on the verge of partition, because it would mean retaliatory partition of Azeri populated territories. Similarly, the Azerbaijanian government would not be interested in extremely integrative arrangements verging on majoritarian rule, because in doing so, it would endanger the positions of the Karabakh Azeri minority in Mountainous Karabakh. The result of such an institutional design would be a balanced mix of consociational and integrative elements in power-sharing.

However, a stable, sustainable and just solution cannot be based solely on such power-sharing arrangements. Such a power-sharing solution would presume that the Azeri population would be concentrated in strategic Shusha and Lachin provinces, where it formed the majority before the war, whereas the Azeris living in other parts of Mountainous Karabakh (relatively few in number) would not be able to return to their homes, at least during the initial phases. This may be acceptable for the Azeris, especially considering that most of them are unlikely to prefer to live in Armenian-dominated areas, at least during the immediate aftermath of the conflict. However, this kind of solution

falls short of eliminating the security dilemma for the Karabakh Armenians, because of the specificity of geography and ethnic settlement patterns in Mountainous Karabakh.

The security dilemma can have two interconnected components – intermingled settlement patterns and territorial vulnerabilities. The proposed power-sharing in the Karabakh context would at best eliminate the danger coming from the former, but the territorial vulnerability of the Karabakh Armenians would remain, since, under such an arrangement, the ultimate holder of the strategic Shusha-Lachin corridor would be the Azerbaijanian authorities. Thus, we have a dilemma: if we abandon the proposed idea of power-sharing and give the Karabakh Armenians ultimate control over the overwhelmingly Azeri-populated Shusha and Lachin provinces we would violate the rights of the Karabakh Azeri community, and would create extremely consociational and therefore, dysfunctional relationships between Mountainous Karabakh and rest of Azerbaijan. Most importantly, this variant would produce significant discontent on the part of the Azeris and would hardly provide for a peaceful resolution to the conflict. On the other hand, if we adopt the proposed power-sharing as an optimal arrangement, we would make the Karabakh Armenians over-dependent on the Azerbaijanian party, which similarly does not provide for stable, sustainable and just solution.

The shortcomings of the power-sharing approach in the Karabakh context gives us an important insight: given the specificity of the settlement patterns, the nature of the conflict and the underlying needs of the conflicting parties, the Karabakh conflict cannot be solved exclusively on an intra-state level. In order to achieve a stable, sustainable and just solution we should combine intra-state measures (decentralisation and power-sharing) with inter-state and supra-state measures.

A Stability Pact for the Caucasus: Scheme for Regional Security and Cooperation

The Centre for European Policy Studies (CEPS), a reputable European think-tank, has proposed a comprehensive security and co-operation framework for the whole Caucasus region named ‘A Stability Pact for the Caucasus’ (hereafter SPC).²¹ This project was first presented in 2000 and applies a similar formula, elaborated a year earlier, in the Balkan Stability Pact. It draws on modern European models of shared sovereignty, interdependence, multi-level governance and regional integration. It gives the first priority to conflict resolution, underlining that political settlement of the conflicts is a prerequisite for any co-operative undertakings in the region, and at the same time, recognising that “*elements of a new regional order [should] be built into political settlements of the conflicts.*”²² This new regional order that SPC proposes would revolve around regional integration and EU links (for the South Caucasus). This implies creation of a so-called ‘South Caucasus Community’ (SCC), an integrative organisation which would organise security co-operation in support of political settlements and would re-establish the normal workings of the economy. The development of the SCC would be boosted by links with the EU and would entail “long-term perspectives of integration with the EU”²³. In terms of EU integration perspectives, “[t]he new model of Stabilisation and Association Agreements, as developed for the Western Balkans could be offered, with proper adaptations, as a perspective for the Southern Caucasus, *which would be conditional on intra-regional integration.*”²⁴

²¹ The proposal includes two working documents: 1) Sergiu Celac, Michael Emerson and Nathalie Tocci, eds., *A Stability Pact for the Caucasus*, June 2000 and 2) Michael Emerson, Nathalie Tocci and Elena Prokhorova, *A Stability Pact for the Caucasus in Theory and Practice – A Supplementary Note*, CEPS Working Document No. 152, November 2000

