

## HIGHLIGHT OF JOURNAL

How Effective is U.S. Policy in the South Caucasus?

**Rich Outzen**



# CAUCASUS STRATEGIC PERSPECTIVES

Volume 2 • Issue 2 • Winter 2021

## Post-War Situation in the South Caucasus Region

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Geopolitics of the South Caucasus  
after the 44 Day War: A Failure or an  
Opportunity for the EU?

**Vasif Huseynov**

Iran's Challenged Position in  
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# CAUCASUS

STRATEGIC PERSPECTIVES

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### Post-War Situation in the South Caucasus Region



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# Editor's Note

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The current issue of the Caucasus Strategic Perspectives (CSP) journal entitled “*Post-War Situation in the South Caucasus Region*” is dedicated to the possible cooperation opportunities in the aftermath of latest 44-day war between Armenia and Azerbaijan in the fall of 2020 with focus on different views from various experts driven from different countries.

The CSP's new issue includes 5 articles, 3 commentaries and 1 book review. In the framework of post-war cooperation situation, the CSP's current authors analysed the policies of regional actors, such Turkey, Iran, Russia and the EU towards the region and existing political divergences and tensions, as well as economic cooperation opportunities emerged in the post-conflict period.

The new issue's *Articles Section* starts with **Rich Outzen's** article of “*How Effective is U.S. Policy in the South Caucasus?*” which examines US policy towards the South Caucasus as a case of structural and institutional limits on the effectiveness of foreign policymaking in democratic states and argues that the constitutional separation of powers, the influence of domestic interest groups, and growing multipolarity at the global and regional levels have operated together to limit US's policy options and precluded a leading role for the US in effectively shaping outcomes within the region.

**Vasif Huseynov's** article of “*Geopolitics of the South Caucasus after the 44 Day War: A Failure or an Opportunity for the EU?*” analyses how the EU could adjust its policies toward the South Caucasus to the post-war regional realities, and suggests a set of policy recommendations for the EU's foreign policy apparatus and the leading member states that are more actively engaged with the countries of the region.

**Stephen Blank's** article of “*Iran's Challenged Position in the Post-War South Caucasus*” argued that the ambiguous state of tension between Iran and Azerbaijan builds upon this unresolved crisis between Armenia and Azerbaijan and adds to the desirability and urgency of a peaceful reconciliation.

**Mahammad Mammadov's** article of “*Azerbaijan's Soft Balancing vis-à-vis Russia*”, drawing on the theoretical literature on soft balancing, discusses in detail the key indicators of Azerbaijan's soft balancing in relation to Russia before and after the Second Karabakh War and

explains how it helped navigate Azerbaijan's foreign policy through the complex regional order.

**Javid Alyarli's** article of "*How does the stagnation of potential Armenia-Azerbaijan peace deal influence Russia's South Caucasus policy?*" argues that the failure of signing a potential peace treaty contributes to Russia's legal and military presence in the geopolitical conundrum of the region and extends Russia's leverages on both countries.

The new issue's ***Commentaries Section*** commences with **Mykola Zamikula's** commentary of "*Iran's Policy in the South Caucasus in the Post-War period*" which argues that Iran's approach to the South Caucasus is based on traditional concepts of the country's national foreign policy that are determined by a strong historical heritage and fear of foreign intervention. This has led to diplomatic tension with Azerbaijan and strengthening of existing cooperation with Armenia.

**Nina Miholjic's** commentary titled "*Armenia's Domestic and Foreign Policy in the Post-War Period: New Challenges and Perspectives*" explores the changes in Armenia's domestic policy after the Second Karabakh War at the political, social and economic levels, and the impact of such changes on Armenia's foreign policy, especially with regard to its relationship with Azerbaijan.

**Ayça Ergun's** commentary titled "*Role of Turkey in the Post-War South Caucasus*" argues that Turkey has become a pro-active actor and game changer for that region. Ergun's commentary stresses the fact that Turkey re-defines its status and position in the region. The key argument is that Turkey's role, its potentials and contribution can be evaluated within the framework of both opportunities and challenges.

The new issue's ***Book Review Series*** includes comprehensive review of the book titled "Russia in a Changing World" (co-edited by Glenn Diesen and Alexander Lukin) by Naghi Ahmadov. This thought-provoking and analytically helpful collection aims to present a comprehensive view of leading Russian foreign policy experts on the Russia's place in the changing structure of the new international order.

Finally, on behalf of the CSP team, we hope this issue provides food for thought and contributes to and enriches the discussion on subject-matter issue.

Sincerely  
**Farid Shafiyev**  
**Editor-in-Chief of CSP Journal**



# How Effective is U.S. Policy in the South Caucasus?

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Rich Outzen\*

This paper examines US policy towards the South Caucasus as a case of structural and institutional limits on the effectiveness of foreign policymaking in democratic states. Specifically, the constitutional separation of powers, the influence of domestic interest groups, and growing multipolarity at the global and regional levels have operated together to limit Washington's policy options and precluded a leading role for the US in effectively shaping outcomes within the region. The second section of the paper assesses how these factors impacted US policy over the three decades following the end of the Cold War. The final section argues that the gradual marginalization of the United States and engagement of other regional powers has created conditions under which a modest but balanced approach rooted in economic outreach offers greater chance of tangible results than the rhetorically ambitious but practically constrained approach of the past several decades.

**Keywords:** South Caucasus, US foreign policy, Karabakh, Azerbaijan, Georgia, Armenia



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## Introduction

Coherence and effectiveness in foreign policy pose a perpetual challenge to effective governance and statecraft in democracies. Policies take shape and evolve not only in response to changing global and regional conditions, but to shifting public preferences and domestic political concerns in a context of limited attention, incomplete information, and intermittent analysis.<sup>1</sup> Foreign and national security policy formulation in the US system varies greatly between and even within presidential terms.<sup>2</sup> This variability can be a strength, in that administrations can reorient failed policies and learn from past errors. It can also be a weakness, constraining presidential decision- and deal making while, perversely, undercutting the nation's ability to influence outcomes for specific foreign policy matters.<sup>3</sup>

US policy towards the South Caucasus region since the end of the Cold War provides an excellent illustration of the struggle for coherent and effective foreign policy in democratic systems. American policy for the South Caucasus has been constrained by three key tensions rooted in both domestic and geostrategic dynamics. These include the domestic struggle between the executive and legislative branches, agenda-setting behaviour by domestic interest groups (lobbies), and the limited US leverage conferred by regional economic and military dynamics since 2000. The interplay of these three factors results in a very narrow range of policy options, stemming from the fact that limited leverage impedes forceful imposition of domestic policy preferences overseas, whereas domestic policy preferences prevent forward-looking or creative policy initiatives that might be feasible in a specific regional context. The result has been a passive and reactive policy stance, leaving room for other actors (including Russia, Turkey, Iran, and Israel) to play more effective roles in shaping economic and military outcomes. The objective of this paper is to examine the structural and operational factors shaping

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1 Dissanayake, R. "The Roots of Policy Incoherence: Domestic Policy, Global Public Goods, and International Development," CGD Notes, Center for Global Development, 12 October 2021, available at <https://www.cgdev.org/publication/roots-policy-incoherence-domestic-policy-global-public-goods-and-international#ftn3> (accessed: 12 October 2021).

2 Mangum, M., "U.S. Strategic Consistency and Coherence: The Planner's Role in Continuity," *The Strategy Bridge*, 26 October 2020, available at: <https://thestategybridge.org/the-bridge/2020/10/26/us-strategic-consistency-and-coherence-the-planners-role-in-continuity1> (accessed: 12 October 2021).

3 Milner, H. and Tingley, D., *Sailing the Water's Edge: The Domestic Politics of U.S. Foreign Policy*, Princeton University Press, Princeton, NJ, 2015, pp. 25–47.

US policy in the South Caucasus in order to understand the generally limited effectiveness of that policy over the past three decades. By contextualizing those factors in light of both regional and global trends, the paper also provides an assessment of the prospects for US policy to more effectively shape regional outcomes in the coming years.

This paper begins by describing the policy-constraining factors in brief. It then reviews the history of US policy in the region over the past several decades. The final section argues that recent developments that are exogenous to US policy – especially, but not only, the Second Karabakh War – provide a rare, and likely temporary, window for more effective policymaking.

### *Constraining factors*

The constitutional design for US foreign policy-making has been described as an “invitation to struggle” between the President and Congress.<sup>4</sup> Rejecting both unfettered executive prerogative and its opposite – “legislative tyranny” – the framers of the Constitution of the United States granted specific foreign policy authorities to each – a separation of power that leads to occasional compromise and frequent contradiction.<sup>5</sup> Under Article I of the Constitution, Congress has the authority to declare war, regulate commerce, raise and oversee naval and military forces, confirm ambassadors, and approve treaties that the President may negotiate and seek to make binding. Congress controls funding, passes laws deemed necessary, and conducts oversight hearings, all of which set a general framework for the conduct of foreign policy. The President’s powers are laid out in Article II, including the ability to appoint ambassadors, command military forces, implement laws passed by Congress, and exercise “implied powers” involving diplomacy, intelligence, and other tasks required to pursue the national interest. Congress sets general directions and boundaries for foreign policy, in a sense, whereas the President and his bureaucracy articulate and direct programmes and operations seen as consistent with those boundaries and supportive of the national interest.

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4 Corwin, E., *The President: Office and Powers, 1787-1957*, 5th rev. ed., New York University Press, New York, NY, 1984, p. 201.

5 Masters, J., “U.S. Foreign Policy Powers: Congress and the President, CFR Background”, *Council on Foreign Relations*, 2 March 2017, available at: <https://www.cfr.org/backgrounder/us-foreign-policy-powers-congress-and-president> (accessed: 12 October 2021).

US foreign policy towards the South Caucasus since the end of the Cold War illustrates this interbranch struggle over foreign policy direction. Shortly after the dissolution of the Soviet Union, the 102<sup>nd</sup> Congress passed the Freedom Support Act to shape outreach to the post-Soviet independent states: Section 907 of that act banned military or economic assistance to Azerbaijan until it ended its economic “blockade” of Armenia, imposed during the occupation of Azerbaijan’s territory by the latter and expulsion of Azerbaijani civilians during the First Karabakh War.<sup>6</sup> A decade later, President George Bush gained waiver authority for Section 907 to improve relations with Baku in the wake of the September 11, 2001, terror attacks, thereby relaxing the domestic priority in favour of urgent operational need.<sup>7</sup> Congress made post-Soviet Armenia a top recipient of US aid on a per capita basis, Yerevan’s continued close ties with Moscow and military occupation of Azerbaijan’s territories (the “Nagorno-Karabakh” region and seven surrounding districts) notwithstanding. Congress has taken an active role in rejecting nominations for ambassadors seen as not reflecting Congress’ prioritization of Armenia, for example, Richard Hoagland and Matthew Bryza. Successive Presidents have pushed back on Congress’ generally anti-Azerbaijan and anti-Turkey sentiments enough to maintain functional security and economic relationships, but have been constrained by the clarity of Congressional deference to Armenian interests.<sup>8</sup> On policy relating to Georgia, Congress has played more of a supporting role to executive branch initiatives in strengthening Georgia against Russian coercion, including resolutions of support, calls for enhanced security assistance, and sanctions against Russian entities seeking to destabilize Georgia.<sup>9</sup>

A second constraining factor on coherent policy, separate from but related to the constitutional competition between branches, is the influence of organized interest groups and lobbies. Congressional

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6 S.2532, *Freedom Support Act*, Congress.gov, available at: <https://www.congress.gov/bill/102nd-congress/senate-bill/2532> (accessed: 12 October 2021).

7 Armenian National Committee of America (ANCA) press release, “Senate Votes to allow Presidential Waiver of Section 907, October 24, 2001,” available at: <https://anca.org/press-release/senate-votes-to-allow-presidential-waiver-of-section-907> (accessed: 12 October 2021).

8 Zarifian, J., “The Armenian-American Lobby and its Impact on U.S. Foreign Policy,” *Social Science and Modern Society*, Vol. 51, No. 5 (Sep.–Oct. 2014), pp. 509–510.

9 Welt, C., “Georgia: Background and U.S. policy (R45407),” Congressional Research Service, Washington, D.C., 10 June 2021, pp. 17–18, available at: <https://crsreports.congress.gov/product/pdf/R/R45307/15> (accessed: 12 October 2021).

records and lobbying reports show that both the White House and members of Congress are extensively lobbied on foreign policy matters by highly focused and organized diaspora interest groups whose preferences frequently diverge from positions driven by economic interests (businesses) or geopolitical interests (practitioners within the foreign policy and security apparatus).<sup>10</sup> Interest groups play a critical and potentially constructive role in democratic decision-making by providing insights and expertise on specific issues that congressional or executive staff may lack the resources or time to gather. They can also come to exercise undue influence and virtually monopolize certain areas of foreign policy; show disproportionate influence through personal relationships, campaign contributions, and voter mobilization; and, consequently, influence setting agendas favourable to group interests, thereby making consideration of policy alternatives or competing perspectives very difficult.<sup>11</sup>

Interest groups and their lobbying arms exert influence over congressional decisions regarding multiple dimensions of foreign policy, including military and civilian aspects.<sup>12</sup> In policy areas with serious distributional impacts for various US constituencies (e.g., trade, defence industry, and immigration), corporate and commercial entities lobby most energetically. For foreign policy issues impacting geopolitical outcomes (defence, aid, sanctions, and bilateral and multilateral diplomacy), ethnic diaspora lobbies weigh heavily, and the Armenian lobby is considered one of the most effective in Washington.<sup>13</sup> The Armenian-American community, although numerically small (one million people or less), has deep roots, generally high socioeconomic status, a tradition of organized political activism, and salient unifying issues. Together, these elements confer a high degree of lobbying effectiveness.<sup>14</sup> There are two main organizations that carry out complementary networking and policy advocacy.<sup>15</sup> One of these is organized under Section 501(c)(3) of the Internal Revenue Code as a non-profit organization and that prioritizes integration of Armenian-Americans in the political process

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10 Milner and Tingley, *op. cit.*, pp. 169–210.

11 Dur, A. and de Bievre, D., “The Question of Interest Group Influence,” *Journal of Public Policy*, Vol. 27, No. 1 (2007), pp. 1–12.

12 Milner and Tingley, *op. cit.*, pp. 175–176.

13 Milner and Tingley, *op. cit.*, pp. 191–197.

14 Zarifian, *op. cit.*, p. 506.

15 Zarifian, *op. cit.*, p. 507.



(Armenian Assembly of America), the other under Section 501(c)(4) as a social welfare organization with priority to lobbying on issues related to US policy affecting Armenia. The Armenian-American lobbying for a major symbolic goal – designation of the 1915 events as an instance of “genocide” – was a multigenerational effort with the support of community activists, ethnic Armenian members of Congress such as Anna Eshoo and Jackie Speier, celebrity activists such as Cher and Kim Kardashian, and a host of sympathetic politicians from both major parties. It has been described as a template for other ethnic lobbies to emulate.<sup>16</sup> From academic and policy analytical perspectives, the salient point is not normative assessment of a particular lobbying effort, but acknowledgement that such lobbying is often a determinative or bounding factor in policy formulation. In the case of US foreign policy in the South Caucasus, this is likely to be an enduring feature for the foreseeable future. Given the absence of such effective interest representation among other players in the region (Azerbaijan, Georgia, Turkey, Russia, and Iran), this increases the likelihood that US policy will continue to prioritize the preferences of the Armenian lobby.

If events in Washington, both in Congress and among organized interest groups, constrain US policy options for the South Caucasus, so, too, do developments in the region itself. The first has been Azerbaijan’s shrewd diplomacy to strengthen military and economic cooperation with Israel and Turkey. As no Western countries demonstrated intent to pressure Armenian forces to leave the internationally acknowledged territories of Azerbaijan, let alone seek a compromise on the settlement of the conflict,<sup>17</sup> Baku ramped up its efforts to develop the military, economic, diplomatic, and intelligence resources to apply that pressure itself. Israel and Azerbaijan expanded cooperation in the energy, intelligence, and military fields, thereby greatly strengthening Baku’s capabilities and decreasing US leverage.<sup>18</sup> Baku also deepened its political and military cooperation with Turkey, courting Turkish President Recep

16 Jarahzadeh, K., “What it Takes to Change Your Adopted Nation’s Foreign Policy,” *Public Square*, Zocalo (weblog), 12 August 2021, available at: <https://www.zocalopublicsquare.org/2021/08/12/armenian-american-genocide-recognition/ideas/essay/> (accessed: 12 October 2021).

17 Fuller, L., “Armenia denies agreeing to leave seven occupied districts,” *Radio Free Europe Radio Liberty* (weblog), 19 May 2005, available at: <https://www.rferl.org/a/1058945.html> (accessed: 12 October 2021). The formerly occupied seven districts were Jebrayil, Fizuli, Zangelan, Aghdam, Gubadli, Lachin, and Kalbajar, which were reclaimed by Azerbaijani forces in 2020.

18 Avdaliani, E., “Defying geography: The Israel–Azerbaijan partnership,” *BESA Center*, Bar Ilan University (Israel), 31 August 2020, available at: <https://besacenter.org/israel-azerbaijan-partnership/> (accessed: 12 October 2021).

Tayip Erdogan and gaining assurances of staunch support in the event of renewed military clashes.<sup>19</sup> Russia's economic and military influence over Armenia became pervasive after 2000, thus limiting US leverage even further; yet Russian protection did not extend beyond the borders of Armenia proper into the occupied districts to its southeast, and it would neither confront Azerbaijan and Turkey to maintain the status quo, nor allow an external power to do so. In the South Caucasus, as Robert Kaplan has it, Russia has been "a rising geopolitical power ... and the United States may have come up on its limits."<sup>20</sup> Turkey and Russia both became increasingly capable of, and interested in, influencing the South Caucasus from 2008 onward, after two decades of relative quiescence.<sup>21</sup> Washington has clearly had other policy priorities in recent decades than the South Caucasus – Iraq, Afghanistan, and China, inter alia – so we can add the asymmetry between US and Western European interest levels and the commitment of other players as a regional dynamic that constrains coherent and effective policy.<sup>22</sup> Finally, the tools of policy that the US most frequently employs in regional conflicts with limited goals since end of the Cold War – economic sanctions<sup>23</sup> and military interventions<sup>24</sup> – have seldom proven efficacious in conflict resolution or regional stabilization.

The US thus begins with a constrained set of options for South Caucasus policy due to the executive–legislative struggle to shape policy and effective interest group lobbying. Whatever policy is pursued faces the further complication of low-priority and low-efficacy options for implementation. This occurs against the backdrop of increasingly capable and committed regional actors over whom the US exerts

19 Fraser, S., "AP explains: What lies behind Turkish support for Azerbaijan," *Apnews.com* (website), Associated Press, 2 October 2020, available at: <https://apnews.com/article/turkey-territorial-disputes-azerbaijan-ankara-armenia-9a95d9690569623adedffe8c16f3588d> (accessed: 12 October 2021).

20 Kaplan, R., "The Caucasus: Laboratory of geopolitics," *Stratfor* (website), 2 January 2014, available at: [https://www.realclearworld.com/articles/2014/01/02/the\\_caucasus\\_laboratory\\_of\\_geopolitics.html](https://www.realclearworld.com/articles/2014/01/02/the_caucasus_laboratory_of_geopolitics.html) (accessed: October 12, 2021).

21 Rumer, E., Richard S., and Paul, S., "U.S. policy toward the South Caucasus: Take three," *Carnegie Endowment*, May 2017, p. 9, available at: [https://carnegieendowment.org/files/CP\\_310\\_Rumer\\_Sokolsky\\_Stronski\\_Caucasus\\_Final\\_Web.pdf](https://carnegieendowment.org/files/CP_310_Rumer_Sokolsky_Stronski_Caucasus_Final_Web.pdf) (accessed: 12 October 2021).

22 Gottesman, E., "America must stop ignoring the South Caucasus," *The National Interest*, 20 June 2015, available at: <https://nationalinterest.org/blog/the-buzz/america-must-stop-ignoring-the-south-caucasus-13093> (accessed: 12 October 2021).

23 Pape, R., "Why economic sanctions do not work," *International Security*, Vol. 22, No. 2 (Fall 1997), pp. 90–136.

24 Sullivan, R., "War aims and war outcomes: Why powerful states lose limited wars," *Journal of Conflict Resolution*, Vol. 51, No. 3 (June 2007), pp. 406–524.

limited policy influence. Consequently, US policy has struggled to achieve coherence (internal consistency) between the competing drives to foster regional stability and compromise, on the one hand, and to demonstrate responsiveness to constituent demands on the other. It has also struggled to achieve effectiveness (determining outcomes on the ground). The next section provides a review of US South Caucasus policy in the past several decades.

### *Thirty years of muddling through*

US policy towards the South Caucasus since the end of the Cold War can be described as unfolding in three phases: an early period of adjustment to three post-Soviet conflicts, a middle period of attempted democratization and peace-making, and a later period of inertia. Between 1991 and 2001, the United States struggled to keep pace with unfolding events as the Soviet Union dissolved, conflicts broke out in the Abkhazia, South Ossetia, and “Nagorno-Karabakh” regions, and US policymakers focused on the Balkans and those portions of the former Soviet Union that possessed nuclear weapons.<sup>25</sup> The US engaged in episodic and low-level attempts at conflict resolution, generally with little success. All three conflicts were “frozen”, without real resolution, and the most significant policy initiative from the US in any of the three was the passing of Section 907 of the Freedom Support Act, which essentially put the US on the Armenian side of the Armenia–Azerbaijan conflict, thereby leaving the role of “neutral mediator” to the Minsk Group within the Organization for Security and Cooperation in Europe (OSCE).<sup>26</sup> After a decade of half-hearted US diplomacy in the region, there were three unresolved conflicts (as mentioned above), economic and political disarray in each of the three countries, and only quite limited steps towards stabilization and democratization.

A second, more ambitious phase of US post-Cold War policy in the region can be said to have begun with the September 11, 2001, terrorist attacks against the United States. The attacks provided Washington with an urgent rationale for engagement with all three governments in the South Caucasus: strengthening a US-led coalition in what became the

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<sup>25</sup> Rumer et al., *op. cit.*, pp. 10–11.

<sup>26</sup> Rumer et al., *op. cit.*, p. 12.

Global War on Terror (GWOT). One product of this was an agreement between Congress and the White House on a waiver provision for Section 907, which has been invoked annually since 2002 to allow greater intelligence and security cooperation between the US and Azerbaijan.<sup>27</sup> All three countries provided political and military support to US efforts in Iraq and Afghanistan, but the American focus on the GWOT further reduced the prioritization of solutions for the South Caucasus itself. Following the 2003 Rose Revolution in Tbilisi, the democratization and Western orientation of Georgia became the closest thing to a top US policy priority in the South Caucasus across the three decades under consideration. That experiment came to an end with Russia's reassertion of regional primacy during the 2008 Russo–Georgian war, however, and “U.S. policy toward the South Caucasus had effectively lost its focus and regional champion.”<sup>28</sup> Both democratization projects and comprehensive regional negotiations seemed too ambitious for the weak hand the US had to play.