²² *Supplementary Note*, 3, my emphases

²³ *Stability Pact for the Caucasus*, ii

²⁴ *ibid.*, 20, my emphasis

The SPC has put a special emphasis on the resolution of the conflict over Mountainous Karabakh, which it characterised as “the pivotal case, both in terms of local geography and geo-politics.”²⁵ As the authors of the SPC write, “In fact the resolution of the [Mountainous Karabakh] conflict, the only one in the region which directly opposes two sovereign entities, is the *key to any meaningful progress toward a regional security and co-operation arrangement.*”²⁶ This point has been more clearly elaborated by the authors of the SPC in their later articles. Thus, for example, Tocci reiterates the argument put forward above, by writing “The settlement of the only inter-state conflict in the region could act as the trigger transforming any Stability Pact idea from mere fantasy to reality.”²⁷ According to Tocci, the resolution of the Karabakh conflict would pave the way for opening of communications and establishment of a free trade regime between Armenia, Azerbaijan and Georgia. Tocci also underlines that given the actual or perceived linkages among the regional conflicts, the solution of the most complicated Karabakh conflict would have a domino effect facilitating the resolution of conflicts in Abkhazia and South Ossetia.²⁸ The text of SPC reiterates, “Once there are clear signs of progress towards resolving the most serious regional conflicts, especially [Mountainous]-Karabakh, the South Caucasus could take up the obvious opportunities for beneficial regional economic integration, and later increasing integration with the EU.”²⁹

The idea of Stability Pact for the Caucasus entails all the necessary prerequisites for a peaceful transformation of the Caucasian ethno-territorial conflicts entrenched in the notions of sovereignty, self-determination, and ethnic and national boundaries. Thus, this

²⁵ *ibid.*, 2

²⁶ *ibid.*, 8, my emphasis

²⁷ Nathalie Tocci, “The Stability Pact Initiatives: Reactions and Perspectives”, Available online: <http://www.ceri-sciences-po.org/archive/june01/tocci.pdf>

²⁸ *ibid.*

²⁹ *Stability Pact for the Caucasus*, 12

arrangement would give a high degree of self-governance to the intra-state entities (Mountainous Karabakh, Abkhazia, South Ossetia etc.); provide them with free access to a supra-state forum and decision-making powers in matters of their concern (EU principle of subsidiarity); and provide free communication between/among communities previously divided by sovereign borders (EU principle of regionalisation). As regards the Karabakh conflict, this arrangement would maximise the political, economic and cultural interaction between Armenia and Karabakh Armenians in Mountainous Karabakh. It would also create a co-operative framework, which would confer non-arbitrary enforcement norms upon all (EU principle of supranationality). And last but not least, by revolving around the prospect of EU integration, this arrangement would provide a significant incentive for all the political actors in the Caucasus to use and to benefit from the co-operative scheme elaborated in the SPC.

From Words to Action: Evolving EU Role in Conflict Resolution in the South Caucasus

As mentioned, SPC suggests applying a similar formula for the Caucasus, as was chosen by the international community in the Balkans. However, although the conflict situations in the Balkans and in the South Caucasus are rather similar, the geopolitical settings are not. This significantly affects the practicability of the SPC, raising questions of *how* and even *whether* this method can be made possible, since the implementation of the measures elaborated in the SPC is contingent upon the consensus of the major external powers with influence in the Caucasus region.

The SPC has proposed a strategy of 'variable geometry', which would entail the involvement of certain external powers in matters of common interest. Thus, besides the

so-called G-3, which would include the core states of ‘the South Caucasus Community’ – Armenia, Azerbaijan and Georgia, there can be G-4 – the full pan-Caucasus club involving Russia and its northern Caucasus entities. G-5 would be a Caspian club with five littoral states. G-6 would be G-4 joined by the EU and the US, which in certain issues of common concern could be expanded to include Turkey (G-7) and Iran (G-8). As the authors of the SPC argue, this, co-operative structure would be beneficial not only to the Caucasus, by contributing to the reduction of polarisation and tension in the region, but would also provide very positive grounds for co-operation and improving relations between these very same external powers. Thus, drawing on the language and logic of the “Northern Dimension” relationship between the EU, Russia and the Baltic state accession candidates, the SPC proposes to complement this co-operation with a ‘Southern Dimension’ involving South Caucasus.

In my opinion, although the idea of ‘variable geometry’ should be retained for co-ordinating matters of common interest with various external powers, the EU dimension should be given the priority. The EU is the only powerful actor, which may suit all the parties. Thus, it is clear that one of the most influential external powers – Turkey will, at some point, join the EU and therefore, its policy in the Caucasus will reflect, to a large degree, the policies of the EU. Strengthening of the EU position in the Caucasus is not against US interests either. In fact the EU and the US have walked hand-in-hand in articulating their policies in the Caucasus in terms of response to the aspirations of the South Caucasus states to integration towards European and Euro-Atlantic economic and security space. This scenario may also satisfy Iran, which otherwise is very cautious about the strengthening US positions in its northern frontiers. It would also be beneficial for Iran in terms of its economic relations with the EU. And finally, the strengthening of

the EU in the Caucasus could be beneficial for Russian-EU relations as part of the EU-Russia “Southern Dimension”, as elaborated in the SPC. Russia realises that its size may not allow it to become a full member of the EU, however, it increasingly articulates more integrative arrangements with the EU in trade, visa relations and security. Thus, for example, in a letter to EU leaders at the end of August 2002, the Russian President Vladimir Putin called for a strategic partnership between Russia and the EU: “Its main goal is to turn Europe into a continent of peace without any dividing lines, which presupposes Russia's deep integration into a common European economic, legal and humanitarian space.”³⁰ Later, similar expressions were used in a joint statement at the EU-Russia summit held in St. Petersburg on May 31, 2004.³¹ These examples show that Russia may be willing to accept more active EU policies in the post-Soviet space. In the case of a further improvement in EU-Russia relations, Russia would not oppose the EU's more active involvement in the Caucasus; to the contrary, the EU's enlargement into Caucasus may be beneficial for Russia and its relations with the EU.

But what about the EU itself? Is it ready to recognise the European vocation of the Caucasus and to assume such active policies in the region? It should be noted that the recent developments in relations between the EU and the South Caucasus states show that the EU is in the process of formulating its long-term strategy towards the South Caucasus. In this regard, the joint declarations of the parliament committees of the EU and the South Caucasus states merit consideration, as the first documents reflecting the new trends in European policy. These declarations underline the European vocation of the South Caucasus states and stress the need for more active EU involvement. Thus, for

³⁰ “Putin suggests EU heads of state consider Russia's new integration initiative”, Pravda.ru online newspaper, August 27, 2002, <http://english.pravda.ru/politics/2002/08/27/35398.html>

³¹ For the text of EU-Russia summit declaration held in St. Petersburg on May 31, 2004 see, The European Commission's Delegation to Russia web-site, http://www.delrus.cec.eu.int/en/p_234.htm

example, the joint declaration of the EU-Azerbaijan Parliamentary Cooperation Committee dated 29 April 2003 said:

The people of Azerbaijan share a common destiny with other peoples of Europe, and the integration of the Azerbaijani people and their national institutions into European structures is in the mutual interest of both the EU and Azerbaijan...³²

With similar formulations adopted with regard to Armenia and Georgia these EU documents are also important instruments for setting the basis for future internationally endorsed principles of resolution. Thus, with regard to the Karabakh conflict the above-mentioned declaration “reconfirms its position on non-acceptance of the *fait accompli* as a basis for the settlement and calls on Armenia to refrain from the actions undertaken in the occupied territories of Azerbaijan including the [Mountainous]-Karabakh region, which may in a way consolidate the status quo”³³. At the same time, it reaffirms that “a solution has to be reached by exclusively peaceful means.”³⁴

The idea of the SPC is also becoming more and more popular among the European political elite. In fact, we would not be mistaken if we stated that, the mechanism elaborated for the Balkans and evolving around the carrot of EU membership is already in process of formulation with regard to the South Caucasus conflicts. Thus, important support for the idea of the SPC has come from the European Parliament, which made its first step by adopting a working document by Swedish Green Party member Per Gahrton in March 2001. This document has directly pointed to the need for the EU to be more actively involved in conflict resolution in South Caucasus and recommended that the EU

³² “Azerbaijan Needs Europe and Europe Needs Azerbaijan” – PCC, Europe Information Service (EIS), May 7, 2003, <http://eisnet.eis.be>. It should be noted that similar expressions have been used in previous joint declarations too. See, for example, final statement of the EU-Azerbaijan Parliamentary Cooperation Committee, 25-26 February, 2002, <http://www.europarl.eu.int/meetdocs/delegations/caus/20030422/462827EN.pdf>