A third phase ensued between 2009 and 2020, during which the US attempted to avoid deterioration in the status quo in spite of new challenges. Western engagement during this period was led by the European Union, which pressed for Association Agreements with Armenia and Georgia, the latter successfully, the former prevented by Russia. The failure of normalization of Armenia–Turkey relations and Armenia–Azerbaijan diplomatic negotiations, and Russia's seizure of Crimea and more aggressive stance across the region made clear that competition, not collaboration, now characterizes international engagement in the South Caucasus. This means that “the old U.S. policy framework is no longer applicable, but a new policy has not yet been put into place.”<sup>29</sup> Europeans have noticed the lack of clear US policy or energy towards the resolution of the conflicts within Georgia, declarative statements notwithstanding.<sup>30</sup> If another coda was necessary to punctuate the period of US policy drift in the

27 Executive Office of the President, *Presidential Determination No. 2002-06 of January 25, 2002, Waiver of Section 907 of the FREEDOM Support Act*, February 8, 2002, available at: <https://www.federalregister.gov/documents/2002/02/08/02-3264/waiver-of-section-907-of-the-freedom-support-act-with-respect-to-assistance-to-the-government-of> (accessed: October 12, 2021).

28 Rumer et al., *op. cit.*, pp. 17–18.

29 Rumer et al., *op. cit.*, p. 19.

30 Novikova, G., “The policy of the United States in the South Caucasus,” *European Security and Defense*, 15 May 2019, available at: <https://euro-sd.com/2019/05/articles/13228/the-policy-of-the-united-states-in-the-south-caucasus/> (accessed: 12 October 2021).

South Caucasus, and mark general acknowledgement that legacy multilateralism holds little sway in the current decade, the Second Karabakh War should suffice.<sup>31</sup>

Three decades of intermittent and generally ineffective policy does not equate to disastrous or entirely unproductive policy, though: there have been successes. US support for the Baku–Tbilisi–Ceyhan (BTC) oil pipeline and Baku–Tbilisi–Erzurum (BTE) gas pipeline under the Bush and Clinton administrations was crucial to their realization and brought significant economic benefits for Azerbaijan, Georgia, and Turkey, with an attendant loss of leverage for Russia and Iran.<sup>32</sup> Regional support for American GWOT efforts, including troop contributions and transit use of bases and airspace, was an important diplomatic and strategic achievement. With US encouragement, the post-Soviet successor states became “real states” with varying, but substantive, degrees of functionality, independence, and democracy. US policy has contributed to these accomplishments despite the obstacles and constraints noted above.<sup>33</sup> Modest aims, claims, and accomplishments seem appropriate given the matrix of domestic and regional constraints within which the US Caucasus policy operates. The question remains, however, of whether the current multipolar reality of Southern Caucasian geopolitics leaves room for creative US policy, or predetermines continuation of the passive and reactive policy of recent years.

### ***Opportunity for an economic regional peace***

In the wake of the Second Karabakh War, an opportunity for creative US policy exists – perhaps fleetingly so. Specifically, a new balance has emerged in which Azerbaijan, supported by Turkey and buoyed by achieving its 30-year goal of restoring control over most of its occupied districts, seeks to consolidate its position by both deterring destabilizing

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31 Erel, A., “The Minsk Group and the failure of multilateral mediation,” *The Washington Times*, 27 September 2021, available at: <https://www.washingtontimes.com/news/2021/sep/27/minsk-group-and-failure-multilateral-mediation/> (accessed: 12 October 2021).

32 Grennan, J., “From pipe dream to pipeline: The realization of the Baku–Tbilisi–Ceyhan Pipeline” (Event Summary), *Belfer Center, Harvard University*, Cambridge, MA, 15 May 2003, available at: <https://www.belfercenter.org/publication/pipe-dream-pipeline-realization-baku-tbilisi-ceyhan-pipeline> (accessed: 12 October 2021).

33 Cornell, S., “The raucous Caucasus”, *The American Interest*, American Foreign Policy Council, 1 May 2017, available at: <https://www.afpc.org/publications/articles/the-raucous-caucasus> (accessed: 12 October 2021).

moves by Russia or Iran and offering Armenia incentives to formalize the post-war Trilateral Statement. The opening consists of the following elements:

- Turkey sealed its border with Armenia in 1993, in solidarity with Azerbaijan. The impact of economic blockades against Armenia by Azerbaijan and Turkey have prevented its integration into the regional energy and connectivity projects, and greatly increased its dependence on Russia. Turkey now says that the primary obstacle to the embargo has been removed with Azerbaijan's recovery of her formerly occupied districts.
- Yerevan has indicated a willingness for reciprocal steps without any preconditions.
- Baku has signalled acceptance of reopening regional trade, saying that the situation has changed greatly in the past decade.
- The economic benefits of reopened trade in the South Caucasus, including links between Azerbaijan's main territory and its exclave, the Nakhchivan Autonomous Republic, but potentially other north–south and east–west routes, could benefit all the regional economies.
- Azerbaijan's redevelopment of Shusha and other towns close to Armenians could lead to an economic and social *modus vivendi* in which Armenians and Azerbaijanis start to live together as neighbours.<sup>34</sup>

There are several caveats. The first is that these eminently reasonable economic steps can reduce animosity, de-escalate tensions, and build a modicum of mutual dependence and perhaps even goodwill among Armenia, Azerbaijan, and Turkey. However, another challenge remains with the reintegration of ethnic Armenians living in the towns of the Karabakh region that are under the temporary control of Russian peacekeepers. These are areas with predominantly ethnic Armenian populations where Azerbaijan has ruled out autonomy in the aftermath of the war. The creative economic opening can build trust between citizens of Armenia, ethnic Armenians in Karabakh region, and citizens of Azerbaijan living in the nearby villages, or at least makes the impasse

34 Yackley, A.J., "Turkey reaches out to foe Armenia in drive for Caucasus Influence," *Financial Times*, 26 October 2021, available at: <https://www.ft.com/content/c370a933-98be-4abb-9c93-93424e824a7f> (accessed: 12 October 2021).

more liveable for both sides.<sup>35</sup>

The second caveat is that the US, even if it adopts a clear policy stance in favour of an economic peace for the region, will have to apply both bilateral and multilateral approaches to implement it. Russia has become a critical intermediary in the wake of the Second Karabakh War, with military monitors on both countries, 5,000 troops in Armenia with significant military assets nearby, and solid working relationships with Yerevan, Baku, and even Ankara. None of these players trusts Washington or views it as indispensable to finding a solution. Yet, none of the regional states fully trusts Moscow either, so an important balancing role remains for the West. The US and its European allies wield a diplomatic and economic reach that Moscow cannot equal – but also have a mechanism to coordinate with and co-opt Russia into a mutually beneficial outcome. That mechanism is the OSCE’s Minsk Group. The Minsk Group’s co-chairs include the United States, Russia, and France, while its permanent members are Belarus, Germany, Italy, Sweden, Finland, and Turkey, plus Azerbaijan and Armenia themselves.<sup>36</sup> The Minsk Group proved unable to lead a process of change in the South Caucasus over the past three decades. Now that the Second Karabakh War has changed the landscape, literally and figuratively, the Minsk Group may be fit for the more modest purpose of an economy-first approach to make the new status quo more beneficial for the key players. Russian and American interests seem to overlap in this regard.<sup>37</sup> Washington can leverage American and European resources to develop a roadmap and implement projects that bring the regional economic peace to fruition.<sup>38</sup>

The third caveat is that the region is bigger than Karabakh region and, even if progress is made there, the troubles of Georgia and the threat of Iranian mischief remain as determinants of regional stability. Georgia

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35 Rzaev, Sh., “Karabakh status – Future prospects and possible options, a view from Baku,” *Trajectories* (weblog), 27 October 2021, available at: <https://jam-news.net/karabakh-status-future-prospects-and-possible-options-a-view-from-baku/> (accessed: 12 October 2021).

36 Minsk Group, “Who we are,” OSCE.org (website), available at: <https://www.osce.org/minsk-group/108306> (accessed: 28 October 2021).

37 Poghosyan, B., “The U.S. policy in the South Caucasus after the 2020 Karabakh War,” *New Geopolitics* (weblog), 31 August 2021, available at: <https://www.newgeopolitics.org/2021/08/31/the-us-policy-in-the-south-caucasus-after-the-2020-karabakh-war/> (accessed: 12 October 2021).

38 International Crisis Group, “Post-war prospects for Nagorno-Karabakh,” Europe Report No. 264, 9 June 2021, Brussels, Belgium, available at: <https://www.crisisgroup.org/europe-central-asia/caucasus/nagorno-karabakh-conflict/264-post-war-prospects-nagorno-karabakh> (accessed: 12 October 2021).



has enjoyed relative stability in recent years but faces occupation by Russia and separatist forces in roughly 20% of its territory in the South Ossetia and Abkhazia regions. Nevertheless, Tbilisi values its relations with the US and NATO, and continues economic progress after signing the EU's Association Agreement; the task here for US policy is truly to maintain modest progress, rather than avoid a loss of opportunity and influence, as with the rest of the region.<sup>39</sup> As for Iran, it has motive to act as a spoiler against economic and strategic developments that benefit the West, especially budding cooperation among Azerbaijan, Turkey, and Israel, as well as potential trade reopening between Armenia and Azerbaijan. Iran's cosy relations with Yerevan, and bitter suspicion of any moves that lessen Armenia's isolation in the region, help explain recent military manoeuvres in Iran's ethnic Azeri-populated provinces and likely presage a campaign of subversion against efforts to reduce tensions in the South Caucasus.<sup>40</sup>

## ***Conclusion***

The US neither needs, is expected, nor would be welcome to be the central actor in resolving the policy challenges of stability and prosperity in the South Caucasus. Other actors have staked out clear, and competitive, military and political positions; these include Iran, Russia, and Turkey. In the interstices of regional power competition and the positions of the South Caucasus states themselves, there is room to push for an economic opening to facilitate military de-escalation and, ultimately, diplomatic efforts towards a durable settlement. Quiet but active US diplomacy without coercive military moves or sanctions, exercised under multilateral auspices, seems suited to the preferences of the Biden Administration and is likely to be welcomed by the key players (Iran is a different story). This approach would be modest in scope, would recognize regional realities, and would eschew the US lead in favour of an explicitly multilateral initiative.

A template of sorts already exists: Libya. After a decade of unproductive diplomacy following the fall of the Qaddafi regime, Libya's low-level

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39 Welt, C., "Georgia: background and U.S. policy," CRS Report R45307, Congressional Research Service, 10 June 2021, Washington, DC, pp. 1, 15–20.

40 Blank, S., "America can't afford to be AWOL in the Caucasus," *The National Interest*, 26 October 2021, available at: <https://nationalinterest.org/feature/america-can-t-afford-be-awol-caucasus-195558> (accessed: 12 October 2021).



civil war intensified with the 2019 Emirati-supported Haftar offensive on Tripoli followed by a Turkish-supported counteroffensive that restored a reasonably stable front line. With substantial German and US diplomatic efforts, talks were resumed that resulted in a compromise solution, a new unity government plan, and a roadmap to a stable resolution of the conflict. The results are partial so far, but certainly preferable to another round of fighting. Many of the dynamics in the Armenia–Azerbaijan conflict were similar, and there is reason to think a similar diplomatic opening may be present.<sup>41</sup>

The US may not need to dominate the diplomacy of the South Caucasus, but it must show energy and attention at senior levels to reinvigorate a multilateral, economically driven approach. For now, it appears that Washington is not contemplating such a commitment. Despite the glaring need for a “genuine mediator” and the generally positive orientation of all three South Caucasus states towards the US, there is “no sign whatever of any policy initiative or strategy”.<sup>42</sup> US Secretary of State Anthony Blinken has expressed a wish for the Minsk Group to resume its work, but without recognizing that a more active and even-handed American role within it will be necessary to allay Azerbaijan’s concerns that France and Russia are both irremediably pro-Armenian. Only Washington can provide the appropriate degree of balance. With it, substantive US cooperation with Turkey and Azerbaijan becomes possible, which will unlock the door to trans-regional energy, transportation, and trade projects. Armenia will benefit most directly, and may come closer to strategic autonomy rather than abject dependence on Moscow. This model worked for Georgia owing to precisely this sort of regional cooperation with Turkey and Azerbaijan.<sup>43</sup>

In recent years, the tendency in Washington has been to treat the South Caucasus as a set of discrete, unconnected bilateral relationships and to index each bilateral to external issues: Georgia to US Russia policy; Armenia to US Turkey policy; and Azerbaijan to US human rights and

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41 UN News, “UN salutes new Libya ceasefire agreement that points to ‘a better, safer, and more peaceful future’,” United Nations, 23 October, 2020, available at: <https://news.un.org/en/story/2020/10/1076012> (accessed: 12 October 2021).

42 Blank, S., *op. cit.*

43 Ahmadzada, R., “Short sighted U.S. foreign policy in the South Caucasus in a new geopolitical environment,” *The Geopolitics* (weblog), 22 July 2021, available at: <https://thegeopolitics.com/short-sighted-us-foreign-policy-in-the-south-caucasus-in-a-new-geopolitical-environment/> (accessed: 12 October 2021).

democratization policies (and alternatively to Afghanistan and energy policies). What has been lacking is a regional strategy that weaves the three together, reconciles the tensions and contradictions among them, and lays out an action agenda to support the verbal intentions.<sup>44</sup> If no such regional approach emerges, the next decade is likely to see further deterioration in the several bilateral relationships and further decline of US influence as Russia, Turkey, and Iran sort things out. That would be both a missed opportunity and a great misfortune for Washington. The way for a modest, limited, coherent, and more effective regional approach is open – if the Biden Administration wants a foreign policy win, this would be a good place to look.

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44 Cornell, *op. cit.*



# Geopolitics of the South Caucasus after the 44 Day War: A Failure or an Opportunity for the EU?

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Vasif Huseynov\*

A new geopolitical order emerged in the South Caucasus following the 44 Day War between Armenia and Azerbaijan in late 2020. Upending the former status quo, the war brought in Turkey as an active player in the regional power games but also reinforced Russia's military standing in the South Caucasus. Concurrently, as a result of the war, the South Caucasus experienced a further decline of Western influence over its regional affairs. The European Union (EU) found it difficult to impact the regional politics – both during the war and afterwards. The EU was thus widely criticized for failing to play an assertive international role even in a region very close to its borders, in contrast to the geopolitical aspirations of the incumbent European Commission. Although the new geopolitical order formed by the war in the South Caucasus promises to be more sustainable and peaceful, there are myriad factors that might undermine regional peace and lead to new armed escalations. The EU does not have a military presence in the region, unlike Turkey and Russia, to play an impactful security role; however, this article argues that it still has some options to become influential, help the region's countries more confidently counter security challenges, and meaningfully contribute to regional peace and stability. Analysing how the EU could adjust its policies toward the South Caucasus to the post-war regional realities, the article suggests a set of policy recommendations for the EU's foreign policy apparatus and the leading member states that are more actively engaged with the countries of the region.

**Keywords:** EU, South Caucasus, geopolitics, 44 Day War, Azerbaijan, Armenia



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***Introduction***

Despite the launch of the ambitious Eastern Partnership Programme in 2009 and the establishment of new framework agreements with Georgia (2013) and Armenia (2017), the EU's role in the geopolitics of the South Caucasus has, over subsequent years, failed to make substantial progress. This failure was most visible during the Armenia–Azerbaijan war from 27 September to 9 November 2020, which was arguably the second major geopolitical event in the region since the mid-1990s, after the 2008 war between Georgia and Russia.

Following the war, the EU found its place in the geopolitics of the South Caucasus further diminished because Russia gained a military presence in Azerbaijan, the only country in the region where there had been no Russian military presence before the war. This erected another major obstacle to the intensification of relations between the South Caucasus countries and the Euro-Atlantic community. This is widely interpreted as a failure on the part of the EU, as there had been opportunities for the West to push forward a Western-coordinated breakthrough towards the resolution of the [former] Armenia–Azerbaijan conflict before the war. These opportunities were never fully realized.

Nevertheless, there is still a range of opportunities that the EU can utilize to reinforce its role in the region. The sizeable aid package allocated by the EU for the socio-economic development of the region's countries in summer 2021 served as testimony to the potential of the EU in its policies towards the South Caucasus. The EU, however, should take care not to repeat its past mistakes in future engagements, or it is doomed to be outmanoeuvred in this highly contested region.

The remainder of this article explores the central geopolitical configurations of the South Caucasus in the aftermath of the 44 Day War, looks into the EU's role in the new regional realities, identifies challenges and opportunities for the EU to play a proactive role in the region, and suggests ways to improve its image and reinforce its influence. The paper concludes with recommendations for the foreign policy apparatus of the EU and its leading member states that are more actively engaged with the countries of the region.

### *South Caucasus after the 44 Day War*

The geopolitical order established in the South Caucasus in the early 1990s after a brief period of instability following the collapse of the Soviet Union remained largely unchanged for long years, despite periodic attempts (e.g., the Russia–Georgia war of 2008) to modify it. Russia had secured a dominant position over the foreign policy options of the regional countries owing to the conflicts in the Abkhazia and South Ossetia regions of Georgia, and the Karabakh region of Azerbaijan, where Russia largely pulled the strings. By recognizing the “independence” of Georgia’s separatist regions in 2008, Moscow effectively dangled a “sword of Damocles” over Tbilisi’s foreign policy, which remains unchallenged despite all the efforts of Georgians.

The other two regional powers neighbouring the South Caucasus, namely Turkey and Iran – although they have succeeded in wielding some influence, to varying degrees, in and/or over the three small states of the region – fell short of resolutely challenging Russia’s dominance.

Against this backdrop, and being more of a normative and economic power in its origins, the EU succeeded in taking the lead regarding the geo-economic map of the South Caucasus. In a relatively short period of time, the EU became the main trading partner of Azerbaijan, Georgia, and Armenia – accounting for, respectively, 36.6%, 23%, and 18% of their total trade turnover in 2020.<sup>1</sup> The EU has, however, had to manoeuvre in substantially more contested regional geopolitics, regardless of its occasionally declared aspirations for an impactful geopolitical role in its Eastern neighbourhood and across the globe.<sup>2</sup> Having failed to buttress the European aspirations of Georgia, the EU gave disturbingly discouraging signals to Azerbaijan and Armenia and forced them to reconsider their foreign policy agendas.

The 44 Day War between Armenia and Azerbaijan, from 27 September to 9 November 2020, was another major test that the EU could not successfully pass. Neither the EU nor its leading member states could meaningfully impact the war and its outcomes, although they were expected to play an influential mediating role in line with the mandate

1 European Commission, “Countries and Regions: Azerbaijan, Armenia, Georgia”, available at: <https://ec.europa.eu/trade/policy/countries-and-regions/> (accessed: 1 October 2021).

2 Ministry of Foreign Affairs of Germany, “The ‘geopolitical’ European Commission gets to work”, 3 December, 2019, available at: <https://www.auswaertiges-amt.de/en/aussenpolitik/europa/european-commission/2284908> (accessed: 1 October 2021).

of the Minsk Group of the Organization for Security and Cooperation in Europe (OSCE).<sup>3</sup> France, one of the co-chair states of the Minsk Group, a major international institution mandated to mediate the Armenia–Azerbaijan peace negotiations, had to confine its roles to fruitless mediation while, on occasion, it did not conceal its pro-Armenian bias. Entirely disregarding the mandate France has undertaken within this institution, both chambers of the French parliament in late 2020 even went so far as to unanimously adopt legislative documents calling for the recognition of the independence of a puppet entity, the so-called “Nagorno-Karabakh Republic”, that was once established in the sovereign territories of Azerbaijan.

Against this backdrop, not only was the EU sidelined by Russia and Turkey during the war, but also in its aftermath, when the conflicting parties drew the contours of the post-war geopolitical and geo-economic picture of the region through Russia’s mediation. Hence, the EU does not have any impactful role in the post-war negotiations between Baku and Yerevan, though it offered mediation in the talks over the delimitation and demarcation of the international/state border between the two countries and contributed to the exchange of Armenian detainees for maps of the conflict-affected territories’ minefields, mediating the talks together with the USA and Georgia.<sup>4</sup>

Russia has thus managed to further strengthen its influence over the South Caucasus – the region it does not shy away from calling part of Moscow’s “zone of privileged interests”.<sup>5</sup> By deploying its peacekeepers to the territories of Azerbaijan and enjoying the major mediator status in the negotiations for the reopening of the regional transportation and communication routes, Russia has become an indispensable actor for the peace between the two parties and is not eager to share this privilege with other members of the OSCE Minsk Group.<sup>6</sup>

3 France24, “Azerbaijan is ‘ready’ to start peace talks with Armenia, president tells FRANCE 24”, 28 September 2021, available at: <https://www.france24.com/en/tv-shows/the-interview/20210928-azerbaijan-is-ready-to-start-peace-talks-with-armenia-president-tells-france-24> (accessed: 29 September 2021).

4 Zurabishvili, S., “Georgia is back to its historic mediator role”, Interpressnews, 13 June 2021, available at: <https://www.interpressnews.ge/en/article/114004-salome-zurabishvili-georgia-is-back-to-its-historic-mediator-role> (accessed: 7 November 2021).

5 Trenin, D., “Russia’s Spheres of Interest, not Influence”, *The Washington Quarterly*, Vol. 32, No. 4, 23 September 2009, pp. 3–22.

6 Petrosyan, T., “Russia’s position on Karabakh crosses out Minsk Group’s negotiation format”, *Caucasian Knot*, 4 September 2021, available at: <https://www.eng.kavkaz-uzel.eu/articles/56642/> (accessed: 6 September 2021).

Tensions between official Baku and Russia's peacekeeping contingent are increasingly surfacing as time passes. One major bone of contention between Baku and Moscow is caused by Russia's failure to stop the transfer of Armenian armed forces to the Karabakh region that is under the temporary control of its peacekeepers. Although the trilateral statement of 10 November 2020, signed by the leaders of Russia, Armenia, and Azerbaijan, envisaged the withdrawal of the Armenian armed forces from the occupied territories of Azerbaijan in parallel with the deployment of Russian peacekeepers, Russia has yet to ensure its implementation. Among others, the fact that the number of the peacekeepers has apparently (owing to the deployment of additional personnel within the framework of humanitarian centre established in the Karabakh region) exceeded that agreed in the 10 November statement causes concerns in Azerbaijan.

Russia, however, has had to reconcile its activities with Turkey's growing influence in the region, in particular with its special relations with Azerbaijan. The war boosted Turkey's influence in the South Caucasus thanks to its strategic alliance with Azerbaijan, which played a critical role in Azerbaijan's victory in the war. Although Ankara fell short of obtaining a role equal to Moscow's in the post-war peace process between Baku and Yerevan, it became, after the war, a significantly more influential player than before.

### ***Challenges for the EU in the South Caucasus***

The absence of a strong hard-power dimension in the EU's foreign policy has been a major shortcoming of its international outlook in most directions. The South Caucasus is one region where the EU has failed to provide hard-power backing for its engagements with the regional countries (specifically, in the case of Georgia, to counter Russia). Although the normative and soft-power elements deployed by the EU enabled it to rally pro-European sentiments among some local people and encourage them to seek pro-Western orientation in their states' foreign policies, this has not been sufficient to confidently counter the powers that oppose the EU. This has undermined the EU's regional ambitions as well as disillusioning pro-Western groups in the region.