³³ *ibid.*

³⁴ *ibid.*

offer the three South Caucasus states the prospect of full EU membership.³⁵ On February 28, 2002 the European Parliament adopted a resolution in which it supported the idea of the SPC. The resolution called on the Council “to work on a comprehensive and long-term Common Strategy for the countries of the South Caucasus and to implement it as swiftly as possible.”³⁶ With regard to the SPC, the resolution stated that “this framework could draw lessons from the experience of the Stability Pact for South-Eastern Europe.”³⁷

On February 26, 2004 the European Parliament made another bold step in further elaborating future EU policy by adopting a report with a recommendation to the Council on EU policy towards South Caucasus. In its resolution the parliament specifically recommended the Council “give the South Caucasus region a defined status in the Wider Europe – New Neighbourhood policy”³⁸, from which the South Caucasus states were excluded when it was first announced in November 2003. It was argued that the inclusion of the South Caucasus states in the “Wider Europe” programme would pave the way for closer economic and political integration with the EU. Consequently, the prospects for adhesion, which the Parliament’s report clearly supported, would be an important stimulus for reforms and development. Following this report, Armenia, Azerbaijan and Georgia were simultaneously included in “Wider Europe” programme at the EU’s June summit.

³⁵ European Parliament, Working Document on the communication from the Commission to the Council and the European Parliament on the European Union’s relations with countries in the southern Caucasus in the context of the partnership and cooperation agreements (COM(1999) 272-C5-0116/1999), 19 March 2001, Available online: <http://www.europarl.eu.int/meetdocs/committees/afet/20010326/433603EN.doc>

³⁶ EU Relations with the South Caucasus, European Parliament Resolution on the communication from the Commission to the Council and the European Parliament on the European Union’s relations with the South Caucasus, under the partnership and cooperation agreements (COM(1999) 272-C5-0116/1999-1999/2119(COS)), Available online: <http://www.europarl.eu.int/meetdocs/delegations/caus/20020327/Gahrton%20resolutionen%20en.pdf>

³⁷ *ibid.*

³⁸ European Parliament recommendation to the Council on EU policy towards the South Caucasus 2003/2225(INI), February 26, 2004

In its February 2004 report the European Parliament also stirred a renewed discussion around the idea of the SPC.³⁹ By reiterating its support for the idea, it stressed the need for the EU's "more pro-active strategy". The report underlined that the EU must increase its cooperation and even bring pressure on Russia and Turkey to help resolve the regional conflicts in the South Caucasus. However, in his address to the Parliament, Chris Patten, the EU commissioner for external relations said that the idea is "premature". "I'm not yet wholly convinced that the time is ripe yet to return to [the idea of the SPC]. Certainly, it has budgetary consequences, which we'd want to look in some detail," Patten said.⁴⁰ Thus, reflecting the scepticism and the caution of the EU decision-makers, which is rather understandable given the numerous political and economic problems and uncertainties in the region, "Patten put the responsibility on the South Caucasus states to first pursue reforms themselves."⁴¹ In fact, these two seemingly contradicting stances of the Parliament and the Commission are complementary. They give the EU as a whole an opportunity to employ its soft powers and create the necessary incentive structure for the South Caucasus states to proceed further with the reforms.

Probably, the proposal by the Georgian president Mikhail Saakashvili to create a mini-union between Georgia and Azerbaijan, as a first step towards creation of a Caucasian Economic Community should be considered in the light of the recent discussions around the idea of the SPC. During his visit to Baku in March 2004, where Saakashvili set forth this initiative, he and his Azeri counterpart I.Aliyev agreed to remove trade barriers and provide free movement of goods and persons between the two countries. Interestingly, Saakashvili, echoing the spirit of the SPC stated, that "this new policy should spread over

³⁹ European Parliament Report with a proposal for a European Parliament recommendation to the Council on EU policy towards the South Caucasus, 2003/2225(INI), February 2 2004

⁴⁰ Lobjakas, Ahto, "EU: Parliament Adopts Report on South Caucasus", *RFE/RL Feature Articles*, February 26, 2004

⁴¹ *ibid.*

to the whole South Caucasus, because otherwise the region will not be a part of Europe.”⁴² Certainly, unless there is a clear progress in solving the regional conflicts and especially the “most dangerous” (as the above-mentioned Parliament report calls it) Karabakh conflict, regional integration will be impossible. As was elaborated earlier, political settlement of the conflicts is a prerequisite for any co-operative undertakings in the region, which would involve all the three South Caucasus states. However, formidable problems notwithstanding, we cannot deny that there is a clear move both among the local actors in the South Caucasus and in the EU to start carrying out the policy elaborated in the SPC. Thus, these recent developments give us hope that the idea of SPC is not a fantasy, but may have real prospects for implementation.

In the end, it is important to reiterate that the ultimate power to solve the conflict rests with the peoples themselves, since, eventually, it is the interests of these very people, which provide for stable and sustainable peace. The intervening third parties can establish clear rules of the game and incentives necessary for co-operative relationships to develop, but they cannot provide the ultimate solution. As Paddy Ashdown, the EU High Representative in Bosnia said, “the eventual admission of the western Balkan states to the EU will not be the result of charity from Brussels but a recognition of their contribution to the common good.”⁴³ The same goes for the South Caucasus states. If the people of the region want to end the conflict and pursue their interests peacefully in a common European space, then it is up to them to achieve this.

Conclusion

⁴² Agayev, Rasim, “Tost za “Kavkazskiy rinok” (Toast for the Caucasus Market), *Trud* newspaper, March 12, 2004, p. 4 in Russian

⁴³ “Adriatic Regional Agreement Signed in Bosnian Capital”, RFE/RL Newline Vol. 7, No. 81, Part II, 29 April 2003

To sum up, I advocated a three-step approach to the solution of the Karabakh conflict – introducing fundamental principles of a solution, which would reduce uncertainty and provide a ‘road map’ - creating a dual power-sharing arrangement, which would be based on equal relationships between Azeris and Armenians at both regional (Mountainous Karabakh) and national (Azerbaijan) levels, and combining this power-sharing arrangement with regional and EU integration. In elaborating these points I have argued that the major reason for deadlock in the Karabakh conflict has been the absence of clearly defined fundamental principles of a solution. Given that the local political actors are unable/unwilling to change the present situation of deadlock, the *peaceful* resolution of the Karabakh conflict is contingent only upon the international community’s efforts to work out and to endorse clear fundamental principles, together with the conflicting parties, which would force the Armenian and the Azeri parties to establish a negotiation range.

I have shown that the Karabakh conflict is especially useful to illustrate the shortcomings of exclusive reliance on power-sharing as means of resolving ethno-territorial conflicts. Thus, in the Karabakh conflict, whereas certain security considerations require demographic separation of the ethnic population in order to dampen the security dilemma, moral and legal considerations require the return of forcefully displaced Azeri population to the predominantly Azeri populated areas before the conflict, including the strategic Shusha and Lachin districts. However, return of these districts to Azeri control makes the Karabakh Armenians over-dependent on Azerbaijan by making them an enclave inside Azerbaijan, whereas the continued Armenian occupation of Shusha and Lachin leaves no grounds for stable and sustainable conflict resolution.

Having demonstrated the shortcomings of exclusive reliance on intra-state solutions, I have argued that in order to achieve a stable, sustainable and just solution to the Karabakh conflict, we should combine intra-state measures (decentralisation and power-sharing) with inter-state and supra-state measures. This comprehensive approach is the only way that would eliminate the sources of ethno-territorial conflicts, entrenched in the traditional notions of sovereignty, self-determination, national and ethnic borders. I have argued that this comprehensive solution can be accomplished through regional integration and Europeanisation, as elaborated in the 'Stability Pact for the Caucasus'. However, I have suggested that the EU should assume the leading role in solving the regional conflicts in the Caucasus, and focus especially on the Karabakh conflict as a pivotal case. Thus, in parallel with the creation of power-sharing institutions between Mountainous Karabakh and Azerbaijan, as well as between the Armenian majority and the Azeri minority in Mountainous Karabakh, the EU can gradually engage the parties in long-term conflict resolution. The EU can greatly contribute to de-escalation and emergence of co-operative behaviours by facilitating the creation of a 'South Caucasus Community' as a transitional step for security co-operation and economic recovery of the South Caucasus region before EU accession. After EU accession Armenia and Azerbaijan, as well as the Karabakh Armenians and Azeris would operate directly within the EU's institutionalised problem-solving mechanism, which would allow them to constantly transform their conflicts in a positive, non-violent and imaginative ways.