The Second Karabakh War was such a moment that demonstrated that



the EU is either reluctant or simply unable to play a serious geopolitical role in a region close to its borders and of importance for its larger geo-economic and security interests. The war was a critical juncture in the politics of the South Caucasus and, in this sense, can be compared to the 2008 war between Russia and Georgia and the annexation of the Crimean Peninsula of Ukraine by Russia in 2014. These redrew the geopolitical contours of the region – and the new status quo is likely to remain intact for the foreseeable future – without consultation with or involvement of the EU.

A different scenario was, however, possible. Any breakthrough in the conflict on terms affected by the EU would have prevented its geopolitical role from further diminishing in the region following the 44 Day War. Instead of this, the EU chose an unjustified neutrality between the victim (Azerbaijan) and the occupier (Armenia) and, thus, could only watch the prolongation of the conflict. Having failed to play a role in the settlement of the conflict, the EU could not help but recognize the new, post-war regional realities.

It is quite telling that Russia's deployment of its armed forces under the name "peacekeepers" in the Karabakh region has not been seen as a concern to be addressed by EU officials in their numerous visits to the South Caucasus countries since then. Russia's virtually unchallenged dominance in the South Caucasus will have ramifications for the foreign policies of all three countries of the region and, in particular, their choices concerning issues relating to Russia's interests.

Instead of countering its rival, the EU seems to acknowledge Russia's "zone of privileged interests". Not only does this further diminish the EU's image in the region, but it is also gradually undoing the positive developments it has achieved.

The regional cooperation initiative promoted by Azerbaijan, Turkey, and Russia in the wake of the war, being more internally focused, reflects the post-war geopolitical situation in the South Caucasus. The so-called "3+3" cooperation platform (Georgia, Armenia, and Azerbaijan + Russia, Turkey, and Iran) for this initiative, if realized, will cement the post-war geopolitical order of the region. Georgia, owing to its conflict with Russia, refuses to participate in this platform and proposes an alternative in the form of a 3+2 format (the countries of the South Caucasus + the EU and United States) named the "Peaceful

Neighbourhood Initiative”. However, Georgian Foreign Minister Davit Zalkaliani has acknowledged that it would be “necessary” to participate in the regional geopolitical projects “in some form”.<sup>7</sup>

For Azerbaijan’s President Ilham Aliyev, Russia–Turkey cooperation is the “guarantor of stability” in the new geopolitical configuration of the South Caucasus and the alignment of Azerbaijan–Turkey–Russia will constitute the core of the new cooperation platform.<sup>8</sup> Highlighting that Armenia will also join this format, President Aliyev underscored that “This format is sufficient for us – Turkey–Russia–Azerbaijan–Armenia. Anyone interested in joining in may join, those who aren’t are in a better position to judge.”<sup>9</sup> President Aliyev has yet to publicly comment on the 3+2 format, while Georgia is hopeful that Azerbaijan will join the initiative.<sup>10</sup> Although this format, if ever realized, is unlikely to prevail over the 3+3 framework in geopolitical substance, as it excludes major players such as Russia and Turkey, it would provide a mechanism for communication between the West and the South Caucasus as a region.

### *Opportunities for the EU in the South Caucasus*

Truly, the challenges facing the EU in its relations with the South Caucasus countries are overwhelming and hard to overcome any time soon. There are, however, a number of opportunities that would positively contribute to the development of the EU’s relations with the countries of the region, if properly handled. These include the desire of the regional states to counterbalance other major powers through close partnership with the EU; the still-relevant pro-European aspirations among the local people; the EU’s substantial share of the region’s foreign trade; and its critical significance as an investor in the region’s economies.

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7 Hetq.am, “Georgian Foreign Minister says participation in South Caucasus ‘3+3’ format is problematic but necessary”, 8 October 2021, available at: <https://hetq.am/en/article/136480> (accessed: 7 November 2021).

8 Official Website of the President of the Republic of Azerbaijan, “Speech by Ilham Aliyev at the meeting with representatives of the general public in Jabrayil”, 5 October 2021, available at: <https://en.president.az/articles/53474> (accessed: 12 November 2021).

9 Ibid.

10 1tv.ge, “Azerbaijan endorses PM-tabled Peaceful Neighborhood Initiative, FM says”, 29 September 2021, available at: <https://1tv.ge/en/news/azerbaijan-endorses-pm-tabled-peaceful-neighborhood-initiative-fm-says/> (accessed: 20 October 2021).

The West (i.e., the EU together with the USA) has traditionally been seen in the region as an indispensable geopolitical force for counterbalancing the pressure of other powers, particularly of Russia and Iran. Although not as explicitly as Georgia, both Armenia and Azerbaijan have been supportive of this policy line and, for this purpose, occasionally made significant attempts to deepen cooperation with the West. However, the regional power dynamics, coupled with the EU's reluctance to confront other powers, forced Armenia and Azerbaijan to reconsider their strategies, while Georgia, being in deadlock with Russia, could not help but continue to strive for Euro-Atlantic membership. The Armenian government led by Nikol Pashinyan has tacitly rejuvenated Armenia's aspirations for Euro-Atlantic integration even though his country, being overly dependent on Russia in well-nigh all spheres, including economy and security, has limited room for manoeuvring in foreign policy.<sup>11</sup> Russia's further rise in regional dominance in the wake of the Second Karabakh War makes a comprehensive partnership with the EU even more important for the regional countries.

The European aspirations among the people living in the South Caucasus constitute another factor that should be taken into account. Public opinion polls in the region have consistently demonstrated generally strong (though to varying degrees) public support in the three countries of the South Caucasus (Armenia,<sup>12</sup> Azerbaijan,<sup>13</sup> and Georgia<sup>14</sup>) for intensification of the relations between their states and the EU. The EU's image is, however, often damaged by the shortcomings of its regional policies. For example, the Azerbaijani people are disillusioned with the lack of consistency in the EU's policies towards the territorial conflicts

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11 Dovich, M., "The view from Yerevan on Belarus-Russia integration", *Civilnet*, 21 September 2021, available at: <https://www.civilnet.am/news/633370/the-view-from-yerevan-on-belarus-russia-integration/?lang=en> (accessed: 2 October 2021).

12 East European Security Research Initiative, "Results and analysis of the opinion poll conducted by the Analytical Centre on Globalisation and Regional Cooperation (ACGRC) in Armenia in 2018 on the attitude of the Armenian Society to international organizations, the EU, EEU, CSTO and NATO", February 2019, available at: [https://eesri.org/wp-content/uploads/2019/02/2019-02\\_Poll-Armenia-EU-EEU-CSTO-NATO\\_ACGRC\\_PB-ENG.pdf](https://eesri.org/wp-content/uploads/2019/02/2019-02_Poll-Armenia-EU-EEU-CSTO-NATO_ACGRC_PB-ENG.pdf) (accessed: 2 October 2021).

13 EU Neighbors East, "Opinion Survey 2020: Azerbaijan", March 2020, available at: <https://www.euneighbours.eu/en/east/stay-informed/publications/opinion-survey-2020-azerbaijan> (accessed: 2 October 2021).

14 National Democratic Institute, "NDI Poll: EU and NATO support remains strong but threatened by Russia and perception of harm to culture and values; Armenian and Azeri communities respond differently to NATO membership", 28b May 2019, available at: <https://www.ndi.org/publications/ndi-poll-eu-and-nato-support-remains-strong-threatened-russia-and-perception-harm> (accessed: October 2, 2021).

in the post-Soviet space. While the EU put a strong emphasis on the principle of territorial integrity for Moldova, Georgia, and Ukraine in their conflicts with Russia, it has avoided taking a clear stance based on that principle in Azerbaijan's territorial conflict with Armenia. The EU can better its image in the region by addressing these problems and making proper amendments to its policies wherever possible.

Based on this principle, the EU should play a more active role in the post-conflict peace process between Baku and Yerevan and should encourage the sides to sign a peace treaty recognizing each other's internationally recognized territorial integrity. Towards this end, Azerbaijan expects political support from the EU in the demarcation and delimitation of its state borders with Armenia. Yerevan should be persuaded and, if necessary, pressured by its European partners to launch negotiations on the demarcation of state borders with Baku through international mediation. The reluctance of some European states to recognize the post-war realities and the attempts to question Azerbaijan's sovereignty over the Karabakh region or to make it subject to international negotiations are helpful neither for peace in the South Caucasus nor for the EU's image in the region.

The economic bonds between the countries of the South Caucasus and the EU give the latter a kind of leverage which it would be difficult for Russia or other powers to substitute in the near future. As stated above, the EU is a major export market for the region's economies. Apart from these strong trade relations, the importance of investments, grants, aids, loans, etc. provided by the EU to the regional countries cannot be overstated. For example, the latest aid package announced by the EU for these countries comes at a time when the local economies are mostly in trouble owing to pandemic-related and other setbacks. The EU has pledged €3.9 billion to Georgia<sup>15</sup> and €2.6 million to Armenia<sup>16</sup> in grants, loans and loan guarantees, over the next 5 years, as part of an "economic and investment plan" drafted by the European Commission

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15 European Commission, "Remarks by Commissioner Olivér Várhelyi at the press point with the Prime Minister of Georgia Irakli Garibashvili", 7 July 2021, available at: [https://ec.europa.eu/commission/commissioners/2019-2024/varhelyi/announcements/remarks-commissioner-oliver-varhelyi-press-point-prime-minister-georgia-irakli-garibashvili\\_en](https://ec.europa.eu/commission/commissioners/2019-2024/varhelyi/announcements/remarks-commissioner-oliver-varhelyi-press-point-prime-minister-georgia-irakli-garibashvili_en) (accessed: 7 November 2021).

16 European Commission, "Armenia: Remarks by Commissioner Olivér Várhelyi at the press point with Acting Deputy Prime Minister Mher Grigoryan", 7 July 2021, available at: [https://ec.europa.eu/commission/commissioners/2019-2024/varhelyi/announcements/armenia-remarks-commissioner-oliver-varhelyi-press-point-acting-deputy-prime-minister-mher-grigoryan\\_en](https://ec.europa.eu/commission/commissioners/2019-2024/varhelyi/announcements/armenia-remarks-commissioner-oliver-varhelyi-press-point-acting-deputy-prime-minister-mher-grigoryan_en) (accessed: 7 November 2021).

for six ex-Soviet republics involved in the EU's Eastern Partnership Programme. This is expected to be a great boost to local small- and medium-sized enterprises and to the construction of vital transport infrastructure, thus promoting regional connectivity. Meanwhile, Armenia has yet to receive any significant financial backing from its ally Russia to revive its economy that is debilitated after the latest war.

Nevertheless, the EU's decision to allocate substantially less assistance to Azerbaijan (less than €200 million) within the aforementioned package was a major drawback of the initiative. The EU turned a blind eye to the fact that Azerbaijan needs to invest billions of dollars to demine and rebuild its liberated territories in order to provide necessary conditions for the return of up to a million IDPs to their homes. The EU's reasoning that "Azerbaijan is a prosperous country that might not need the financial assistance of the European Union"<sup>17</sup> was refuted by the Azerbaijani government while citing the necessity of additional funds for the Karabakh region's rehabilitation.<sup>18</sup> It also begs the question of whether the EU can contribute to peace and prosperity in the South Caucasus and challenge the geopolitical dominance of its rivals while alienating the biggest and most populous country of the region.

In the areas addressed by the aid package, the EU has rightly focused on connectivity projects in the region. These would not only provide better conditions for Europe–Asia connectivity but also make important contributions to economic development at the local level. Substantial amounts of investment have been allocated for building roads, bridges, and other transportation projects in Armenia and Georgia. However, for unknown reasons, Azerbaijan was largely excluded from this package. Indeed, having long played a leading role in the promotion and implementation of the regional transportation projects (roads, railways, ports, and so on) that now form parts of the Europe–Asia Middle Corridor, Azerbaijan should have received at least equal amounts of financial support for its ongoing projects, including for the Zangazur Corridor project. Considering that the Zangazur Corridor,

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17 European Commission, "Azerbaijan: Remarks by Commissioner Olivér Várhelyi at the end of his visit", 8 July 2021, available at: [https://ec.europa.eu/commission/commissioners/2019-2024/varhelyi/announcements/azerbaijan-remarks-commissioner-oliver-varhelyi-end-his-visit\\_en](https://ec.europa.eu/commission/commissioners/2019-2024/varhelyi/announcements/azerbaijan-remarks-commissioner-oliver-varhelyi-end-his-visit_en) (accessed: 2 October 2021).

18 Turan, "Ilham Aliyev criticizes the EU for unfair distribution of aid to the countries of the region", 23 July 2021, available at: [http://www.turan.az/ext/news/2021/7/free/politics\\_news/en/6065.htm](http://www.turan.az/ext/news/2021/7/free/politics_news/en/6065.htm) (accessed: 19 September 2021).

when realized, will cut the length of Middle Corridor significantly, the EU's reluctance to financially assist in its construction does not serve the interests of the concerned countries in South Caucasus and Europe.

The Azerbaijani people find it truly disappointing that the demining process in the recently liberated territories, which is one of the most challenging and costly elements of the post-war reconstruction work, was also not properly addressed by the EU's aid package. Although the demining of the liberated territories is absolutely necessary for the rapid rehabilitation of the region and quick return of more than 700,000 people to their homelands, the EU has not included it among the priorities of the assistance programme.

Nor does the EU pay the necessary attention to the environmental problems in the South Caucasus – which is at odds with the Union's larger policy of tackling climate change. In this respect, it is unfortunate that the EU has yet to react to the pollution of Azerbaijani rivers by companies operating on Armenian territory. For example, recent reports about the pollution of the transboundary (Armenia–Azerbaijan) Okchuchay River in its Armenian section with industrial waste caused great environmental concern in Azerbaijan.<sup>19</sup> The revelation of the fact that one of the biggest companies that operated in the region and polluted the Okchuchay River belonged to Germany until 2019 caused anger and frustration in Azerbaijan.<sup>20</sup> Unfortunately, neither the EU nor major non-governmental institutions of Europe have yet reacted to the calls of the Azerbaijanis, even though environmental protection tops the EU agenda at home. Nor has the EU, in its investment package to Armenia, addressed the concerns about the Metsamor Nuclear Power Plant of Armenia, which poses considerable risks to the people and environment of the region.

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19 Ministry of Ecology and Natural Resources of the Republic of Azerbaijan, “Oxçuçayın Ermənistan tərəfindən çirkəndirilməsi balıqların kütləvi ölümünə səbəb olub” [Pollution of the Oxchuchay by Armenia has led to the mass death of fish], 10 March 2021, available at: <http://eco.gov.az/az/nazirlik/xeber?newsID=12102> (accessed: 7 November 2021).

20 1news.az, “Oxçuçay təhlükəli səviyyəyədək çirkəndirilib: Almanıyanın CRONIMET şirkəti Qarabağın ekolojiyasına təhdid yaradır – FOTO” [Oxchuchay polluted to dangerous level: German company CRONIMET poses a threat to the ecology of Karabakh – PHOTO], 29 April 2021, available at: <https://1news.az/az/news/20210429102828315-Oxchuchay-tehlukeli-seviyyeyedek-chirkendirilib-Almanıyanın-CRONIMET-shirketi-Qarabağın-ekolojiyasına-tehdid-yaradır-FOTO> (accessed: 7 November 2021).

### ***Conclusions and Recommendations***

The 44 Day War brought about numerous challenges to the EU's policies with regard to the countries of the South Caucasus. While the settlement of the Armenia-Azerbaijan conflict can be interpreted as a burden lifted for the Eastern neighbourhood agenda of the EU, the war's outcomes have certainly led to new burdens for the Union. The deployment of Russian peacekeepers to the Karabakh region and the dominance of Moscow over the post-war peace process handicap the EU's engagement with the region. There are, however, important opportunities that could be instrumental for the EU to promote relations with the countries of the South Caucasus. The regional governments view the EU as a geopolitical counterbalance against other powers; their economies are connected with the European market; and their societies support intensification of these ties. Below, this brief provides a number of policy recommendations for how the EU could deal with the existing situation in the South Caucasus while pursuing its interests and promoting peace and security in the region.

*Promote* the 3+2 regional cooperation platform (the three countries of the South Caucasus plus the EU and the USA) initiated by Georgia as a complement to the 3+3 format of Armenia, Azerbaijan, and Georgia + Russia, Turkey, and Iran. The two proposals need to evolve in harmony rather than being exclusive, and so not become a matter of competition and rivalry between the great powers. Not only would such rivalries undermine the regional cooperation initiatives, they would also badly affect relations among the states of the South Caucasus who have different geopolitical visions in foreign policy.

*Promote* the reconciliation process between Armenia and Azerbaijan by initiating contacts between the governments and peoples of the two countries. The lasting settlement of the conflict would open up enormous opportunities for the prosperity and integration of the regional countries. Here, the EU should encourage the two countries to sign a comprehensive peace agreement recognizing each other's internationally recognized borders and territorial integrity.

*Support* Azerbaijan's efforts to peacefully reintegrate its citizens of Armenian origin living in the Karabakh region. The re-establishment of peaceful coexistence in the Karabakh region would allow Azerbaijan to terminate the deployment of Russian peacekeepers to the region, in

accordance with the fourth provision of the trilateral statement of 10 November 2020.

*Reconsider* the EU's policies of financial assistance to the countries of the South Caucasus and properly address Azerbaijan's need to demine and rehabilitate the Karabakh region that has been comprehensively destroyed and massively mined by Armenia while the region was under its occupation.





# Iran's Challenged Position in the Post-War South Caucasus

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Stephen Blank<sup>\*</sup>

Even though last year's war between Armenia and Azerbaijan ended in a decisive victory for Azerbaijan, there is no sign of progress towards peace. There are many reasons for this stalemate, but one of them, upon which this article focuses, is that Iran has proven itself unable to come to terms with the new realities on the ground and the defeat it has suffered. Despite correct relations with Azerbaijan, Iran has covertly supported and continues to support Armenia's position in the latter's conflict with Azerbaijan, which, backed by Turkey, will not tolerate that policy. As a result, there is a growing danger of an Iran-Azerbaijan conflict, and such a conflict would necessarily spill over into the Middle East because of Turkey's enhanced role in the South Caucasus and deepening alliance with Azerbaijan. Thus, the ambiguous state of tension between Iran and Azerbaijan builds upon this unresolved crisis between Armenia and Azerbaijan and adds to the desirability and urgency of a peaceful reconciliation.

**Keywords:** Azerbaijan, Armenia, Iran, Karabakh, South Caucasus



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### *Introduction*

The repercussions of the Second Karabakh war will continue to reorder international relations among the countries of the South Caucasus and beyond. Most commentators on the new configuration of the South Caucasus naturally point to Azerbaijan's victory over Armenia as the major outcome of the war. At the same time, Armenia's weakness and internal discontent have become matters of public record.<sup>1</sup>

Despite its apprehensions about Turkey's presence in the South Caucasus, Russia has now realized its long-standing goal of having military emplacements in all three South Caucasus countries through its peacekeepers, who, according to the Trilateral Statement of 2020 that ended the war, will remain in Azerbaijan's Karabakh region for five years.<sup>2</sup> Nevertheless, at least in one respect, Russia's ambitions for exclusive domination of the South Caucasus suffered a setback. Moscow has had to accept, probably against its will, a fully legitimate Turkish presence in the region that is now being buttressed by a Turkey–Azerbaijan alliance and the formalized presence of all the dimensions of Turkey's military, economic, and informational – as well as diplomatic – power in the region.<sup>3</sup> Thus, Turkey is, *de facto*, at least trying to realize ideas hitherto associated with its own brand of “Eurasianism”.<sup>4</sup> Indeed, Turkey and Azerbaijan have announced plans that are seen as a consolidation and extension of Turkey's influence in the region. These plans, as formalized in the Shusha Declaration on Allied Relations, pertain to what Azerbaijan's President Ilham Aliyev called defence, the defence industry, and mutual military assistance.<sup>5</sup>

1 Mejlumyan, A., “On Independence Day, Armenia not in a mood to celebrate”, *Eurasianet*, 22 September 2021, available at <https://eurasianet.org/on-independence-day-armenia-not-in-a-mood-to-celebrate> (accessed: 23 September 2021).

2 Jafarli, S., “Russia's peacekeeping operations”, *Baku Research Institute*, 12 April 2021, available at: <https://bakuresearchinstitute.org/en/russias-peacekeeping-operations/> (accessed: 24 September 2021).

3 Stronski, P., “The shifting geography of the South Caucasus”, available at: <https://carnegieendowment.org/2021/06/23/shifting-geography-of-south-caucasus-pub-84814> (accessed: 23 June 2021).

4 O. Tufekci, *The Foreign Policy of Modern Turkey: Power and the Ideology of Eurasianism*, London: Library of Modern Turkey, I.B. Tauris, 2017.

5 Apa.az, “Shusha Declaration on allied relations between the Republic of Azerbaijan and the Republic of Turkey”, 17 June 2021, available at: <https://apa.az/en/xeber/official-news/shusha-declaration-on-allied-relations-between-the-republic-of-azerbaijan-and-the-republic-of-turkey-full-text-351900> (accessed: 17 June 17, 2021); Natiqzizi, U., “In Karabakh, Turkish and Azerbaijani leaders cement alliance”, *Eurasianet*, 16 June 2021, available at: <https://eurasianet.org/in-karabakh-turkish-and-azerbaijani-leaders-cement-alliance> (accessed: 16 June 2021).

Turkey's expanding agenda that envisages a role through the Caucasus and potentially to Central Asia poses serious questions for Russia, too.<sup>6</sup> However, beyond that, these war outcomes also present serious challenges to Iran, which styles itself as a "major power" in the South Caucasus, especially because Turkey, its Muslim rival, and Azerbaijan, which it has long regarded with suspicion, are now on Iran's border with armed forces and as allies. These developments seriously challenge Iran's pretensions to major power status, as well as its more material and tangible state interests in the South Caucasus.

However, while most analyses focus on Azerbaijan, Armenia, Russia, and Turkey, it is also necessary to focus on Iran's standing during the war and afterwards as it is clear that the outcome of the war has eroded its position in the South Caucasus. Not only has its partner (if not ally) Armenia been defeated, Iran must now watch Turkey's ascending influence in the South Caucasus and, potentially, beyond. Furthermore, Turkey and Azerbaijan have now consolidated their formal alliance that was already displayed by virtue of Turkey's participation in military exercises in the Caspian Sea and on Azerbaijan's liberated territories close to the border with Iran. Equally troubling for Iran is the fact that Armenia has now opened a dialogue with Turkey that is intended to lead to formal normalization of bilateral relations. Should that occur, Turkey will undoubtedly obtain direct and unimpeded access to Azerbaijan through both Nakhchivan and the newly liberated territories of Azerbaijan and Armenia.<sup>7</sup> Since Azerbaijan–Iran relations have always been tense, with much mutual suspicion between Baku and Tehran, this outcome clearly disturbs the Iranian government. Therefore, this paper moves from an exploration of the sources of Iran–Azerbaijan tension to a discussion of Iran's reaction to the war and its outcome, and from there to the difficult and potentially conflict-causing issue of regional trade and transport routes in the wake of the war.

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6 Goble, P., "Russian analysts divided on impact of Turkey's expanded role in South Caucasus", *Eurasia Review*, 12 December 2020, available at: <https://www.eurasiareview.com/13122020-russian-analysts-divided-on-impact-of-turkeys-expanded-role-in-south-caucasus-oped/> (accessed: 28 October 2021).

7 Avdaliani, E., "Erdoğan the likely winner as post-war Armenia rethinks", *Center for European Policy Analysis*, 1 October 2021, available at: <https://cepa.org/erdogan-the-likely-winner-as-post-war-armenia-rethinks/> (accessed: 1 October 2021).

### *The Basis of Tension between Iran and Azerbaijan*

Iran has endeavoured to play a role as a major South Caucasus power for the last thirty years, in keeping with its self-image of being such a power. Yet it has repeatedly been frustrated here and this war merely ratifies the continuing refusal of the other actors to accept Iran's claims to importance.<sup>8</sup> Although the South Caucasus comes second to the Gulf and Middle East in Iran's hierarchy of interests, the 44 Day War in 2020 triggered, as shown below, a burst of Iranian diplomatic activity, and not only because of fears about the security of its borders.

Iran is striving to overcome years of isolation and disengagement in order to become a third power in the region, together with Turkey and Russia. Although Iran's borders with the South Caucasus states have been relatively stable, unlike its borders with Afghanistan and Iraq, Tehran has security concerns in the region. Any intensification of violence in the South Caucasus would have important repercussions for Iran in terms of border security, refugee flows and damage to the energy infrastructure it has constructed together with Armenia.<sup>9</sup>

Thus, the outcome of the war exacerbated long-standing Iranian apprehension about Azerbaijan as well as the latter's suspicions concerning the former. Despite the fact of considerable mutual economic ties between the two countries in the form of investment, infrastructure projects, and trade, these ties have not by any means overcome those deeply rooted factors of mutual suspicion.<sup>10</sup> The bases of tension in relations are deeply rooted in both countries' history, culture, and politics. Because north-western Iran's population is substantially composed of ethnic Azerbaijanis who have long had a wary relationship with official Tehran, the region is always viewed with apprehension in Tehran. The fear of pro-Azerbaijan sentiment triggering an internal separatist movement among Iranian citizens is an enduring factor in Iran's stance towards Azerbaijan.<sup>11</sup> There are solid grounds

8 De Waal, T., "What role for Europe in the new post-war Caucasus", *Carnegie Europe*, 19 November 2020, available at: <https://carnegieeurope.eu/strategiceurope/83267> (accessed: 19 November 2020).

9 Melvin, N.J. and Klimenko, E., "Shifting conflict and security dynamics in the Caucasus: The role of regional powers", *SIPRI*, available at: <https://www.sipri.org/commentary/blog/2016/shifting-conflict-and-security-dynamics-caucasus-role-regional-powers> (accessed: 23 September 2021).

10 Kaleji, V., "Iran and Azerbaijan after the Second Karabakh War", *Baku Dialogues*, Vol. 5, No. 1, Fall, 2021, pp.126–146, available at: <https://bakudialogues.ada.edu.az/media/2021/09/24/kaleji-bd-v5-n1-fall-2021-.pdf> (accessed: 25 September 2021).

11 Shaffer, B., *The Limits of Culture: Islam and Foreign Policy*, BCSIA Studies in International

for an enduring Iranian apprehension concerning the integrity of the state, because the Tsarist Russian and Soviet governments repeatedly played or attempted to play this card to undermine Iran's territorial integrity, government, and independence.<sup>12</sup> Moreover, to the mullahs and religious leadership of Iran, the Turkified and westward-leaning Azerbaijanis appear as something very suspicious, if not heretical. As a result, Iran views its ethnic Azerbaijani population with suspicion, discriminates against them, and deprives them of equal rights, thereby creating much resentment in those communities and in Azerbaijan.<sup>13</sup>

Moreover, Iran regards Azerbaijan's relations with Western countries and Israel with hostility. This enduring enmity has continued, despite periods of superficial calm, since the breakup of the Soviet Union. Iran has repeatedly sought to continue religious indoctrination and political recruitment among Azerbaijani citizens of Shia belief and has, in tandem with these activities, sponsored what can only be described as terrorist activities in Azerbaijan going back to 1997.

In 1997, members of the Islamic Party of Azerbaijan were tried for spying on behalf of Iran. In 2007, Said Dadasbeyli, an Azerbaijani cleric and alleged leader of a group known as the "Northern Mahdi Army", was accused of receiving assistance from the Quds Force and plotting to overthrow the secular government. The Azerbaijani authorities believed he had provided Iran with sensitive intelligence on the US and Israeli embassies in Baku.<sup>14</sup>

In October 2009, Azerbaijan brought charges against two Lebanese Hezbollah operatives, and their four local Azerbaijani assets were charged with plotting to attack the US and Israeli embassies.<sup>15</sup> Meanwhile, religious proselytization continues; Iranian-trained and

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Security, Belfer Center Studies in International Security, Cambridge, MA: MIT Press, 2006.

12 J. Hasanli, *The Sovietization of Azerbaijan: The South Caucasus in the triangle of Russia, Turkey, and Iran, 1920–1922*, Utah Series in Middle East, Salt Lake City, UT, 2018; J. Hasanli, *At the Dawn of the Cold War: The Soviet-American Crisis over Iranian Azerbaijan, 1941–1946*, The Harvard Cold War Studies Book Series, Lanham, MD: Rowman & Littlefield, 2006; B. R. Kuniholm, *The Origins of the Cold War in the Near East: Great Power Conflict and Diplomacy in Iran, Turkey, and Greece*, Princeton: Princeton University Press, 2016.

13 Shaffer, *op. cit.*

14 Cohen, A. "Iran threatens U.S. interests in the South Caucasus", testimony before the Subcommittee on Europe and Eurasia in the Committee on Foreign Affairs, U.S. House of Representatives, 5 December 2012, available at: <https://www.heritage.org/testimony/iran-threatens-us-interests-the-south-caucasus> (accessed: 25 September 2021).

15 *Ibid.*

-paid mullahs are indoctrinating Azerbaijanis living in the villages and towns along the Iranian border.<sup>16</sup> Furthermore, Iranian agents have made terrorist attacks on US and Israeli targets in Azerbaijan.<sup>17</sup> Nor have Iranian inroads into the population of Azerbaijan nor religious attacks on it stopped.<sup>18</sup>

In addition, Azerbaijan's security forces periodically arrest both Iranian and Azerbaijani citizens for allegedly participating in terrorist activity directed by Iran's Islamic Revolutionary Guard Corps.<sup>19</sup> Official Baku and Tehran possess divergent views on, and conduct different types of activity in, the broader region. Azerbaijan now enjoys a range of diplomatic, economic, and security ties to two of Iran's key rivals, Israel and Turkey.<sup>20</sup>

In recent years entities associated with the Islamic Republic of Iran have been very active in the Republic of Azerbaijan. It is seen as a strategic location in which to promote both Shia Islam and the wider interests of the Islamic Republic. Iran's arms-length activities in the country have included,<sup>21</sup> but not been limited to:

- providing Azerbaijani students with free education at Iran's seminaries;
- sending Azerbaijani students to universities in Iran to study religion;
- dispatching Iranian clergymen to Azerbaijan to promote the Shia religion;
- funding various pro-Iranian organizations;
- funding and organizing ceremonies to mourn the martyrdom of Imam Hussein, the second Shia Imam;
- establishing websites in the Turkic dialect of Azerbaijan to promote the Shia faith; and

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<sup>16</sup> *Ibid.*

<sup>17</sup> *Ibid.*

<sup>18</sup> Ahmadzade, R., "Growing Iranian influence in Azerbaijan: What should be done", *Times of Israel*, 11 March 2019, available at: <https://blogs.timesofisrael.com/growing-iranian-influence-in-azerbaijan-what-should-be-done/> (accessed: 25 September 2021).

<sup>19</sup> BBC, "Azerbaijan arrests 22 suspects in alleged Iran spy plot", 14 March 2012, available at: <https://www.bbc.com/news/world-europe-17368576> (accessed: 26 September 2021).

<sup>20</sup> Stronski, *op. cit.*

<sup>21</sup> Ramezani, E., "Who are Iran's allies in the Republic of Azerbaijan and what are their ambitions?", *Iran Wire*, 10 August 2020, available at: <https://iranwire.com/en/features/7438> (accessed: 26 September 2021).

- running historic projects, through the Imam Khomeini Charitable Foundation, in various Azerbaijani cities.

There are more than 50 active pro-Iranian websites broadcasting in the Azerbaijani language. As well as news sites registered in Iran, there are others registered at domains in Azerbaijan and providing low-quality public news and propaganda items.<sup>22</sup>

However, in the context of Iran's long-standing partiality in favour of Armenia in the latter's conflict with Azerbaijan, the country's actions reveal the essential duality of Iranian national security policy, in which formal diplomatic policy often cloaks a much more malevolent, covert, but actual policy intent. Thus, its economic-political benefits from the previous status quo and its support for Armenia in this former conflict far eclipse the energy infrastructure interest cited above. In this regard, testimony to the US Congress in 2012 revealed that, according to Armenian sources, Iranians use the Armenian real estate market to launder money and achieve liquidity outside Iran and use Armenia as a source of expanded banking connections to evade international sanctions. Iran has also built electricity plants and oil pipelines in Armenia to supply it with Iranian fuel and, in return, receive power from Armenia. Lastly, this testimony also revealed that Iran looks at the South Caucasus as a region where it can procure critical elements for its nuclear programme by setting up joint projects in countries like Armenia that can serve as fronts for the acquisition of these technologies and know-how.<sup>23</sup> There are even unconfirmed reports of secret Russo-Iranian-Kuwaiti flights carrying arms supplies to Armenia.<sup>24</sup> Despite the fact that Iran has formally supported Azerbaijan's territorial integrity throughout all the phases of the former Armenia–Azerbaijan conflict, it nonetheless entered into an especially profitable mutual economic relationship with Armenia.<sup>25</sup>

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<sup>22</sup> *Ibid.*

<sup>23</sup> Cohen, *op. cit.*

<sup>24</sup> News.az, "Secret flights in reality: Russia, Iran and Kuwait involved in secret arms supplies to Armenians", 24 August 2020, <https://news.az/news/secret-flights-in-reality-russia-iran-and-kuwait-involved-in-secret-arms-supplies-to-armenians-todays-top-topic> (accessed: 25 August 2020).

<sup>25</sup> Arasli, J., "The fifth element," *Baku Dialogues*, Vol. 5, No. 1, Fall 2021, pp. 108–125, available at: [https://bakudialogues.ada.edu.az/media/2021/09/24/bd-v5-n1-fall-2021\\_final.pdf](https://bakudialogues.ada.edu.az/media/2021/09/24/bd-v5-n1-fall-2021_final.pdf) (accessed: 27 September 2021).



By 2019, there were 5,301 companies backed by Iranian capital operating in Armenia, the fifth largest trading partner of Iran. Thus, Iran's idea that Armenia represented a valuable corridor to Europe had clearly materialized before the latest round of hostilities.<sup>26</sup> But this corridor was hardly an exclusively commercial one, even though the issue of transport corridors possesses great importance in this part of the world. Covert activities quickly became prominent instruments of Iranian statecraft here. Iranian exploitation of its Armenian connections for nefarious purposes does not end with these activities, nor did it stop in 2012, but has evidently continued into the present. Already by 2007, Azerbaijan's previously Armenian-occupied territories had emerged as a major centre for the illegal transport of drugs, weapons, and people, much of the trade either originating or passing through Iran. This trend facilitated smuggling into and from Iran, a trend that gained additional seriousness because of the potential for enhancing Iran's nuclear programme.<sup>27</sup>

Moreover, this smuggling appears to have continued into 2020–21. In April 2020, Azerbaijan discovered that Iranian trucks were illegally supplying fuel for Armenians in that part of its Karabakh region which is under the temporary control of Russian peacekeepers, even though formal Iranian policy stated that it recognized Azerbaijan's territorial integrity.<sup>28</sup>

Thus, Iran showed, once again, that the habit of conducting two foreign policies, namely its formal and covert policies, was continuing in regard to the South Caucasus. Rather than supporting Armenia and seeking better ties with Azerbaijan, Iran showed its willingness to undercut Azerbaijan's interests and its shaky truce with Armenia.<sup>29</sup> Certainly, the revelation of Iranian energy supplies to Karabakh region of Azerbaijan put the lie to Iran's numerous statements that it recognized Azerbaijan's sovereignty over this region and that it was not trading with that region.<sup>30</sup>

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26 *Ibid.*

27 Cohen, *op. cit.*; Arasli, J., "The rising win: Is the Caucasus emerging as a hub for terrorism, smuggling, and trafficking?", *Connections*, Vol. VI, No. 1, Spring 2007, pp. 5–26 (accessed: 25 September 2021).

28 Blank, S., "Iran's latest misadventure destabilizes the Caucasus", *War On The Rocks*, 18 June 2020, available at: <https://warontherocks.com/2020/06/irans-latest-misadventure-destabilizes-the-caucasus/> (accessed: 18 June 2020).

29 *Ibid.*

30 Akbar Mammadov, "Baku voices concern over Iran's reported aid to occupied Karabakh", *Menafn*, 17 April 2020, available at: <https://menafn.com/1100042137/Baku-voices-concern-over-Irans-reported-aid-to-occupied-Karabakh> (accessed: 14 September 2021).

Furthermore, this episode strongly suggested that Iran's cooperation with the illegal regime formed by Armenia in the previously occupied territories of Azerbaijan on fuel shipments had been going on for some time, and that Armenia's government has supported this cooperation as part of its larger relationship with Iran. That would implicate Armenia in a breach of international norms.

More recently, in mid-2021, the Azerbaijani government again discovered not only that Iranian trucks were crossing into the Karabakh region to deliver fuel and food supplies to local Armenians, but they were also doing so with the tolerance (if not support) of the Russian peacekeepers there. Azerbaijan has started both charging these trucks and their drivers a fee and detaining drivers for illegal entry into its sovereign territory, thereby provoking a heated response from Tehran.<sup>31</sup> Baku has also protested to Russia about its peacekeepers' toleration of such smuggling and this has clearly coloured recent perceptions of Russia's role in the Karabakh region.<sup>32</sup> Azerbaijan has also now moved vigorously to break up the Iranian-sponsored drug courier routes through its formerly occupied territories, thereby drying up a considerable source of revenue to covert Iranian operators.<sup>33</sup> These controversies are also occurring in the context of heightened tensions between Azerbaijan and Iran connected with latter's military exercises in the border areas.

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31 Isayev, H., "Azerbaijan–Iran Relations strained over truck driver arrests", *Eurasianet*, 28 September 2021, available at: <https://eurasianet.org/azerbaijan-iran-relations-strained-over-truck-driver-arrests> (accessed: 28 September 2021); Isayev, H., "Azerbaijan starts charging Iranian trucks supplying Armenia", *Eurasianet*, 14 September 2021, available at: <https://eurasianet.org/azerbaijan-starts-charging-iranian-trucks-supplying-armenia> (accessed: 14 September 2021).

32 Aliyev, J., "Azerbaijan warns Russia over illegal entry of foreign vehicles into its territories", *Timeturk*, 26 September 2021, available at: <https://www.aa.com.tr/en/world/azerbaijan-warns-russia-over-illegal-entry-of-foreign-vehicles-into-its-territories/2362966> (accessed: 26 September 2021); Kuzio, T., "Russian peacekeepers enable Iranian criminality in Azerbaijan", *The American Spectator*, 23 September 2021, available at: <https://spectator.org/russia-iran-azerbaijan-peacekeepers/> (accessed: 23 September 2021); Huseynov, V., "Azerbaijan increasingly critical Of Russia's peacekeeping mission in Karabakh", *Eurasia Daily Monitor* (The Jamestown Foundation), Vol. 18, No. 144, 22 September 2021, available at: <https://jamestown.org/program/azerbaijan-increasingly-critical-of-russias-peacekeeping-mission-in-karabakh/> (accessed: 20 September 2021).

33 Eminoglu, E., "Iran declared drug war on Azerbaijan?", *Azeri Daily*, 22 May 2021, available at: <http://azeridaily.com/analytics/62673> (accessed: 29 September 2021); Ismayilovna, V., "Azerbaijan set to curb drug flows in liberated lands", *Azernews*, 24 May 2021, available at: <https://www.azernews.az/karabakh/179141.html> (accessed: 24 May 2021); The Ministry of Internal Affairs of the Republic of Azerbaijan, 29 September 2021, available at: <https://www.mia.gov.az/?/en/content/29824/> (accessed 29 September 2021).

*Iranian Policy during the War and Afterwards*

Under the circumstances described above, it is no surprise that the 44 Day War galvanized Iranian diplomacy into action, but it is equally unsurprising that Iran seems to have completely failed to have its interests and equities considered, as has generally been the case. Neither can we say that its formal diplomatic initiatives have been taken into account in the conditions of the war or its aftermath. The covert side of Iranian policy was clearly very one-sided on behalf of Armenia, and that factor may have doomed these initiatives from the start.

Nevertheless, Iran had no alternative but to launch these formal initiatives because it was clear from the start of hostilities that Azerbaijan was winning, Russia would not intervene to stop its victory, and Turkey was playing an unprecedentedly major role here with no real opposition. Thus, Iran faced the threat of an enlarged, militarily proficient Azerbaijan on its borders, backed by an emboldened and empowered Turkey, and with an acquiescent Russia. Not only would its ally or partner Armenia be defeated, it would be further marginalized, if not isolated, from the South Caucasus.

Thus, several analysts have argued that we can discern eight principles of Iranian foreign policy that emerged from and were articulated by Tehran during this war.<sup>34</sup> Subsequently, Iran's former Foreign Minister, Muhammad Javad Zarif, on his tour of the South Caucasus, stated that any changes in Armenia's borders were a red line for Iran, and Iran opposed any border changes in the South Caucasus.<sup>35</sup>

The eight principles built on Iran's earlier statements and clearly included as number one Azerbaijan's formal sovereignty over the Karabakh region – though what that meant exactly was left unsaid. This principle clearly stemmed from the government's awareness that Iran would also be at risk from discontent among ethnic Azerbaijanis and cannot, therefore, formally embrace the principle of occupation based

34 Kaleji, V., "Eight principles of Iran's foreign policy towards the Nagorno-Karabakh conflict", Valdai Discussion Club, 9 October 2020, available at: <https://valdaiclub.com/a/highlights/eight-principles-of-iran-s-foreign-policy/> (accessed: 9 October 2020); Has, K., Kaleji, V., and Markedonov, S., "The breakdown of the status quo and the international dimension of the Nagorno-Karabakh crisis", Valdai Club Discussion Report, 17 December 2020, available at: <https://valdaiclub.com/a/reports/the-breakdown-of-the-status-quo/> (accessed: 3 January 2021).

35 Goble, P., "Tehran says any change in Armenian Borders 'a red line' no one must cross", *Windows Eurasia*, 8 February 2021, available at: [www.windowoneurasia.2.blogspot.com](http://www.windowoneurasia.2.blogspot.com) (accessed: 8 February 2021).

on ethnic principles that was Armenia's position. Moreover, popular sentiment in Iran, motivated by a rather more primitive Muslim versus Christian sentiment, supported Azerbaijan.<sup>36</sup> Principle number two, the non-recognition of what Armenia called the "independence of Nagorno-Karabakh", logically followed from the preceding precept and was similarly based on the principle of preserving states' territorial integrity.<sup>37</sup> Third, Iran proclaimed its policy of conducting balanced relations with both Armenia and Azerbaijan.<sup>38</sup> Here, again, the formal diplomatic posture contradicted the actual and covert lines of foreign policy.

Iran's fourth principle was to oppose the war and Azerbaijan's resort to force to restore its territorial integrity. The fifth and sixth principles flowed from the preceding axioms. These are that the rights of both Armenians and Azerbaijanis in the war zone must be protected and, of vital importance, that there be no external interference.<sup>39</sup> This last point showed that, while ostensibly aiming at a mediating role, Iran leaned towards Armenia, as the foreign intervention in question was that of Turkey, the actions of a rival in the Middle East and one whose military-political presence in the border zone with Azerbaijan and the Caspian Sea represents a major challenge, if not threat, to Iran. Once again, it followed logically, given its apprehensions about Turkey's ambitions here and long-standing experience with Russian forces on its border with Azerbaijan dating back to the Tsarist and Soviet eras, that, as its seventh and eighth principles, Tehran opposed deploying any foreign peacemaking forces in the area; and, lastly, Iran sought to play a mediating role in the former Armenia–Azerbaijan conflict.<sup>40</sup>

Iranian army commanders echoed these principles and strongly opposed any border changes.<sup>41</sup> However, Iran's military rhetoric and actions went a good deal further. In late October 2020, Major General Seyyed Abdolrahim Moussavi, the Commander-in-Chief of the Iranian Army, stated that "respect for the territorial integrity of countries and the protection of official international borders are among our known

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36 Kaleji, *op. cit.*

37 *Ibid.*

38 *Ibid.*

39 *Ibid.*

40 Kaleji, *op. cit.*

41 Arasli, "The fifth element"; Kaleji, *op. cit.*

principles and we will not tolerate any changes for territorial integrity and oppose them.” Just a few days prior to the end of the Second Karabakh War, Brigadier General Kioumars Heidari, the Commander of the Iranian Army Ground Forces, asserted that “no power can try to change the geography of the region; we will not tolerate it.”<sup>42</sup>

Iranian commanders, presumably with government support, also strongly articulated their belief that Azerbaijan was receiving Israeli assistance and thus revealed Tehran’s paranoia on this point, a paranoia that probably was unable to be fully voiced because it would also have included Russia and Turkey in the equation.

Additionally, Iran would combat any security threats arising from the conflict zone, specifically from the supposed “Israeli spy bases” in Azerbaijan or the alleged participation of “Syrian combatants” in the region, as claimed by Iranian military and diplomatic personnel.<sup>43</sup>

The Iranian military-political leadership was, in their statements and formal diplomatic démarches, clearly voicing their resentment at having been caught completely off-guard and now having to meet myriad unforeseen and grave threats to Iranian security. Thus, the military response, ostensibly to secure the border, but also to show Iran’s “claws” to Baku and Ankara, was also strong. Once Azerbaijan’s success became clear, Iran deployed troops all along the border, and also in Tabriz, presumably to suppress potential domestic ethnic Azerbaijani unrest.<sup>44</sup>

During the war, Iran also positioned its most sophisticated SA-15 Gauntlet air-defence assets near the border with Azerbaijan, under the guise of protecting its territory against stray missiles and drones from the combat zone. The repositioning of that system potentially pointed to the evocation of fears concerning the possibility of a sudden strike against Iranian nuclear facilities by what it termed a “non-regional player” (e.g., the United States or Israel). Simultaneously, the Iranian Air Force and the IRGC Aerospace Force commenced previously unannounced large-scale drills and publicly revealed their underground missile bases. Completing the picture, engineering units with river-crossing equipment were also deployed to the area. None of this was done in secret. The Iranian military high command conducted all of

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42 Arasli, “The fifth element”, *op. cit.*

43 *Ibid.*

44 *Ibid.*

the aforementioned military movements openly: footage was shown of armoured columns and firepower assets moving towards the border with Azerbaijan. In short, a public show of force by Iran took place after the Second Karabakh War: the potential option of military action “beyond the Aras River” had made its first, suggestive appearance.<sup>45</sup>

This show of force anticipated what we are now seeing, namely that Iran, in its frustration, paranoia, and resentment of Azerbaijan’s and Turkey’s success, might resort to military force, as we are now seeing in the exercises its forces are carrying out.<sup>46</sup> Iran’s efforts to play the military card reflect the fact that, for all its rhetoric, diplomacy, and early military moves, it achieved nothing and was again frustrated. Turkey sits astride Caspian transportation, energy, and trade routes to Europe, thereby displacing Iran’s hoped-for corridor. Armenia has expressed its willingness to begin a dialogue with Turkey and in June 2021 Turkey’s forces conducted joint naval drills in the Caspian Sea, an action that probably triggered Iran’s subsequent drills.<sup>47</sup> Russia has not intervened on behalf of Iran’s interests and shows no willingness to do so. Perhaps most importantly, Iran has been systematically excluded from the military-political-economic processes now taking place in both Armenia and Azerbaijan, and in the latter’s liberated territories.