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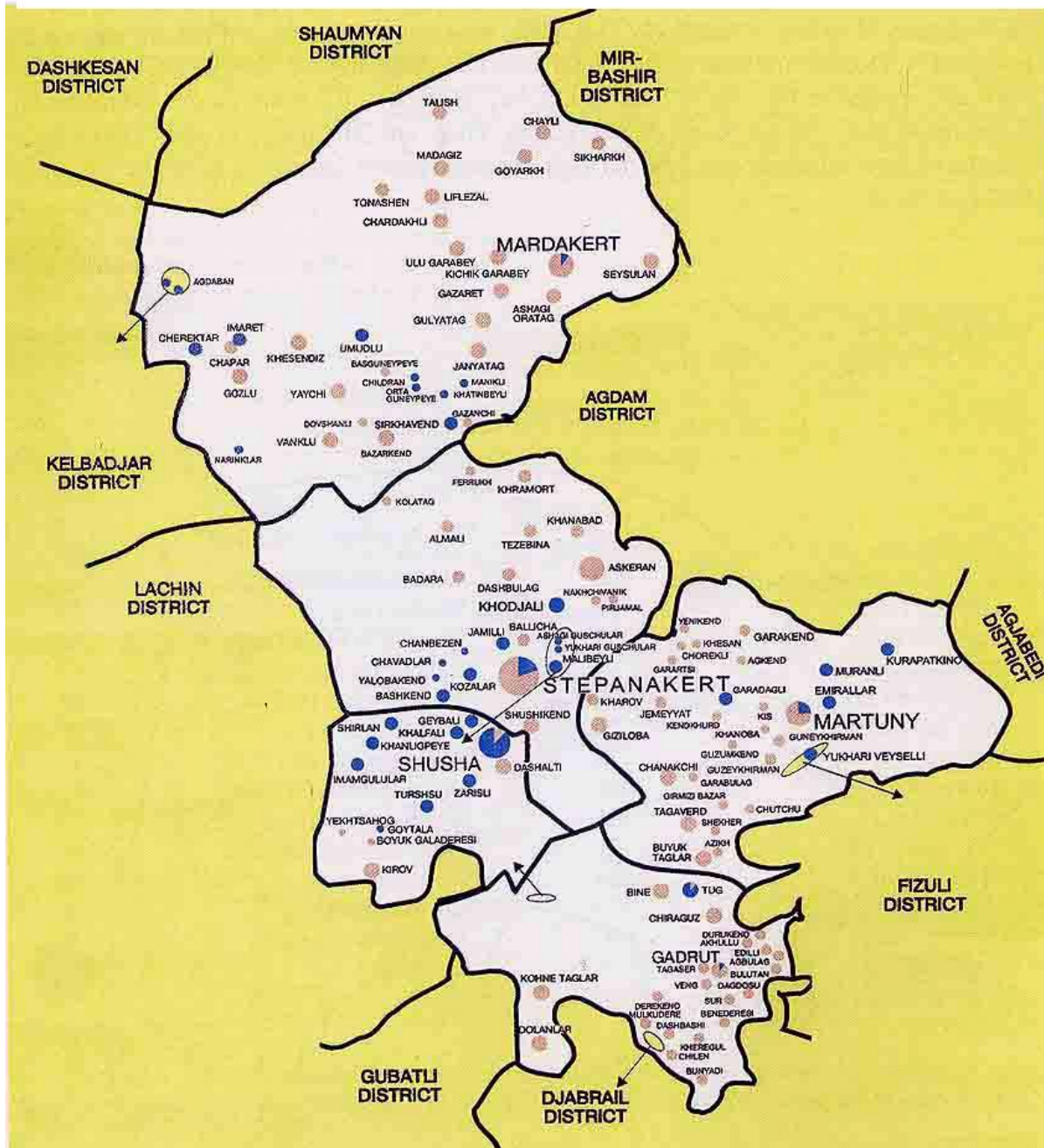
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Annex 1

Demographic Situation in Mountainous Karabakh Region of Azerbaijan SSR

(as of the USSR population census of January 12, 1989)

(Results of the USSR population census; Distribution of the population by ethnic origin and home language; Table 9C, page 3-89. - 1989)



Note: Blue points indicate Azeri, red points indicate Armenian settlements.