In this context, and facing Azerbaijan’s governmental triumphalism that insists that the Armenia–Azerbaijan conflict is settled, it is no surprise that Iran feels more threatened and challenged. Nor is it any surprise that both Ankara and Baku are moving assertively in the economic-military and political dimensions to consolidate their victory and show their power, for example, through joint or individual military exercises. Therefore, given the risks Iran believes it is facing here – on top of those confronting it in the Middle East and regarding its nuclear programme – and in view of the deeply rooted paranoia of the regime that Azerbaijan is in cahoots with Turkey and Israel against Iran, should we be surprised by large Iranian exercises held in response to the Azerbaijan-Turkey joint drills in the region?<sup>48</sup> Although the proximate cause of Iran’s exercises

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45 *Ibid.*

46 Ismayilova, V., “Azerbaijani-Turkish joint drills underway”, *Azeritimes*, 1 July 2021, available at: <https://azeritimes.com/2021/07/01/azerbaijani-turkish-joint-drills-underway/> (accessed: 1 July 2021).

47 Arasli, “The fifth element”, *op. cit.*

48 Kucera, J., “Iran holds war games near Azerbaijani borders”, *Eurasianet*, 30 September 2021, available at: <https://eurasianet.org/iran-holds-war-games-near-azerbaijani-border> (accessed: 30 September 2021).

may be the incarceration of the aforementioned Iranian truck drivers, it is also clear that the totality of the Turkey-Azerbaijan challenges, plus the anti-Semitic paranoia of Iran concerning Azerbaijan–Israel relations, is also a factor here.<sup>49</sup>

### *The Issue of Trade and Transportation Routes*

In this part of the world, trade and transportation routes are major policy issues, as shown by China’s Belt and Road Initiative and corresponding parallel or competing projects such as Russia’s International North-South Transport Corridor (INSTC), a multi-modal 7,200 km trade and transportation corridor from Iran north to Central Asia and Afghanistan as well as Russia.<sup>50</sup> The INSTC facilitates a 7,200 km long trade network stretching from the Indian Ocean to the Persian Gulf via Bandar Abbas port in Iran and onward to the Caspian Sea via Astrakhan port in Russia, from where it goes on to Europe via St Petersburg in Russia and the Baltic Sea. It is a versatile network plan involving India, Iran, Russia, Azerbaijan, Kazakhstan, Armenia, Belarus, Tajikistan, Kyrgyzstan, Oman, Syria, Turkey, Ukraine, and Bulgaria (in an observer capacity).<sup>51</sup>

These routes are intrinsically important but have acquired new resonance when they pertain to Azerbaijan, Armenia, and Iran. Article 9 of the 10 November 2020 trilateral statement stipulated that “all economic and transport links in the region” should be unblocked. In the absence of any genuine peace negotiations, discussions over these trade and transport routes link up with the issues of delimiting and demarcating the borders of Azerbaijan and Armenia, thus making these issues particularly important not only to these two states but also to Iran. Azerbaijan has secured a long-desired direct connection to Nakhichevan and thus Turkey. But this also permits Armenia to forge a rail connection from Yerevan to Nakhchivan, through Azerbaijan to Russia, and on to Iran

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49 *Ibid.*

50 Zeeshan, M., “Why India should let China snatch Iran and commit to Israel instead”, *Haaretz*, 29 July 2020, available at: <https://www.haaretz.com/world-news/.premium-why-india-should-let-china-snatch-iran-and-commit-to-israel-instead-1.9029783> (accessed: 29 July 2020); Hasan, P., “India and Russia to connect supply chains via Iran’s INSTC”, *Silk Road Briefing*, 24 March 2020, available at: <https://www.silkroadbriefing.com/news/2021/08/08/the-international-north-south-transport-corridor-what-is-the-potential-for-bangladesh/> (accessed: 24 March 2020).

51 Saxena, A., “The Scope for INSTC in the evolving India-Baltic relations”, *Extraordinary and Plenipotentiary Diplomatist*, 27 April 2020, available at: <https://diplomatist.com/2020/04/27/the-scope-for-instc-in-the-evolving-india-baltic-relations/> (accessed: 2 December 2020).



through Julfa.<sup>52</sup> Furthermore, the Trilateral Statement obligates Armenia to safeguard the transit routes from Azerbaijan to Nakhchivan.<sup>53</sup>

A final settlement of these issues is of economic importance for Armenia and Azerbaijan, but it is also a burning political issue between these two countries and therefore for Iran.<sup>54</sup> This is because this Azerbaijani route and all other routes directly connecting Nakhchivan to Azerbaijan must traverse Armenia's southern province of "Syunik" (Zangezur in Azerbaijani parlance). Azerbaijan's President Ilham Aliyev has stated his support for these rail lines that also benefit Armenia. Any easing of earlier trade and transport restrictions would immensely benefit not only all of the South Caucasus but also Central Asia and Iran.<sup>55</sup> But the unresolved tensions between Armenia and Azerbaijan have so far inhibited any progress on these rail lines and this clearly negatively affects Iranian economic interests.

In addition, Turkey is now trying to replace Iran as the seller of gas to Nakhchivan, which is not directly connected to Azerbaijan. Turkey is proposing an Ighdir–Nakhchivan Pipeline to eliminate the Nakhchivan Autonomous Republic's (NAR) dependence on Iranian gas supply. That dependence also prevents Baku from closing the borders of the NAR or Azerbaijan to Iran. If this pipeline goes through, it will be another sign of Iran's reduced standing here.<sup>56</sup>

Although Iranian firms are prepared to help Armenia in building these new corridors as another example of Iran's attempts to become a key player in the South Caucasus, so far it has got nowhere.<sup>57</sup> This example

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52 Broers, L., "Hostage to continued enmity: Regional connectivity after the Second Karabakh War", *Valdai Discussion Club*, 12 July 2021, available at: <https://valdaiclub.com/a/highlights/hostage-to-continued-enmity/> (accessed: 12 July 2021).

53 Shokri, O. "The geopolitics of the Iğdir–Nakhichevan natural gas pipeline", *Mena Affairs*, 4 August 2021, available at: <https://menaaffairs.com/the-geopolitics-of-the-igdir-nakhchivan-natural-gas-pipeline/> (accessed: 4 August 2021).

54 Broers, *op. cit.*

55 Ohanyan, A., "The Forty-Day War and the 'Russian Peace' in Nagorno-Karabakh", *Carnegie Endowment*, 16 June 2021, available at: <https://carnegieendowment.org/2021/06/16/forty-day-war-and-russian-peace-in-nagorno-karabakh/kdoo> (accessed: 25 September 2021); Mejlyuman, A., "Armenia proposing restoration of rail route through Azerbaijan to Russia", *Eurasianet*, 4 May 2021, available at: <https://eurasianet.org/armenia-proposing-restoration-of-rail-route-through-azerbaijan-to-russia> (accessed: 30 May 2021).

56 Shokri, *op. cit.*; Rahimov, R., "Nakhchivan Corridor: Implications for Georgia and Iran", *Eurasia Daily Monitor* (The Jamestown Foundation), Vol. 18, No. 13, 25 January 2021, available at: <https://jamestown.org/program/nakhchivan-corridor-implications-for-georgia-and-iran/> (accessed: 25 January 2021).

57 Goble, P., "Iranian companies prepared to help Armenia build transport corridors", *Windows*



of competing visions of corridors and trade routes is also part of a larger issue or grand design for both Iran and Azerbaijan. As Arasli has noted, throughout 2021, Iran has strengthened its trade and economic ties with Armenia and may be contemplating a gas pipeline to that country.<sup>58</sup>

But most of all, the Iranians are reportedly interested in forming a multi-modal Persian Gulf–Black Sea International Transport and Transit Corridor that would connect Iran with Europe and Russia. If operationalized, this would multiply Iranian export options, grant the country access to Europe without having to involve Turkey, and instantly become a competitor to the east–west Zangezur Corridor championed by Azerbaijan and Turkey in the wake of the Second Karabakh War.<sup>59</sup>

This may also be tied to Iran’s future plans to reinforce Armenia to counterbalance Azerbaijan’s superiority by providing a land–sea bypass route to Russia via Iran’s Caspian Sea ports.<sup>60</sup> These examples show how trade, transportation, and corridor issues can easily shade over into military-strategic considerations. If the prospective investments to be made by China in Iran as a result of their 2021 accord materialize, the entire complex of these trade and transport issues might obtain an utterly new configuration and importance.

At the same time, Baku is acting vigorously in regard to this complex of issues to both force Armenia to acknowledge defeat and negotiate directly with it by showing its power to realize its own vision of future trade and transport corridors. Thus, in the framework of demarcation of borders with Armenia, in August 2021 Azerbaijan relocated its forces to the Goris–Gapan highway, thereby cutting direct access between Iran and Armenia.<sup>61</sup> Azerbaijan, by doing this, shows that Armenia is powerless to resist; Baku cannot tolerate Iran’s actions towards the Karabakh region or support for Armenia; and imposes its preferences, backed by Turkey, for trade and transport, and energy corridors that are opposed to Iran’s vision.<sup>62</sup>

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*Eurasia*, 20 June 2021, available at: [www.windowoneurasia2.blogspot.com](http://www.windowoneurasia2.blogspot.com) (accessed: 25 June 25, 2021); Kaleji, “Iran and Azerbaijan after the Second Karabakh War”, *op. cit.*

58 Arasli, “The fifth element”, *op. cit.*

59 *Ibid.*

60 *Ibid.*

61 Poghosyan, B., “The mess along the Goris-Kapan Highway: Reasons and implications”, *Armenia Weekly*, 29 September 2021, available at: <https://armenianweekly.com/2021/09/29/the-mess-along-the-goris-kapan-highway-reasons-and-implications/> (accessed: 29 September 2021).

62 *Ibid.*

The strategic goal is to signal to Iran and India that Armenian territory is not safe enough to be viewed as a potential alternative route for the North–South International Transport Corridor. Launched in 2002 by India, Iran, and Russia, this new route envisages the transportation of goods between India and northern Europe, while avoiding the Red Sea, Suez Canal, and Mediterranean. According to the initial plan, the goods should travel from India’s Mumbai port to Iran’s Bandar Abbas and Chabahar ports by sea, then reach Iranian ports in the Caspian Sea by rail, then on to the Russian port of Astrakhan and further, by railway, to Northern Europe.

Then the Iran–Azerbaijan–Russia railway route emerged, which should directly connect Iranian Persian Gulf ports to northern Europe by rail. Azerbaijan connected its railway system with Iran’s to reach the Iranian town of Astara, located near the Azerbaijan–Iran border. However, Astara lacks a railway connection to the Iranian internal network, and the missing Rasht–Astara line is still awaiting construction.

Meanwhile, another potential route for this corridor to connect India with northern Europe while circumventing the Suez Canal and Mediterranean may pass via Iran, Armenia, Georgia, the Black Sea, and Bulgaria. In 2016, these countries launched a dialogue to establish a Persian Gulf–Black Sea multimodal transportation corridor connecting Iran with Europe via Armenia, Georgia, the Black Sea, Bulgaria, and Greece. The Persian Gulf–Black Sea route may fit quite well into the North–South International Corridor. There is no direct railway connection between Armenia and Iran, but the countries share a land border. Thus, goods may reach Georgian Black Sea ports via the Iran–Armenia–Georgia highway, which passes through the cities of Goris and Kapan in Armenia. Inclusion of a small part of the Armenia–Iran international highway, the Goris–Kapan section inside Azerbaijan’s sovereign territory, hampers the prospects for this potential alternative route for the North–South International Corridor. Meanwhile, Azerbaijan may push forward the Iran–Nakhchivan–Armenia–Georgia railway connection as another alternative route for the North–South corridor to link India with Europe via Iran, the Black Sea, and Bulgaria. In this case, both wings of the North–South International Corridor will pass through Azerbaijan (Iran–Azerbaijan–Russia–northern Europe, and Iran–Azerbaijan–Armenia–Georgia–Black Sea–Bulgaria).<sup>63</sup> Azerbaijani analysts also concur that

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<sup>63</sup> *Ibid.*

the route through “Syunik” (Zangezur), called by them the Zangezur Corridor, may well turn out to be Baku’s priority. But meanwhile the rivalries and threats of force connected to these competing visions of trade routes are increasingly inextricably and tied up with the hard security questions of borders.<sup>64</sup>

### *Conclusions*

As of early October 2021, it is clear that direct negotiations between Armenia and Azerbaijan are unlikely to occur any time soon. And even if they began tomorrow, due to Azerbaijan’s determination to enforce its triumph against Armenian resistance, negotiations would be protracted and difficult.<sup>65</sup> It is equally clear that Iran has been defeated here, or at least that its interests and standing in the South Caucasus have suffered severely, and that it is unwilling to accept this result passively. Indeed, at least one assessment called this a disaster for Iran.<sup>66</sup>

Nevertheless, Iran is clearly unwilling to except this outcome, even though it is clear that all of its initiatives connected with this war to date have failed. This failure has evidently made Iran even more resentful and paranoid about any foreign presence in the South Caucasus. So, beyond the rivalry with Turkey that is now a key element in its strategic calculations, it also sees Israel’s hand in regional developments. Indeed, some Iranian press commentaries see Baku’s discourse on the Zangezur Corridor as a move aimed “at removing Iran from all energy and transit equations in the South Caucasus.”<sup>67</sup> And in the context of Baku and Ankara’s increasingly assertive policies to enforce their victory, Iran has shown that it also has considered displays of force necessary. As

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64 Valiyev, A., “End of the war but no peace”, *Baku Dialogues*, Vol. 5, No. 1, Fall 2021, pp. 80–95, available at: <https://bakudialogues.ada.edu.az/media/2021/09/24/valiyev-bd-v5-n1-fall-2021-.pdf> (accessed: 1 October 2021).

65 *Ibid.*

66 Shaffer, B., “The Armenia–Azerbaijan War: Downgrading Iran’s regional role”, *CACI Analyst*, 25 November 2020, available at: <https://www.cacianalyst.org/publications/analytical-articles/item/13650-the-armenia-azerbaijan-war-downgrading-iran%E2%80%99s-regional-role.html> (accessed: 25 November 2020); Kamat, D., “Nagorno-Karabakh: Armenia–Azerbaijan peace deal is strategic disaster for Iran”, *Euractiv*, 24 November 2020, available at: <https://www.euractiv.com/section/armenia/opinion/nagorno-karabakh-peace-deal-between-armenia-and-azerbaijan-is-a-strategic-disaster-for-iran/> (accessed: 24 November 2020).

67 Tashjian, Y., “Is Iran making a comeback in the South Caucasus”, *Armenian Weekly*, 20 October 2021, available at: <https://armenianweekly.com/2021/10/20/is-iran-making-a-comeback-to-the-south-caucasus/> (accessed: 20 October 2021).

a result, at present, we see an ongoing, potentially escalatory spiral of tit-for-tat on both sides that could lead to a much larger conflagration involving Turkey and Iran, if not Russia.<sup>68</sup> Given Iran's formidable cyber capabilities, willingness to use them to promote the subversion of hostile states, and its efforts to obtain a nuclear weapon, there need not be an actual outbreak of new hostilities to put this entire area on a permanent quasi-, if not actual, war footing or at permanent risk of escalation either by cyber warfare, actual kinetic warfare, or some combination of both that benefits none of the principals.<sup>69</sup>

However, whatever forms these rivalries involving Iran take, it is unlikely that they will be confined to the South Caucasus. It is already clear that Iran and Israel's confrontations as well as the now visible rivalry with Turkey, not to mention Russian policy and international economic exchanges, as manifested, for example, in the competing trade and transport corridor controversies, are bringing the South Caucasus and the Middle East closer together. This war has only intensified and deepened such connections.<sup>70</sup> Therefore, we could see any or all of the participants moving from alignment to alignment as they compete with each other: for example, Moscow might move closer to Tehran on the Caspian Sea because of its apprehensions, shared with Tehran, about Azerbaijani-Turkish designs on the Caspian and its energy flows.<sup>71</sup>

In the light of these cross-regional rapprochements and the parallel diffusion of power globally to regional actors that is forcing global powers, not least in areas of intractable conflicts such as the South Caucasus, to create new alignments with them, it is entirely possible that Tehran's response to its generation-long and continuing failure in the South Caucasus might be to forge ties with great powers (Russia

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68 Joffe, T., "Tensions grow with Azerbaijan as Iran moves forces to border", *Jerusalem Post*, 30 September 2021, available at: <https://www.jpost.com/middle-east/tensions-grow-with-azerbaijan-as-iran-moves-forces-to-border-680669> (accessed: 1 October 2021).

69 Stub, Z., "Newly-found Iranian cyber-espionage may pose 'real threat' to Israel", *Jerusalem Post*, 6 October 2021, <https://www.jpost.com/jpost-tech/newly-found-iranian-cyber-espionage-may-pose-real-threat-to-israel-681196> (accessed: 6 October 2021); Piroti, M., "The ever-growing Iranian cyber threat", *Begin-Sadat Center for Strategic Studies*, 26 September 2021, available at: <https://besacenter.org/iran-cyber-threat/> (accessed: 26 September 2021).

70 Stronski, *op. cit.*; Cornell, S., "Between Eurasia and the Middle East", *Baku Dialogues*, Vol. 4, No. 1, Fall 2020, pp. 10–25, available at: <https://bakudialogues.ada.edu.az/media/2020/08/27/bd-1-cornell.pdf> (accessed: 1 October 2020).

71 Goble, P., "Moscow expanding ties with Iran to counter growing Turkish influence around Caspian", *Eurasia Daily Monitor* (The Jamestown Foundation), Vol. 18, No. 32, 25 February 2021, available at: <https://jamestown.org/program/moscow-expanding-ties-with-iran-to-counter-growing-turkish-influence-around-caspian/> (accessed: 25 February 2021).

and/or China) and shift the conflicts with Israel, and Turkey to another theatre, for example, the Middle East, where it might estimate that it has better chances. If one adds its cyber and potential nuclear capabilities as well as its habitual employment of Shiite terrorism and subversion to this mix, it readily becomes apparent that the continuing failure of Baku and Yerevan to reach a peace agreement will reverberate not only around the Caucasus but also, very likely, the Middle East. Moreover, it may escalate or morph into domains hitherto exempt from the fires of war. These possibilities serve neither Iran nor anyone else's interests.

# Azerbaijan's Soft Balancing vis-à-vis Russia

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Mahammad Mammadov<sup>\*</sup>

Soft balancing vis-à-vis Russia has long been embedded in Azerbaijani foreign-policy thinking, based on the assumption that Baku could use non-military tools to neutralize challenges emanating from Russia without directly questioning its hegemonic position in the wider neighbourhood. Diplomatic, economic, and security linkages with the alternative power poles were built in such a way that Azerbaijan could impose constraints on the exercise of power by the Kremlin while avoiding the fate of Georgia and Ukraine, thereby enabling it to seek its own agenda with regard to its strategic partnership with Russia. In this context, the battlefield victory over Armenia in the Second Karabakh War in 2020, Russia's eventual deployment of its peacekeepers to Azerbaijan's Karabakh region, and Turkey's more active involvement in South Caucasus affairs created a new geopolitical architecture in this region according to which Azerbaijan had to adapt its balancing policy to the new realities on the ground. On the one hand, Russia's military presence in Azerbaijan affords it certain leverage to influence Baku's foreign policy calculations in case Moscow perceives anything detrimental to its vital interests in the region. On the other hand, Azerbaijan's domestic politico-economic stability, deepening energy partnership with the EU, and closer military-economic partnership with Turkey bolster its soft balancing capabilities to alleviate potential Russian pressures. Drawing on the theoretical literature on soft balancing, this article discusses in detail the key indicators of Azerbaijan's soft balancing in relation to Russia before and after the Second Karabakh War and explains how it helped navigate Azerbaijan's foreign policy through the complex regional order. The article concludes that this way of proactive foreign policy behaviour has, so far, enhanced Azerbaijan's value as a strategic partner for Russia and the other major power centres and strengthened its relative position in the regional distribution of power.

**Keywords:** Azerbaijan, Russia, soft balancing, Second Karabakh War, foreign policy



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### *Introduction*

Despite its small size and relatively modest military capabilities, Azerbaijan has, in the last two decades, positioned itself on the international scene as an increasingly pivotal player and pursued a foreign policy trajectory independent of Russia and the West. The so-called ‘balanced foreign policy’ strategy, supported by a strong economic base, entailed equidistance to different power centres that did not exclude temporary leanings towards either side. Against this background, Azerbaijan’s alignment moves revolved mostly around balancing Russia’s growing assertiveness in the South Caucasus with a closer politico-economic partnership with Turkey and Western countries. On the one hand, Baku sought to avoid arousing Russian ire by joining alternative regional integration projects and expanded economic and military ties with Russia on the level of strategic partnership. Russia has long been Azerbaijan’s largest import partner and one of its major sources of arms supplies. On the other hand, evolving energy and connectivity cooperation with neighbouring countries and Western partners afforded Azerbaijan certain opportunities to overcome the security predicaments exacerbated by its landlocked condition and put relations with Russia on a more equal footing.

Azerbaijan’s decisive victory over Armenia in the Second Karabakh War in 2020 led to qualitative shifts in the regional balance of power that presented new challenges to and opportunities for the country’s balancing behaviour in relation to Russia. According to the Trilateral Statement signed by the leaders of Armenia, Azerbaijan, and Russia on 10 November 2020, the last-named obtained the right to deploy 1,960 peacekeepers to the Karabakh region, thereby consolidating its military presence in the South Caucasus. This newly gained leverage over Azerbaijan has since been part of a broader Russian strategy to enforce its writ in its so-called shared neighbourhood. As in the case of the other conflict centres in the post-Soviet space where the Russian military is on the ground, in the Karabakh region, too, Russia gained an opportunity to use its influence and direct control over strategic roads, i.e., the major transport arteries connecting parts of the Karabakh region and Lachin Corridor (under the temporary control of Russian peacekeeping forces), to maintain a “managed instability”.<sup>1</sup> Russia’s ‘failure’ to stop the deployment of Armenian troops to the Karabakh region through the Lachin Corridor, contrary to the principles of the 10

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1 Tolstrup, J., “Studying a negative external actor: Russia’s management of stability and instability in the ‘near abroad’”, *Democratization*, Vol. 16, No. 5, pp. 922–944.

November statement, sheds light on one aspect of this policy.

On the positive side for Azerbaijan, Turkey also emerged as one of the main beneficiaries of the post-Karabakh war geopolitical reshuffling as it joined Russia to establish a joint monitoring centre in the liberated Aghdam district. Turkey's political and diplomatic support to Azerbaijan during and after the war played a crucial role in the eventual victory, and deepening military cooperation between the two countries has significantly increased Azerbaijan's standing in the emerging regional order. It should come as no surprise that the Azerbaijani leadership views Turkey as an independent pole of power in the new security architecture of the wider Caspian basin rather than as the western flank in the Russia–West rivalry. In the context of the Western focus shifting to elsewhere and decreasing interest in the South Caucasus, the relationship as an ally with Turkey has become an essential pillar of Azerbaijan's balancing strategy with regard to Russia's ambitions.

What is important is that Azerbaijan's balancing moves in this regard have historically differed from those of the other, structurally similarly placed (in-between) states in the shared neighbourhood. While Georgia and Ukraine preferred hard balancing, that is, attempts to form military alliances with alternative power poles to deter a threatening great power, Azerbaijan relied mostly on institutional, economic, and other non-military instruments. Notably, choosing hard balancing as a foreign policy strategy does not necessarily exclude soft balancing manoeuvres as they are not mutually exclusive and different states can undertake either approach to different degrees according to their threat perceptions. The key determinant of why states use soft as opposed to hard balancing is the threat level posed by the target state.<sup>2</sup> Hence, after the August War in 2008, Georgia doubled down on its efforts to secure NATO membership; that has since become the ultimate goal of its foreign policy alignment. At the same time, Tbilisi signed an Association Agreement with the EU in 2014, choosing its side in the evolving zero-sum game between Brussels and Moscow for influence over the in-between states. Similarly, after the annexation of Crimea in 2014, Ukraine adamantly pursued NATO and EU membership to balance the growing Russian threat to its territorial integrity. In contrast, Azerbaijan did not face an immediate threat from Russia and limited its engagement with the Western partners to strategic energy partnerships while diversifying its international linkages to the other regions. This

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2 Brooks, S. and Wohlforth, W., "Hard times for soft balancing", *International Security*, Vol. 30, No. 1, Summer, 2005, p. 105.



would ultimately lessen its exposure to the potential pressures emanating from Russia. Post-Karabakh war developments in Azerbaijan–Russia relations, however, indicate that these policies may be converted to hard balancing measures if and when security competition becomes intense in the South Caucasus and Russia openly threatens the common interests of Azerbaijan and Turkey.

This article aims to analyse the major components of Azerbaijan’s soft balancing strategy in relation to Russia since independence and how it has affected the country’s position in the regional security system. The paper proceeds with a brief description of the concept of soft balancing and its theoretical implications for the case of a small state balancing against a regional major power. Drawing on insights from the soft balancing literature, this part of the article looks into why states conduct soft balancing and what kinds of instruments they use to realize it. The next section examines the place of soft balancing in Azerbaijan’s Russia policy in the past three decades. The third section assesses certain changes to the strategy during the Karabakh war and in the post-war period as the growing military alignment with Turkey boosted Azerbaijan’s confidence in its dealings with Russia. The concluding section summarizes the main features of Azerbaijan’s soft balancing vis-à-vis Russia and its implications for Azerbaijan’s place in the evolving security system in the wider Caspian basin.

### ***Soft Balancing: Overview***

A growing body of international relations literature contends that the traditional balance of power theory, with its focus on military alliances and armed build-ups, has been mostly irrelevant to explaining the puzzles of world politics against the backdrop of fast-moving globalization and economic interdependence in the post-Cold War years.<sup>3</sup> There was a need to incorporate new variables for examining state behaviour, which later became the main research agenda of realist theories such as neoclassical realism, the balance of threat theory, and omnibalancing. It was in this context that soft balancing emerged as a realist theoretical framework to shed light on different aspects of state strategies aimed at balancing potential threats through non-military means. According to Robert Pape, soft balancing includes foreign policy moves “that do not directly challenge the preponderance but that use non-military tools

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3 Nexon, D., “The Balance of Power in the Balance”, *World Politics*, Vol. 61, No. 2, April 2009, pp. 1-2.

to delay, frustrate, and undermine aggressive unilateral” policies of a more powerful actor.<sup>4</sup> In a recent book, T. V. Paul defines soft balancing as “restraining the power or aggressive policies of a state through international institutions, concerted diplomacy via limited, informal ententes, and economic sanctions in order to make its aggressive actions less legitimate in the eyes of the world and hence its strategic goals more difficult to obtain.”<sup>5</sup>

Paul provides four scope conditions for states pursuing soft balancing as an optimal strategy to constrain external pressures. First, intensified economic globalization makes military balancing less likely in today’s international relations system. As Steven Chan argued, and relevant to the case of Azerbaijan–Russia relations, military “balancing policies would entail forfeiting possible gains that could accrue from cooperation, gains that states are wary of foregoing in the absence of demonstrable hostility from a stronger neighbor.”<sup>6</sup> Second, revolutions in military matters have rendered direct conquest costly, thereby ruling out an all-out war. Third, the norm of territorial integrity is deeply ingrained in current inter-state relations. As the Georgian and Ukrainian cases showed, the violation of these countries’ territorial integrity incurred a substantial cost for Russia, in both economic and political terms, and damaged its image as a responsible stakeholder in contemporary international relations. This makes Russia more cautious in its dealings with Azerbaijan to avoid a similar scenario. Last but not least, the absence of expansionist ideologies provides smaller countries with greater room for manoeuvre in regional affairs. In this context, Azerbaijan’s Russia policy has been conducted in a relatively permissive environment as Moscow’s hegemonic ambitions through the creation of regional integration projects such as the Eurasian Economic Union and the Collective Security Treaty Organization have so far been a reaction to adapt its position as a great power to the emerging multipolar world order rather than an attempt to resuscitate the Soviet Union and reinstate its former borders.

When it comes to the key instruments of soft balancing, states prefer three main options: institutional, diplomatic, and economic. First, membership of and active participation in international organizations

4 Pape, R., “Soft Balancing against the United States”, *International Security*, Vol. 30, No. 1, Summer, 2005, p. 17

5 Paul, T. V., *Restraining Great Powers: Soft Balancing from Empires to the Global Era*, London: Yale University Press, 2018, p. 20.

6 Chan, S., *Looking for Balance: China, the United States, and Power Balancing in East Asia*, Stanford, CA: Stanford University Press, 2012, p. 4.

have historically been key components in restraining great powers, especially when the power imbalance made the military balancing less appealing for the smaller countries. Azerbaijan's proactive diplomacy within different international institutions in the last three decades bore fruit on many occasions as it managed to counterbalance Russia's position on certain policy issues, territorial integrity being the major one. Membership in the United Nations (UN), Council of Europe (CoE), and the Organization for Security and Cooperation in Europe (OSCE), among others, provided strong platforms on which to engage third parties regarding strategically vital issues such as the (former) Armenia–Azerbaijan conflict and that, to some extent, limited Russia's unilateral assertiveness. At the same time, Azerbaijan has built strong ties with the key members of Russia-led economic and military institutions, which offered it some opportunities to restrain Russia's ability to implement its goals. Belarus, Kazakhstan, and Azerbaijan used growing partnerships on energy, connectivity, and trade issues to diversify their economies and move away from dependence on Russia.<sup>7</sup> Azerbaijan came together with the regional major powers, to create trilateral formats such as the Turkey–Azerbaijan–Russia or Iran–Azerbaijan–Russia triads to limit Moscow's unilateral approach to regional affairs.

Second, states use diplomatic arrangements with different power centres to balance the influence of the stronger state. In this regard, Azerbaijan's informal alliances or strategic partnerships with countries such as Turkey, Israel, Pakistan, Ukraine, Italy, and so on have been essential to cement its economic and military position in a geopolitically volatile region. Notably, Azerbaijan's increasing military imports from Turkey and Israel proved decisive in decreasing its dependence on Russian supplies. According to SIPRI, Israel replaced Russia as the top military supplier of Azerbaijan, providing 60% of arms imports in 2015–2019, while Russia accounted for 31%.<sup>8</sup> Azerbaijan also successfully deployed its diplomatic toolbox to attract political support from friendly countries under the auspices of the Organization of Islamic States, Non-Aligned Movement, and Turkic Council.

Third, states strive for diversified economic relations to undermine the economic influence of the dominant power. Compared with other in-

7 Nurgaliyeva, L., "Kazakhstan's economic soft balancing policy vis-à-vis Russia: From the Eurasian Union to the Economic Cooperation with Turkey", Vol. 7, No. 1, January 2016, pp. 92–105.

8 SIPRI, "Trends in international arms transfers, 2019", March 2020, available at: [https://www.sipri.org/sites/default/files/2020-03/fs\\_2003\\_at\\_2019.pdf](https://www.sipri.org/sites/default/files/2020-03/fs_2003_at_2019.pdf) (accessed: 9 November 2021).

between countries in the shared neighbourhood, Azerbaijan managed to pursue a more independent economic policy based mostly on oil and gas exports to global markets. That not only decreased Azerbaijan's dependence on Russia as an economic powerhouse but also established Baku as an important, albeit, to date, smaller, energy supplier and an alternative to Russia for gas supplies to regional energy markets. Azerbaijani energy exports rendered neighbouring countries more resilient vis-à-vis Russia's use of energy as a coercive tool in bilateral relations.

### ***Soft Balancing in the Pre-Karabakh War Period***

As was the case with the other newly-independent states in the post-Soviet space, Azerbaijan–Russia relations also got off to a rocky start in the early 1990s. Already mired in political and financial difficulties, successive Azerbaijani governments struggled to come up with a sustainable Russia policy and failed to strike the right balance in relations with Russia and the West.<sup>9</sup> Ayaz Mutallibov, the first president of independent Azerbaijan, pursued a pro-Russia foreign policy that was predicated on bandwagoning with Moscow to get military assistance to defeat Armenia during the First Karabakh War.<sup>10</sup> As later events showed, Mutallibov's moves generated public and oppositional backlash, as memories of Soviet tanks attacking Baku on 20 January 1990 were still fresh and the Russian-backed Armenian occupation was considered the major obstacle to establishing domestic order. Consequently, after a series of defeats during the First Karabakh War and the Khojaly genocide committed by Armenian forces, Mutallibov was jettisoned from power in 1992.

During the presidency of Abulfaz Elchibey, the leader of the Azerbaijan Popular Front, bilateral relations with Russia hit a nadir as he openly called for closer ties with Turkey and the Western powers.<sup>11</sup> The Elchibey government's efforts to bring Western oil companies to Azerbaijan without Russian participation proved deleterious to Moscow's interests. In another bold move, he withdrew Azerbaijan from the Commonwealth of Independent States (CIS) in late 1992 and secured the full withdrawal

9 Valiyev, A. and Mamishova, N., "Azerbaijan's foreign policy towards Russia since independence: compromise achieved", *Southeast European and Black Sea Studies*, Vol. 19, No. 2, February 2019, pp. 269–291.

10 Cornell, S., *Azerbaijan since Independence*, New York, NY: M. E. Sharpe, Inc., 2011, p. 59.

11 Gvalia, G., Siroki, D., Lebanidze, B., et al., "Thinking outside the bloc: Explaining the foreign policies of small states", *Security Studies*, Vol. 22, No. 1, February 2013, p. 127.

of Russian troops (the 104th Airborne Division stationed in Ganja) from Azerbaijani territory. Expectedly, when faced with an anti-Russia government in Baku, Russia tilted towards Armenia and anti-government forces in Azerbaijan to punish Elchibey's recalcitrance. As a result, the Azerbaijani army suffered heavy defeats in the First Karabakh War and Elchibey had to resign after pro-Russia anti-government forces threatened to take power by force. After Mutallibov, Elchibey's experience showed that Azerbaijan needed internal stability to successfully extract or mobilize domestic resources to reach its goals, and that might also require accommodating Russian interests in certain policy areas while expanding energy cooperation with the West.

It was the Heydar Aliyev government's soft balancing strategy that put Azerbaijan's Russia policy on firmer ground. Baku began to keep a good dose of pragmatism in bilateral relations with its northern neighbour. The order that the new leadership forged out of the cauldron of domestic turmoil and the First Karabakh War became the baseline for this foreign policy posturing. At the same time, the United States' emergence as the sole pole of the international system and the West's commitment to expanding the liberal international order eastwards by integrating large segments of the former Soviet republics created a relatively permissive security environment that the Heydar Aliyev government harnessed to bolster its position as a pivotal player in the South Caucasus.

As part of the institutional binding, Azerbaijan returned to the CIS in 1993. This membership was a conciliatory move aimed not only at putting the country in Russia's good graces but also engaging Russia on a multilateral level with like-minded neighbouring countries. Azerbaijan also ratified the Collective Security Treaty in 1994, even if it refused to extend it in 1999, withdrawing on the grounds that little was being done at that time to resolve the Armenia–Azerbaijan conflict.<sup>12</sup> Furthermore, by 1997, westernization of the OSCE's Minsk Group format with the inclusion of France and the US as co-chairs alongside Russia was supposed to balance potential risks emanating from Russia's sole mediator role in this issue.<sup>13</sup>

On the diplomatic level, Heydar Aliyev skilfully balanced the West and Russia insofar as ensuring that Azerbaijan's stability and prosperity were in the best interests of all sides. In 1994, Azerbaijan joined

12 Markedonov, S., "Will Azerbaijan join the 'Eurasian NATO'?", *Carnegie Moscow Center*, 28 August 2018, available at: <https://carnegiemoscow.org/commentary/77116> (accessed: 9 November 2021).

13 Shiriye, Z., "Azerbaijan's relations with Russia: Closer by default?", *Chatham House*, March 2019, p. 7.

NATO's Partnership for Peace programme that opened the way for its participation in NATO-led missions in different parts of the globe, political consultations on a wide range of issues, and, more importantly, NATO's increasing contributions to defence reform in Azerbaijan. A strategic partnership with Turkey, a NATO member country, on the basis of the 'one nation, two states' mantra added more nuance to this cooperation, strengthening Azerbaijan's hand in regional affairs. At the regional level, in 1997, Azerbaijan joined Georgia, Moldova, and Ukraine to establish GUAM that would counterbalance Russian influence and maintain geopolitical pluralism in the post-Soviet space.<sup>14</sup>

But what was more essential to Azerbaijan's soft balancing in relation to Russia in this period was sophisticated energy diplomacy that tied Western interests to the region for the next decades. With the signing of the 'contract of the century' in 1994, Heydar Aliyev achieved bringing major Western oil companies to Azerbaijan, thereby guaranteeing the country's sovereignty and stability with Western political support. Unlike Elchibey, however, Aliyev also brought Russia on board by inviting Lukoil to join the newly established consortium of 11 oil companies representing 6 nations for the development of 3 major oil fields in the Azerbaijani sector of the Caspian Sea: Azeri, Chirag, and the deepwater portion of the Gunashli field.<sup>15</sup> Furthermore, Azerbaijan began to use the Baku–Novorossiysk pipeline to export part of its early oil production to global markets through Russian territory.

In the mid- to late 2000s, during Ilham Aliyev's first term as president, Azerbaijan's soft balancing capabilities received a decisive boost as the Baku–Tbilisi–Ceyhan oil and Baku–Tbilisi–Erzurum natural gas pipelines became operational, bypassing Russian territory to link Baku to international customers. Azerbaijan's emergence as a reliable energy supplier to Europe was happening against the backdrop of Russia's resurgence in European power politics and its use of energy as a political instrument against Ukraine, Belarus, and Georgia, among others.<sup>16</sup> Thus, the new infrastructure initiatives between Azerbaijan, Georgia, and Turkey not only increased Azerbaijan's economic resilience against potential Russian pressures in this regard but also decreased the partner countries' exposure to Russia's geopolitical manipulation. Azerbaijanis

14 Qiyang, N., "Can China help GUAM diversify away from Russia?", *Eurasianet*, 12 June 2017.

15 British Petroleum, "The contract of the century: A national strategy for success", available at: [https://www.bp.com/en\\_az/azerbaijan/home/who-we-are/operationsprojects/acg2/the-contract-of-the-century---a-national-strategy-for-success.html](https://www.bp.com/en_az/azerbaijan/home/who-we-are/operationsprojects/acg2/the-contract-of-the-century---a-national-strategy-for-success.html) (accessed: 9 November 2021).

16 Newnham, R., "Oil, carrots, and sticks: Russia's energy resources as a foreign policy tool", *Journal of Eurasian Studies*, Vol. 2, No. 2, July 2011, pp. 134–143.

companies invested about \$3 billion in the Georgian economy, which was badly damaged after the August War in 2008, and the State Oil Company of Azerbaijan (SOCAR) became Georgia's major taxpayer.<sup>17</sup> Moreover, in 2010, Baku agreed to lend \$200 million to Belarus to clear its debt to Gazprom, which would have otherwise led to another round in the energy dispute between Belarus and Russia.<sup>18</sup>

In this period, Azerbaijani–Georgian–Turkish cooperation on energy, connectivity, and military affairs became an integral part of Azerbaijan's mostly multivectoral foreign policy posturing. To anchor the new security order in the region, all three countries also actively participated in different regional cooperation frameworks offered by NATO and/or the EU. Azerbaijan positioned itself as a reliable partner for the US in its 'war on terror' in the Middle East. Baku joined NATO's Individual Partnership Action Plan in 2004. With the EU, Azerbaijan became a part of the EU Neighbourhood Policy (ENP) in 2004 and Eastern Partnership (EaP) programme in 2009. It should come as no surprise that, in 2007, Azerbaijan's National Security Concept highlighted the Euro-Atlantic direction as the ultimate goal of its foreign policy.<sup>19</sup>

In this context, the Russian occupation of Georgian territories in 2008, the global financial crisis, and the West's decreasing influence in global affairs turned out to be a critical juncture for Azerbaijan's foreign policy from a systemic point of view and pushed the country to revise its external posturing towards the West. The Military Doctrine adopted in 2010 clearly stated that Azerbaijan will not allow the establishment of foreign military bases on its territory.<sup>20</sup> In 2011, Azerbaijan joined the Non-Aligned Movement as a full member. Especially after the crisis in Ukraine in 2014 that made the shared neighbourhood a geopolitical fault line between the EU and Russia, Baku carefully kept its distance from both sides and pursued a pragmatic Russia policy based on deepening trade relations and security cooperation while engaging third powers (Turkey and China) on Russia's flanks to play a bigger role in regional

17 Valiyev, A., "Finlandization or strategy of keeping the balance? Azerbaijan's foreign policy since the Russian–Georgian War", *Ponars Eurasia*, 23 July 2012, available at: <https://www.ponarseurasia.org/finlandization-or-strategy-of-keeping-the-balance-azerbaijan-s-foreign-policy-since-the-russian-georgian-war/>

18 Azernews, "Aliyev's \$200m aid to Belarus in analysts' focus", 30 June 2010, available at: <https://www.azernews.az/nation/21818.html> (accessed: 9 November 2021).

19 E-qanun.az, "Azərbaycan Respublikasının milli təhlükəsizlik konsepsiyasının təqdim edilməsi haqqında", 23 May 2007, available at: <http://www.e-qanun.az/framework/13373> (accessed: 9 November 2021).

20 Anl.az, "Azərbaycan Respublikasının Hərbi Doktrinası", 17 June 2010, available at: <http://anl.az/down/meqale/azerbaycan/2010/iyun/124735.htm> (accessed: 9 November 2021).



affairs. Thus, on the eve of the Second Karabakh War, Azerbaijan's geopolitical positioning, especially with regard to Russia, was opposite to that of the 1990s: that gave the country a strategic advantage for solving the Armenia–Azerbaijan conflict according to its best interests.

### ***Soft Balancing and the Second Karabakh War***

The liberation of the territories occupied by the Armenian armed forces in the early 1990s has long been the primary goal of Azerbaijani foreign policy. The occupation of its territory exposed Azerbaijani foreign policy to pressures from major powers attempting to use the conflict to extract concessions from Baku. Although Russia has not been a direct party to the conflict, it nevertheless skilfully projected its leading position in the conflict resolution process to ensure that neither Armenia nor Azerbaijan acted to the detriment of Russian interests in the region. Thus, in case of a possible war to liberate the occupied territories, Azerbaijan had to include possible Russian involvement in its strategic calculations. The mutual defence obligations of Armenia and Russia within the framework of the CSTO and the probable spill over of war to Armenia's territory in a potential war was always thought to be a credible deterrent against Azerbaijan. The Second Karabakh War showed how successfully the Azerbaijani leadership used different soft balancing instruments to bypass this strategic hurdle and win a 21st-century war without damaging its neighbourly ties with Moscow.

In this context, two structural factors accounted for Azerbaijan's successful balancing act in relation to Russia. First, when the Armenia–Azerbaijan war started in late September 2020, Russia had to make a hard choice between its strategic ally Armenia and strategic partner Azerbaijan. Baku went a long way to keep Moscow neutral in the case of a military escalation that was deemed likely after the July 2020 clashes in the proximity of the Azerbaijan's northern border with Armenia (in the direction of Tovuz). High-level visits to Moscow by the foreign minister in August and by the speaker of parliament in September 2020 indicated that the Azerbaijani leadership was seeking ways to keep channels open in case Armenia decided to wage a “new war for new territories”, as advocated by the then Armenian defence minister, David Tonoyan.<sup>21</sup> Even during the peak of Armenian missile attacks on

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21 Report.az, “Moscow hosts meeting of Azerbaijani and Russian Foreign Ministers”, 26 August 2021, available at: <https://report.az/en/foreign-politics/moscow-hosts-meeting-of-azerbaijani-russian-foreign-ministers/> (accessed: 9 November 2021).



civilian targets in major Azerbaijani cities during the Second Karabakh war, Baku avoided targeting Armenian territory as that would trigger a mutual defence clause within the CSTO and put the two strategic partners on a collision course. Second, unlike the Georgia–Russia war in 2008 or the Ukraine–Russia war in 2014, the Armenia–Azerbaijan war in 2020 did not happen against the backdrop of a debilitating zero-sum game between the EU/NATO and Russia. In contrast, Western countries were mostly acquiescent to Russia’s unilateral peace enforcement that began on 10 November 2020 and the Russian-only format of the peacekeeping contingent, thus accepting more active Russian involvement in the hope of preventing the emergence of a new wave of escalation in the region. As a result, Azerbaijan had far greater room to manoeuvre to realize its long-time goals as long as they did not threaten Russia’s fundamental interests in the South Caucasus.

Institutionally, Azerbaijan’s soft balancing in relation to Russia during the Second Karabakh War came on the heels of the preparation of a draft statement on behalf of the president of the UN Security Council on 19 October that was developed mainly by Russia and France.<sup>22</sup> In a show of solidarity with Azerbaijan, and supporting the principle of territorial integrity, some non-permanent members of the UN Security Council and members of the Non-Aligned Movement – the Dominican Republic, Indonesia, Niger, Saint Vincent and the Grenadines, South Africa, Tunisia, and Vietnam – twice issued *notes verbales* breaking the silence procedure and raising objections to the wording of the document owing to its lack of reference to the four UNSC resolutions adopted in 1993. Subsequently, as a result of this principled position of the NAM countries, the draft declaration calling on Azerbaijan and Armenia to stop fighting and desist from military operations was officially withdrawn. This diplomatic victory could be viewed in the context of Azerbaijan’s long-term efforts to link the Karabakh issue to the Global South discourses of equality, social justice, and respect to the major tenets of international law under the auspices of the NAM. Azerbaijan’s chairmanship of the organization in 2020 further contributed to its ability to muster international support under this framework.

Baku also accrued significant diplomatic support from the Turkic

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22 Report.az, “Members of Non-Aligned Movement refuse to adopt document against Azerbaijan”, 23 October 2020, available at: <https://report.az/en/karabakh/hikmat-hajiyev-comments-on-discussions-in-un-security-council-on-armenian-azerbaijani-conflict/> (accessed: 9 November 2021).

Council, an intergovernmental organization established in 2009 that brings together the Turkic-speaking countries Azerbaijan, Kazakhstan, Kyrgyzstan, Turkey, and Uzbekistan. Secretary-General Baghdad Amreyev, in a visit to Ganja, which became the target of heavy missile attacks by Armenian armed forces in October 2020, expressed unconditional support for Azerbaijan and reiterated the council's recognition of Azerbaijan's right to liberate its territories from the decades-long occupation.<sup>23</sup> The fact that Kazakhstan and Kyrgyzstan are also members of the Russia-led CSTO and the EAEU made this support more meaningful for Azerbaijan's institutional balancing policies. Similarly, the Organization of Islamic Cooperation (OIC), a 57-member international institution of mostly Muslim-majority countries, backed Azerbaijan's position during the Second Karabakh War. In the early days of fighting between Armenia and Azerbaijan, the OIC called for the "full and unconditional withdrawal of Armenian forces from the occupied Azerbaijani territories and for the dialogue to reach a political solution to the conflict between the two countries based on respect for the sovereignty and territorial integrity of the Republic of Azerbaijan, and the inviolability of its internationally recognized territories."<sup>24</sup> Taken together, Azerbaijan's successful diversification of its international linkages through the NAM, the Turkic Council, and the OIC, among others, strengthened its hand against Armenia and Russia on the diplomatic front and increased its confidence in reaching its defined goals.

Economically, Baku built on its successful oil and gas diplomacy of the past two decades to further deepen its strategic energy partnership with the EU and Turkey that has solidified its relative position in the regional distribution of power. The launch of the Trans-Anatolian Natural Gas Pipeline (TANAP) and Trans-Adriatic Natural Gas Pipeline (TAP) to bring Azerbaijani gas from the Shah Deniz field in the Caspian Sea directly to European customers was a significant development in this regard. It not only helped reinforce the Western vector of Azerbaijani foreign policy, but revenues from this direction also provided the country with the ability to bolster its military capabilities without moving further into the Russian orbit. Compared with Armenia, which

23 Anadolu Agency, "Turkic Council voices support for Azerbaijan", 20 October 2020, available at: <https://www.aa.com.tr/en/politics/turkic-council-voices-support-for-azerbaijan/2013299> (accessed: 9 November 2021).

24 Anadolu Agency, "OIC condemns Armenia's attacks on Azerbaijan", 28 September 2020, available at: <https://www.aa.com.tr/en/asia-pacific/oic-condemns-armenias-attacks-on-azerbaijan/1988811> (accessed: 9 November 2021).

had long been highly dependent on Moscow for its economic and military security, Azerbaijan's financial resources afforded it a larger margin of error in geo-economic and geopolitical affairs, thus enabling it to push its own agenda for creating a regional atmosphere amenable to its national interests.

Its pivotal location at the intersection of regional transportation networks also opened up certain avenues for lessening the challenges imposed by the country's landlocked nature and preparing the economy for the post-oil era. In this regard, Azerbaijan, in close coordination with Turkey, Georgia, and Kazakhstan, took a proactive stance in initiating intercontinental transport projects for connecting China to Europe while offering an alternative to the Russian and Iranian route options. The construction of the Baku–Tbilisi–Kars railroad (2017) that, after decades, reopened the direct rail connection between the South Caucasus and Turkey and the Trans-Kazakhstan railroad (2014) that cut the east–west transport route between the Chinese border and Caspian Sea port of Aktau by 1,000 kilometres increased the Middle Corridor's importance as an alternative containerized rail freight transport network for Chinese rail operators and European logistics companies.<sup>25</sup> At the same time, Azerbaijan positioned itself as a reliable partner in the North–South Transport Corridor connecting India with Iranian, Azerbaijani, Russian, and European markets. Against this background, the realization of transport projects linking the western regions of Azerbaijan to its Nakhchivan Autonomous Republic (NAR) in line with Article 9 of the 10 November statement would further cement Azerbaijan's geostrategic position on the east–west and north–south transport routes and bring together all major powers in the region to invest in the idea of peace and stability.<sup>26</sup> Connecting Azerbaijan's western regions with the NAR and Turkey through Armenian territory, the Zangezur Corridor would also link Armenia to Iran and Russia, thereby establishing economic interdependence that may spill over to the other policy areas. By drawing Russia into a regional society in which the other major powers are also actively participating, Azerbaijan could balance Russia's newly gained influence that would otherwise, under asymmetric bilateralism, be more difficult to deal with.

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25 ADB Institute, "Middle Corridor – Policy development and trade potential of the Trans-Caspian International Transport Route", May 2021, available at: <https://www.adb.org/sites/default/files/publication/705226/adbi-wp1268.pdf> (accessed: 9 November 2021).

26 Gasimli, V., "The 'Zangezur Corridor' is a geoeconomic revolution", *Emerging Europe*, 17 May 2021, available at: <https://emerging-europe.com/voices/the-zangezur-corridor-is-a-geo-economic-revolution/> (accessed: 9 November 2021).

Most important of all, Baku's proactive alignment behaviour during and after the Second Karabakh War showed certain changes to its traditionally highly cautious balancing manoeuvres in relation to Russia. That behaviour was most significantly manifested in strengthening economic and military ties with close ally Turkey. Building on the tenets of the Agreement on Strategic Partnership and Mutual Support signed in 2010, Turkey pledged its support to Azerbaijan in time of 'aggression'.<sup>27</sup> It is already well established that the Bayraktar TB2 drones that Azerbaijan bought from Turkey on the eve of the war played a decisive role in the eventual victory. Having Turkey on its side, Azerbaijan became more confident in its dealings with outside powers, and President Ilham Aliyev urged the use of Turkish F-16s in case of external intervention.<sup>28</sup> At the same time, President Aliyev heavily criticized Russia's continuing military supplies to Armenia and attempted to delegitimize such action as support to an occupying force.<sup>29</sup> Referring in some part to Russia, on many occasions he confidently claimed that no country could prevent Azerbaijan from recovering its jurisdiction over the occupied territories. This kind of posturing continued after the war. Most significantly, on 15 June, Azerbaijan and Turkey signed the Shusha Declaration that laid the foundation of an allied relationship between the two countries.<sup>30</sup> In September, Turkey sent four generals to Azerbaijan to upgrade the Turkish Armed Forces' representation within the Task Group Command, which has been one of the central pillars of bilateral military cooperation since 1992, albeit with a previously lower profile.<sup>31</sup> As part of Azerbaijan's efforts to delegitimize the unwelcomed moves of Russian peacekeepers in the Karabakh region, such as anti-drone exercises in the Lachin district

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27 Daily Sabah, "Turkey sides with Azerbaijan against Armenia's occupation, Erdogan says", 1 October 2020, available at: <https://www.dailysabah.com/politics/diplomacy/turkey-sides-with-azerbaijan-against-armenias-occupation-erdogan-says> (accessed: 9 November 2021).

28 Tass, "Turkish F-16 may be used in case of external aggression against Azerbaijan", 26 October 2020, available at: <https://tass.com/world/1216505> (accessed: 9 November 2021).

29 Daily Sabah, "Those who want ceasefire are sending weapons to Armenia, Aliyev says", 26 October 2020, available at: <https://www.dailysabah.com/politics/diplomacy/those-who-want-cease-fire-are-sending-weapons-to-armenia-aliyev-says> (accessed: 9 November 2021).

30 Apa.az, "Azerbaijan, Turkey signed Shusha declaration on allied relations", 15 June 2021, available at: <https://apa.az/en/xeber/domestic-news/azerbaijan-turkey-signed-shusha-declaration-on-allied-relations-351730> (accessed: 9 November 2021).

31 Report az, "Türkiyə Azərbaycanda Xüsusi komandanlığı gücləndirir", 9 September 2021, available at: <https://report.az/herbi-xeberler/turkiye-azerbaycanda-xsusi-komandanligi-guclendirir/> (accessed: 28 November 2021).

or, more importantly, the free passage granted for the deployment of Armenian troops to the Karabakh region, Azerbaijan and Turkey conducted unprecedented joint military exercises in the Lachin district of Azerbaijan, close to the Lachin Corridor.<sup>32</sup> This all gives credit to the argument that soft balancing becomes more likely when a country has support from another major power.<sup>33</sup>

### ***Conclusion***

Azerbaijan's Russia policy, which, since 1993, has been in some part predicated on soft balancing against potential challenges emanating from Russia, has enabled it to engage Moscow on a more equal footing. Nevertheless, securing politico-economic stability in the country created a relatively permissive internal environment that enabled Azerbaijan's government to be more flexible in its contacts with Moscow without incurring adverse political consequences. Unlike the other "in-between countries", Russia has not had strong pro-Russia groups within Azerbaijani society or asymmetric economic leverage that could be used to put serious pressure on Baku. Moreover, Azerbaijan's sophisticated institutional, economic, diplomatic, and ad hoc military alignments offered many possibilities to pursue a more independent Russia policy.

The Second Karabakh War in 2020 showed how the successful use of soft balancing instruments enabled Azerbaijan to defeat a Russian ally on the battlefield and liberate its occupied territories without prompting a rupture in relations with Russia. During the 44 days of war, the Azerbaijani leadership kept in frequent touch with the Kremlin while ramping up efforts to delegitimize Russia's military support to Armenia. At the same time, Azerbaijani military planners went a long way to avoid striking military targets in the main territory of Armenia as that would trigger Russian intervention on Yerevan's side.

Turkey's public commitment to support Azerbaijan in time of war gave a significant boost to Azerbaijan's soft balancing at that time. On the battlefield, Turkish drones played an essential role in the destruction

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32 Azernews, "Azerbaijan, Turkey hold joint drills in liberated Lachin", 7 September 2021, available at: <https://www.azernews.az/nation/183005.html> (accessed: 9 November 2021).

33 McDougall, D., "Responses to 'Rising China' in the East Asian region: Soft balancing with accommodation", *Journal of Contemporary China*, Vol. 21, No. 73, 2012, p. 11.

of Armenia's Russian-supplied military hardware. After the war, the Shusha Declaration, signed in June 2021, ushered in a new era in Azerbaijan's alignment policy, thereby cementing the relationship as an ally with Turkey.

Against this background, two main structural factors will shape Azerbaijan's balancing moves in relation to Russia in the new geopolitical realities of the South Caucasus. First, Russia's military presence on Azerbaijani territory will give it certain strategic potential for using 'managed instability' in Karabakh region to influence Baku's foreign policy calculations. As in the case of the other conflict centres in the post-Soviet space, Russia will have the ability to mobilize its tools of influence to manipulate the course of events in this region if Moscow perceives anything detrimental to its fundamental interests. In this context, Azerbaijan's joint military exercises with Turkey in reaction to the unwelcome moves of the Russian peacekeepers indicate that it could consider replacing soft balancing with more hard-balancing manoeuvres if Russia continues to challenge Azerbaijani-Turkish common interests. Second, and relatedly, Turkey's growing influence in the neighbourhood and deepening military-economic ties between Baku and Ankara will add confidence to Azerbaijan's soft balancing in relation to Russia. As the post-war developments have shown, Azerbaijan is considering using this framework as a nucleus for shaping trilateral formats with strategic partners such as Georgia, Ukraine, Pakistan, and even Israel. All in all, the new security environment looks more amenable to Azerbaijan's security interests and the Azerbaijani government seems ready to adapt its long-term soft balancing strategy to the new realities on the ground.



# How does the Stagnation of the Potential Armenia-Azerbaijan Peace Deal Influence Russia's South Caucasus Policy?

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Javid Alyarli\*

In the period following the Second Karabakh War, tension between Armenia and Azerbaijan has continued owing to the partial implementation of the 10 November Trilateral Statement, the inefficiency of Russian peacekeepers in maintaining stability in the Karabakh region, and disagreements on the demarcation and delimitation of the Armenia-Azerbaijan international border. This article seeks to identify the extent of the implications of the stagnation of normalization of Armenia-Azerbaijan relations for Russia's foreign policy in the South Caucasus. The paper finds that the failure to sign a potential peace treaty contributes to Russia's legal and military presence in the geopolitical conundrum of the region and extends Russia's leverage over both countries, whereas the delay of the reopening of transport and economic links in the South Caucasus due to security concerns deprives Russia from economic and political advantages. With respect to Armenia, the rise of tension ingrains Russia's security umbrella over the political and military paradigms of the Armenian government and enables the Kremlin to repair its damaged image in Armenian public opinion. With the retrogression of Armenia-Azerbaijan relations and the associated delay in Azerbaijan's restoration of its full authority in the Karabakh region, where Russian peacekeepers are temporarily deployed, and the stall in the return of internally displaced people, the Kremlin is seeking to induce Azerbaijan to integrate into Russian-led security and economic integration alliances.

**Keywords:** Armenia, Azerbaijan, Karabakh, Russia, peacekeepers, South Caucasus



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### *Introduction*

After the end of the Second Karabakh War, several incidents between military units of Armenia and Azerbaijan that have occurred, mainly because of different interpretations of the 10 November Trilateral Statement that was signed by the leaders of Armenia, Azerbaijan, and Russia.<sup>1</sup> Specifically, while Armenia withdrew its troops from the districts surrounding the Karabakh region, Russia neither ensured nor did Armenia complete the disarmament and withdrawal of the remaining Armenian forces in the Karabakh region, referring to Paragraph 1 of the statement that instructed the parties to “stop in their current positions”.<sup>2</sup> In response, the Azerbaijani side noted that ‘stop’ did not mean ‘remain’ and should be understood in the context of the first part of the clause implementing “a complete ceasefire and a cessation of all hostilities”. Thereby, Azerbaijan, in accordance with Paragraph 4 of the statement, demanded the full withdrawal of Armenia’s armed forces in parallel with the deployment of Russian peacekeeping forces.<sup>3</sup> The harsh consequences of the disagreement were revealed through the reconnaissance and sabotage attacks launched, in November and December 2020, by remnants of Armenia’s armed forces against Azerbaijani military positions. The hostilities resulted in the deaths of 6 Armenian military personnel and 5 Azerbaijani soldiers as well as the incarceration of 62 members of the Armenian sabotage groups.<sup>4</sup>

Another area of concern was the efficacy of the Russian peacekeeping mission in the region. Those peacekeepers being stationed alongside Armenian troops in the Karabakh region, reportedly permitted the transfer of additional Armenian forces to this area through the Lachin

1 TASS, “Statement by President of the Republic of Azerbaijan, Prime Minister of the Republic of Armenia and President of the Russian Federation, November 10, 2020”, available at: <http://en.kremlin.ru/events/president/news/64384> (accessed: 15 August 2021).

2 TASS, “Armenian Foreign Ministry accused the Azerbaijani Armed Forces of undermining regional security” (translation from Russian), 11 August 2021, available at: <https://tass.ru/mezhdunarodnaya-panorama/12109995> (accessed: 15 August 2021).

3 The Ministry of Foreign Affairs of the Republic of Azerbaijan, No: 304/21,” Commentary of the Press Service Department of the Ministry of Foreign Affairs of the Republic of Azerbaijan on the statement of the Armenian Foreign Ministry dated August 11, 2021” (EN/RU), 11 August 2021, available at: <https://mfa.gov.az/en/news/no30421> (accessed: 15 August 2021).

4 United Nations, “Letter dated 28 December 2020 from the Permanent Representative of Azerbaijan to the United Nations addressed to the Secretary-General, United Nations General Assembly Seventy-fifth Session”, 28 December 2020, available at: <https://documents-dds-ny.un.org/doc/UNDOC/GEN/N20/385/51/PDF/N2038551.pdf?OpenElement> ; Ismayilova, V., “Azerbaijani soldier killed in Armenian sabotage attack”, Azernews, 28 December 2020, available at: <https://www.azernews.az/karabakh/174418.html> (accessed: 30 August 2021).

Corridor in February 2021. In demanding that Armenia terminate such illegal troop deployments, Azerbaijan's Ministry of Foreign Affairs (MFA) also stressed the violation of the peacekeeping contingent's 'control mechanisms'.<sup>5</sup> Furthermore, on 11 August, Azerbaijan's Ministry of Defence detected the establishment of new Armenian military posts in Mukhtarkend and Shushakend settlements in the Karabakh region, notably close to temporary duty stations of the Russian peacekeeping mission, that led to more criticism regarding the acquiescence of the peacekeeping mission.<sup>6</sup>

Furthermore, starting in May 2021, disagreements arose over the demarcation and delimitation of the Armenia–Azerbaijan international border. The state border between the two countries did not physically exist in the Soviet era and remained undefined owing to the emergence of the First Karabakh War during the collapse of the USSR and the 30-year occupation of these border territories by Armenia. Therefore, Azerbaijan's efforts to set up border points based on maps of the Armenian and Azerbaijani soviet socialist republics triggered the situation. On 13 May 2021, Armenia accused Azerbaijan of "infiltrating" its lands around Black (*Sev*) Lake in the Zangezur (*Syunik*) region.<sup>7</sup> On 27 May, however, Azerbaijan captured six Armenian military servicemen during their attempt to slip over the border and "mine roads" in Azerbaijan's Kalbajar district.<sup>8</sup> The Armenian MFA confirmed the detainment of the soldiers but stated that they were carrying out 'engineering work' in the border area of the Gegharkunik region of Armenia.<sup>9</sup> On 5 August, the

5 The Republic of Azerbaijan, Ministry of Foreign Affairs, No:072/21, "Information of the Press Service Department of the Ministry of Foreign Affairs of the Republic of Azerbaijan on the cases of sending Armenian armed forces to the territories of Azerbaijan", 28 February 2021, available at: <https://mfa.gov.az/en/news/no07221-information-of-the-press-service-department-of-the-ministry-of-foreign-affairs-of-the-republic-of-azerbaijan-on-the-cases-of-sending-armenian-armed-forces-to-the-territories-of-azerbaijan> (accessed: 15 August 2021).

6 Ministry of Defense of the Republic of Azerbaijan, "Press release of the Ministry of Defense", 11 August 2021, available at: <https://mod.gov.az/en/news/press-release-of-the-ministry-of-defense-37123.html> (accessed: 29 August 2021).

7 Ostroukh, A. and Bagirova, N., "Armenia accuses Azerbaijan of violating its territorial integrity", *Reuters*, 13 May 2021, available at: <https://www.reuters.com/breakingviews/armenia-accuses-azerbaijan-violating-its-territorial-integrity-2021-05-13/> (accessed: 30 September 2021).

8 Ministry of Defense of the Republic of Azerbaijan, "The Ministry of Defense: Reconnaissance-sabotage groups of the Armenian armed forces crossed our state border and attempted to mine our territories", 27 May 2021, available at: <https://mod.gov.az/en/news/the-ministry-of-defense-reconnaissance-sabotage-groups-of-the-armenian-armed-forces-crossed-our-state-border-and-attempt-36060.html> (accessed: 30 September 2021).

9 Deutsche Welle, "Azerbaijan arrests 6 Armenian soldiers at border", 27 May 2021, available at: <https://www.dw.com/en/azerbaijan-arrests-6-armenian-soldiers-at-border/a-57679790> (accessed:

newly-appointed (now former) Defence Minister of Armenia, Arshak Karapetyan, gave an order to the army to liquidate any Azerbaijani soldier who “attempts to cross Armenia’s border”.<sup>10</sup> In total, from 1 June to 24 August, there were 55 reports from Azerbaijan’s Ministry of Defense (MoD) and 15 public statements by Armenia’s MoD about exchanges of fire, not only on the state border but also in the Karabakh region, between illegal Armenian armed formations and Azerbaijan’s military servicemen.<sup>11</sup> During this period of hostilities, three Armenian soldiers and one Azerbaijani serviceman lost their lives.<sup>12</sup>

Such weak – from the perspective of Baku – performance by Russia in maintaining stability, coupled with experience of Russia’s previous peacekeeping activities in the post-Soviet space, provides the main objective of this study: to ascertain the extent to which the stagnation of progress towards a potential peace treaty between Armenia and Azerbaijan has implications for Russian foreign policy in the region. The constant rise of Armenia–Azerbaijan tension might be in Russia’s interest if it desires to maintain a peacekeeping presence in the Karabakh region through the possible extension of its temporary duty. However, instead of limiting the scope of our research to this possible rationale, a further focus is on the Kremlin’s potential alternative reasoning concerning its role in the ever-changing political configuration of the region, with a special emphasis on its bilateral agendas with Armenia and Azerbaijan. Thus, to unveil any possible correlation between the inflammation of the situation in Karabakh and Russia’s foreign policy in the region, we pose the following question: *“How does the stagnation of the potential Armenia–Azerbaijan peace deal influence Russian foreign policy in the South Caucasus?”*

The rising tension, in conjunction with the Russian presence in the region, represents an independent variable of the study, whereas the Kremlin’s bilateral policies with Yerevan and Baku are dependent

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30 September 2021).

10 Asbarez, “Armenian soldiers ordered to ‘shoot and destroy’ Azerbaijani forces crossing Armenia’s borders”, 5 August 2021, available at: <https://asbarez.com/armenian-soldiers-ordered-to-shoot-and-destroy-azerbaijani-forces-crossing-armenias-borders/> (accessed: 4 October 2021).

11 Ministry of Defense of the Republic of Azerbaijan, “News”, available at: <https://mod.gov.az/en/news-791/>; MoD of Armenia, Twitter, available at: <https://twitter.com/armeniamodteam> (accessed: 24 August 2021).

12 Ministry of Defense of the Republic of Azerbaijan, “A serviceman of the Azerbaijan Army became Shehid (Martyr)”, 23 July 2021, available at: <https://mod.gov.az/en/news/a-serviceman-of-the-azerbaijan-army-became-shehid-martyr-36881.html>; Ibid. (accessed: 15 August 2021).

parameters. To that end, we aim to conduct a content analysis of data collected from the public statements of the three countries' official authorities, government-issued news, and opinion pieces and articles by independent researchers and journalists. The paper starts by examining extant views in academia concerning Russia's foreign policy, as seen in peacekeeping operations in its 'near abroad', then proceeds to findings and discussions in response to the main question raised above, and concludes with a few remarks.

### ***Literature Review on Russian Peacekeeping Activities Abroad***

Russia's explicit indication in all its military doctrines since 1993 of conducting peacekeeping missions in compliance with the country's interests has united many scholars on one standpoint: that the Kremlin incorporates these operations as one of its foreign policy tools by ensuring synchronization between the military and foreign policy decision-making processes. In this regard, to ensure a better understanding of Russia's possible benefits from the stagnation of Armenia–Azerbaijan relations, the review elaborates discussions on Russia's long-standing objectives in deploying and maintaining peacekeepers and 'freezing' conflicts in the post-Soviet space. The literature does cover the Kremlin's geopolitical purposes in the current peacekeeping mission in Karabakh region, but it mainly focuses on the impact of the prolongation of the severe level of tension for Russia's policy in the South Caucasus.

Among many observations on the matter of Russia's 'peacekeeping card' in the post-Soviet space, Roy Allison argues that Moscow's self-entitled interventions in conflicts in post-Soviet countries under the guise of peacekeeping derive from Russia's neo-imperialist policy.<sup>13</sup> Furthermore, categorizing the strategic vision of Moscow in peacekeeping operations within state-centric and society-centric considerations, Neil Macfarlane and Albrecht Schnabel depict the Kremlin's peacekeeping policy as a symbol of Russia's intention to assert its position as the primary power in the Commonwealth of Independent States with the aim of neutralizing threats to its security from third parties such as Turkey in the Caucasus and as a legitimate way

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13 Allison, R., "Russian 'neo-imperialism' under the guise of peacekeeping", *European Union Institute for Security Studies*, 1 November 1994, available at: <https://www.jstor.org/stable/resrep07026.9> (accessed: 26 September 2021).

of consolidating Russia's leadership of regional security structures.<sup>14</sup>

Regarding the geopolitical interests of Russia that lie behind the peacekeeping mission in the South Caucasus, Gerard J. Libaridian (ex-adviser to former Armenian President Levon Ter-Petrosian) considers that the years of the West's 'wrong-policy' of enfeebling Russia in its periphery have motivated the current, more powerful Russian existence in the Karabakh region as a means of preventing the Westernization of the three countries of the South Caucasus and ensuring the extension of its own interests.<sup>15</sup> In this regard, George Barros discusses the use of the peacekeeping mission in Azerbaijan to legitimize the Collective Security Treaty Organization (CSTO) as a UN-recognized peacekeeping force among Russia's primary targets. He believes that Russia aims to address humanitarian issues among the local population of the Karabakh region and to involve the CSTO as a facilitator in this regard under a UN mandate.<sup>16</sup> The potential for CSTO involvement as a peacekeeper in the Karabakh region is less likely to be favoured by Azerbaijan owing to Armenia's representation in its military structure. Moreover, Russia's peacekeeping mission has itself not yet received an internationally recognized mandate.

With regard to Russia's possible gains from the retrogression of the potential peace deal between Armenia and Azerbaijan, there is a wide range of opinions. Providing a pessimistic scenario regarding the involvement of peacekeepers, Anar Valiyev believes that the Kremlin would prevent the reintegration of the Armenian population of the Karabakh region into Azerbaijan under the pretext of security issues and would stipulate that Baku join the CSTO or Eurasian Economic Union (EAEU) in exchange for pushing Armenia to recognize Azerbaijan's borders.<sup>17</sup> This view is somewhat supported by Thomas de Waal, who asserts that, although increasing tension puts the safety

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14 Macfarlane, S. Neil and Schnabel, A., "Russia's approach to peacekeeping", *International Journal*, Vol. 50, No. 2, Spring 1995, pp. 294–324, available at: <https://www.jstor.org/stable/25734054> (accessed: 23 September 2021).

15 Libaridian, G.J., "Gerard J. Libaridian: Karabakh War: The aftermath", Düzdanışaq, 2 June 2021, available at: <https://www.youtube.com/watch?v=FRvpwkdNiQU> (accessed: 26 September 2021).

16 Barros, G., "Putin's 'peacekeepers' will support Russian wars", *Institute for the Study of War*, 16 November 2020, available at: <https://www.jstor.org/stable/resrep29379> (accessed: 24 September 2021).

17 Valiyev, A., "Karabakh after the 44-Day War: Russian peacekeepers and patterns", *Program on New Approaches to Research and Security in Eurasia*, 23 August 2021, available at: <https://www.ponarseurasia.org/karabakh-after-the-44-day-war-russian-peacekeepers-and-patterns/> (accessed: 23 September 2021).

of the peacekeeping troops at risk and could delay the restoration of transport links connecting Russia with Armenia, Iran, and Turkey through Azerbaijan, the normalization of Armenia–Azerbaijan relations would likely end the need for the peacekeeping mission and take away from Russia’s influence over both countries.<sup>18</sup> A more prudent approach comes from Anton Troianovski and Carlotta Gall, who argue that Russia’s reinsertion into the South Caucasus in 2020 is a new test and opportunity for it to gain a sense of trust from both countries through a combination of soft and hard power.<sup>19</sup>

### ***Russia’s Mechanisms to Influence the Foreign Policies of Armenia and Azerbaijan***

Similar to Syria and Ukraine, a main challenge that Russia faces in the geopolitical conundrum of the South Caucasus is Turkey. Turkey’s growing political support to Azerbaijan before, during, and after the Second Karabakh War is not disregarded by Russia, as it strengthens Baku’s hand in moving away from Russia’s sphere of influence. It should be noted that, after the end of the Second Karabakh War, Turkey’s President Tayyip Erdoğan has visited Azerbaijan three times, notably in December 2020 and June and October 2021. The most recent journey was to inaugurate Fuzuli International Airport, the first airport built by Azerbaijan in the liberated territories,<sup>20</sup> whereas the June visit was to Shusha to sign a declaration on the relationship between the two countries as allies; this primarily envisions improvements in defence and economic cooperation.<sup>21</sup> The Shusha Declaration had its origins in the Agreement on the Development of Friendship and Comprehensive

18 De Waal, T., “Unfinished business in the Armenia-Azerbaijan conflict”, *Carnegie Europe*, 11 February 2021, available at: <https://carnegieeurope.eu/2021/02/11/unfinished-business-in-armenia-azerbaijan-conflict-pub-83844> (accessed: 28 September 2021).

19 Troianovski, A. and Gall, C., “In Nagorno-Karabakh peace deal, Putin applied a deft new touch”, *New York Times*, 1 December 2020 (updated: 24 April 2021), available at: <https://www.nytimes.com/2020/12/01/world/europe/nagorno-karabakh-putin-armenia-azerbaijan.html> (accessed: 24 September 2021).

20 Daily Sabah, “Erdoğan, Aliyev inaugurate Fuzuli International Airport in Azerbaijan”, 26 October 2021, available at: <https://www.dailysabah.com/politics/diplomacy/erdogan-aliyev-inaugurate-fuzuli-international-airport-in-azerbaijan> (accessed: 12 November 2021).

21 Trend, “Turkish president to visit Azerbaijan”, 1 October 2021, available at: <https://en.trend.az/azerbaijan/politics/3492549.html>; Zorlu, F., “Turkey and Azerbaijan ink Shusha Declaration to further boost ties”, *Anadolu Agency*, 16 June 2021, available at: <https://www.aa.com.tr/en/politics/turkey-and-azerbaijan-ink-shusha-declaration-to-further-boost-ties/2276305> (accessed: 5 October 2021).

Cooperation and Protocol on Cooperation and Mutual Assistance signed in 1994, as well as the Agreement on Strategic Partnership and Mutual Support signed in 2010. Through it, both sides consent to pursuing joint efforts in the event of third-party aggression against the independence or sovereignty of either party. The timing was particularly remarkable as it accompanied the rise in border incidents in May 2021 and Armenia's appeal for the implementation of the collective defence clause of the CSTO.<sup>22</sup>

The interaction of the Azerbaijan–Turkey alliance and Azerbaijan–Russia recrimination can be described in terms of Newton's third law of motion, in that each tendency has an impact on the emergence of the other. For example, a day after the Shusha Declaration was signed, Russian MFA spokesperson Maria Zakharova stated, “cooperation in the South Caucasus should develop taking into account the principle of good neighbourliness and, of course, the interests of all countries in the region”.<sup>23</sup> Thereupon, in response to journalists' questions about whether the Shusha Declaration presages the creation of a Turkish military base in Azerbaijan or if there are grounds for the consideration of that issue within the scope of the agreement, President Erdoğan confirmed the inclusion of such an aspect among the other points of the declaration and added, “there may be further development and expansion here.”<sup>24</sup> Commenting on the statement, Kremlin spokesman Dmitry Peskov noted, “the deployment of military infrastructure by the (NATO) alliance countries near our borders is cause for our special attention, as well as a reason for us to take steps to ensure our security and interests.”<sup>25</sup>

A further indirect tussle was observed in the arena of military exercises. On 17–22 July 2021, following the border incidents between Armenia

22 Kocharyan, S., “Pashinyan officially applies to CSTO Collective Security Council Chairman-in-Office to execute Article 2”, *Armenpress*, 14 May 2021, available at: <https://armenpress.am/eng/news/1052329.html> (accessed: 5 October 2021).

23 APA, “Russian MFA comments on the Shusha Declaration signed between Azerbaijan and Turkey”, 17 June 2021, available at: <https://apa.az/en/xeber/social-news/russian-mfa-comments-on-the-shusha-declaration-signed-between-azerbaijan-and-turkey-351926> (accessed: 5 October 2021).

24 TRT Haber, “Erdogan to Biden: Do not expect us to take different steps on the S-400 and F-35” (translation from Turkish), 17 June 2021, available at: <https://www.trthaber.com/haber/gundem/erdogandan-bidena-s-400-ve-f-35-konusunda-farkli-adim-atmamizi-beklemeyin-588995.html> (accessed: 12 November 2021).

25 Reuters, “Russia monitoring talk of Turkish military base in Azerbaijan, says Kremlin”, 18 June 2021, available at: <https://www.reuters.com/world/russia-monitoring-talk-turkish-military-base-azerbaijan-says-kremlin-2021-06-18/> (accessed: 5 October 2021).



and Azerbaijan, Russia organized large-scale snap combat readiness drills for its troops from the Southern and Western military districts; this was accompanied by two-week-long joint military exercises by Azerbaijan and Turkey in Baku, Nakhchivan, Ganja, Kurdamir, and Yevlakh beginning on 29 July.<sup>26</sup> Furthermore, on 6–10 September, Azerbaijan's and Turkey's special forces conducted another exercise, the first in the liberated territories of Azerbaijan, that was particularly meaningful in terms of its timing and location:<sup>27</sup> the exercises took place after, on August 30, Russian drills for combating drones were held in the Karabakh region<sup>28</sup> within 300 meters of the Lachin Corridor, the route along which Russian peacekeepers, evoking criticism from Azerbaijan, had permitted the transfer of Armenian armed forces to the Karabakh region.<sup>29</sup>

Meanwhile, France, as a co-chair of the OSCE Minsk Group, is dissatisfied with being excluded from Armenia–Azerbaijan negotiations after the Second Karabakh War and, hence, seems interested in reactivating the role of the Minsk Group. As France hosts the largest Armenian community in Europe,<sup>30</sup> the prioritization of friendly relations with Armenia exemplifies the issue's relevance for both the foreign and domestic policies of the French government. A geopolitical rivalry with Turkey over Libya, Syria, and Lebanon; recently discovered gas resources in the Eastern Mediterranean; and confrontation with Russia in Ukraine and Africa (Mali and Chad) are motivating France to use the South Caucasus as a diplomatic front against both countries. The prolongation of Russian–Turkish involvement in the post-conflict

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26 Huseynov, V., “Azerbaijan, Turkey hold large-scale military drills amidst escalation of tension with Armenia”, *The Jamestown Foundation Eurasia Daily Monitor*, Volume 17, Issue 121, available at: <https://jamestown.org/program/azerbaijan-turkey-hold-large-scale-military-drills-amidst-escalation-of-tensions-with-armenia/> (accessed: 6 October 2021).

27 Ministry of Defense of the Republic of Azerbaijan, “Joint Azerbaijani-Turkish exercises started in the Lachin region”, 6 September 2021, available at: <https://mod.gov.az/en/news/joint-azerbaijani-turkish-exercises-started-in-the-lachin-region-37528.html> (accessed: 6 October 2021).

28 Ministry of Defense of the Russian Federation, “Russian peacekeepers have practiced actions at an observation post upon detection of a ‘drone’ in Nagorno-Karabakh” (translation from Russian), 30 August 2021, available at: [https://mil.ru/russian\\_peacekeeping\\_forces/news/more.htm?id=12380991@egNews](https://mil.ru/russian_peacekeeping_forces/news/more.htm?id=12380991@egNews) (accessed: 6 October 2021).

29 Huseynov, V., “Azerbaijan increasingly critical of Russia's peacekeeping mission in Karabakh”, *The Jamestown Foundation Eurasia Daily Monitor*, Volume 18, Issue 144, available at: <https://jamestown.org/program/azerbaijan-increasingly-critical-of-russias-peacekeeping-mission-in-karabakh/> (accessed: 6 October 2021).

30 Zenian, D., “The Armenians of France”, *Armenian General Benevolent Union*, available at: <https://agbu.org/news-item/the-armenians-of-france/> (accessed: 19 November 2021).



situation following the Astana Forum also paves the way for the EU to support alternative trade routes in the region that bypass Russia and Turkey, thereby reducing their economic incentives in the region.<sup>31</sup> In this respect, the operation of the North–South Transport Corridor along the Iran–Armenia–Georgia–Black Sea route is receiving the utmost consideration.

In accordance with abovementioned interests, France has taken necessary actions including reaffirming its support to Armenia. Shortly after the 10 November statement, France suggested ‘international supervision’, in which the Minsk Group could play a role, of the ceasefire established between Armenia and Azerbaijan.<sup>32</sup> Moreover, speaking about peace and dialogue between Armenia and Azerbaijan at a meeting with Pashinyan in Paris on 1 June 2021, French President Emmanuel Macron confirmed that, as a co-chair of the Minsk Group, France would, along with Russia and the United States, implement efforts to achieve de-escalation and restoration of dialogue.<sup>33</sup> On 25 November 2020, the French Senate adopted a resolution “On the need to recognize Nagorno-Karabakh”.<sup>34</sup> Following the border dispute between Armenia and Azerbaijan on 14 May, Macron voiced the solidarity of France with Armenia.<sup>35</sup> Furthermore, during a meeting with Pashinyan in Paris, Richard Ferrand, Speaker of the French Parliament, said, “France is on the side of Armenia ... you can rely on us now and in the future”.<sup>36</sup> With regard to boosting the connectivity role of Armenia along the North–South Transport Corridor, during a three-day visit to the South Caucasus in July 2021, President of the European Council

31 Minassian, G., “What is France Looking for in the Nagorno-Karabakh Issue?”, *EVN Report*, 29 September 2021, available at: <https://www.evnreport.com/opinion/what-is-france-looking-for-in-the-nagorno-karabakh-issue> (accessed: 20 November 2021).

32 Irish, J., “Fearing Turkish role, France wants international supervision in Nagorno-Karabakh”, *Reuters*, 20 November 2020, available at: <https://www.reuters.com/article/uk-armenia-azerbaijan-france-idINKBN27Z3AY> (accessed: 20 November 2021).

33 Ghazanchyan, S., “Macron urges withdrawal of Azerbaijani troops from Armenia”, *Public Radio of Armenia*, 1 June 2021, available at: <https://en.armradio.am/2021/06/01/macron-urges-withdrawal-of-azerbaijani-troops-from-armenia/> (accessed: 20 November 2021).

34 Ozcan, Y., “French National Assembly approves decision on Karabakh”, *Anadolu Agency*, 4 December 2020, available at: <https://www.aa.com.tr/en/europe/french-national-assembly-approves-decision-on-karabakh/2065200> (accessed: 20 November 2021).

35 Macron, E., “Azerbaijani armed forces have crossed into Armenian territory. They must withdraw immediately. I say again to the Armenian people: France stands with you in solidarity and will continue to do so.”, *Twitter*, 14 May 2021, 2:11 a.m., available at: <https://twitter.com/EmmanuelMacron/status/1392965873187659778> (accessed: 20 November 2021).

36 Ibid.

Charles Michel announced the provision of €600 million as part of the EU's financial aid package of €2.6 billion to Armenia.<sup>37</sup> In comparison, the sum allocated to Georgia as part of the Economic and Investment plan was €2.3 billion,<sup>38</sup> whereas Azerbaijan was offered only €150 million, despite the economic consequences of the Second Karabakh War and the need for restoring the liberated territories.<sup>39</sup>

Although diplomatic negotiations over the conflict in eastern Ukraine have been witness to disagreements and heated discussions between Russia and France (as well as Germany), interestingly, talks on post-conflict issues concerning Armenia and Azerbaijan between Paris and Moscow have been informative in character. Since the end of the Second Karabakh War, Putin and Macron have discussed this issue seven times by telephone: on 16 November and 23 December 2020, and on 11 January, 27 April, 2 July, 19 August and 16 November 2021.<sup>40</sup> Although none of these talks led to publicly revealed dissatisfaction, in each conversation both sides reiterated their determination to cooperate on various aspects of the issue, primarily within the OSCE Minsk Group.

Regarding the impact of the retrogression of Armenia–Azerbaijan relations on Moscow's policy towards Yerevan, it is not easy to estimate any possible further degree of Armenian loyalty to Russia, given that it has joined all existing Russia-led security and economic integration alliances. However, Pashinyan's foreign policy orientation in the pre-war period still deserves attention, particularly to compare it with that of the post-war period. Specifically, back in 2017, before coming to power, Pashinyan was a supporter of accessing the EU and leaving the EAEU as a step towards eluding Russia's influence in its domestic and foreign policy decision-making process.<sup>41</sup> Moreover, when he was elected as

37 European Commission, "Joint Staff Working Document: Recovery, resilience and reform: Post 2020 Eastern Partnership priorities", 2 July 2021, available at: [https://ec.europa.eu/sites/default/files/swd\\_2021\\_186\\_f1\\_joint\\_staff\\_working\\_paper\\_en\\_v2\\_p1\\_1356457\\_0.pdf](https://ec.europa.eu/sites/default/files/swd_2021_186_f1_joint_staff_working_paper_en_v2_p1_1356457_0.pdf) (accessed: 20 November 2021).

38 European Commission, "Eastern Partnership: A renewed agenda for recovery, resilience and reform underpinned by an Economic and Investment plan", press release, 2 July 2021, available at: [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_21\\_3367](https://ec.europa.eu/commission/presscorner/detail/en/IP_21_3367) (accessed: 20 November 2021).

39 Business Media Georgia, "‘This is unfair’—Aliyev about EU's €2.6B funds for Armenia", 23 July 2021, available at: <https://bm.ge/en/article/this-is-unfair---aliyev-about-eus-23b-funds-to-georgia-and-26b-for-armenia/87920/> (accessed: 20 November 2021).

40 President of Russia, "Events", available at: <http://en.kremlin.ru/events/president/news> (accessed: 20 November 2021).

41 ArmWorld, "Nikol Pashinyan: The Association Agreement with the EU is a counterweight that protects Armenia's sovereignty" (translation from Russian), 3 October 2017, available at: <https://>

prime minister, he did not hide his interest in leading an independent foreign policy that included expanded economic cooperation with the EU.<sup>42</sup> Yet, what shone out more clearly in his early days in office was the launch of criminal investigations against Russia-backed former leaders such as former presidents Robert Kocharyan and Serzh Sargsyan, as well as tax-evasion investigations against the Russian-owned Gazprom Armenia company and Armenian Railways; these were regarded as anti-Russian policies.<sup>43</sup>

With the end of the Second Karabakh War, and particularly through the deployment of Russian peacekeepers and the outbreak of periodic hostilities with Azerbaijan, Russia gained leverage to reconsolidate its position in Armenia's foreign policy decision-making process, as proven by a significant change in Pashinyan's policy. Specifically, since the end of the Second Karabakh War, Pashinyan has visited the Kremlin five times, becoming the most popular guest in this period.<sup>44</sup> In comparison, he visited only six times between November 2018 and September 2020. Furthermore, he takes many opportunities to thank Russia for its support during the entire course of the war and for maintaining its position in the post-war period.<sup>45</sup> The rationale behind such a change of diplomatic course is that Pashinyan understands the difficulty of escaping from Russia's sphere of influence and the reluctance of Western countries to help ensure its domestic stability while, at the same time, offering security and peace in the South Caucasus. Another reason, according to some scholars, is the lesson learnt from Russia's 'punishment' of keeping a low profile in the Second Karabakh War owing to the earlier anti-Russian position.<sup>46</sup>

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arm-world.ru/news/armnews/17793-nikol-pashinyan-soglashenie-ob-associacii-s-es-protivoves-zaschischayuschiy-suverenitet-armenii.html (accessed: 6 October 2021).

42 Beketov, A., "Nikol Pashinyan: Armenia will not be authoritarian", *Euronews*, 3 March 2019, available at: <https://www.euronews.com/2019/03/08/nikol-pashinyan-armenia-will-not-be-authoritarian> (accessed: 6 October 2021).

43 Batashvili, D., "Security Review: Nikol Pashinyan's Russian problem", *Georgian Foundation for Strategic and International Studies*, 2019, available at: <https://www.gfsis.org/files/library/pdf/English-2684.pdf> (accessed: 6 October 2021).

44 The Prime Minister of the Republic of Armenia, "Foreign visits", available at: <https://www.primeminister.am/en/foreign-visits/page/1/> (accessed: 20 November 2021).

45 TASS, "Armenia felt Russia's support during the war in Karabakh, Pashinyan says", 21 November 2020, available at: <https://tass.com/world/1226317> (accessed: 29 September 2021).

46 Demirdas, A., "Why is Putin punishing Armenia", *The USA Tribune*, 22 October 2020, available at: <https://theusatribune.com/2020/10/why-is-putin-punishing-armenia/>; Oruç, M.Ş., "How Vladimir Putin punished Nikol Pashinian", *Daily Sabah*, 23 November 2020, available at: <https://www.dailysabah.com/opinion/columns/how-vladimir-putin-punished-nikol-pashinian> (accessed: 6 October 2021).

Concerning Russia's bilateral agenda regarding Azerbaijan, the rise of tension in the region, coupled with the fact of the presence of Russian peacekeepers, cuts Baku off from completely leaving Moscow's monitoring. This is because, first, Azerbaijan understands that, as long as tension remains high, the only arbiter that can legitimately participate in the termination of hostilities and communication with both sides in this theatre is Russia. Second, Baku is aware that the CSTO can allege a military confrontation along the Armenia–Azerbaijan border in order to activate the collective defence provision in support of Armenia. Third, Azerbaijan's vision of launching connectivity projects to Turkey and Europe passing through the Karabakh region and, later, Armenia necessitates that stability is ensured in the region. To some extent, this depends on the performance of Russian peacekeepers and, accordingly, the existence of pragmatic relations with Russia.

Meanwhile, Russia will continue to market its security and economic integration organizations such as the CSTO and EAEU to Azerbaijan despite official Baku's steadfast reservations. In particular, recent months have registered a number of welcoming approaches from Moscow's official circles with respect to Baku's possible conjugation with the CSTO. Specifically, when answering a question on possible expansion of the membership of the CSTO, Deputy Foreign Minister of Russia Andrei Rudenko stressed that the doors of the bloc should be open to everyone, including Azerbaijan.<sup>47</sup> To ease the registration process and potentially to attract more countries such as Azerbaijan to sessions, the CSTO started discussing the creation of a new format in addition to member and observer states. In this regard, Vyacheslav Volodin, Chairman of the CSTO Parliamentary Assembly and Speaker of Russia's State Duma, confirmed the organization's plans to set up an institution of the bloc's partner states and signalled Azerbaijan's possible involvement in the new format.<sup>48</sup>

As for the EAEU, official communications depict Russia's interest in seeing Baku among the members of the organization after the Second Karabakh War. Recently, during the inter-governmental meeting of the

47 Postnikova, E., "Every month and a half or two NATO maneuvers take place in Ukraine", (translation from Russian), *Izvestiya*, 24 May 2021, available at: <https://iz.ru/1167113/ekaterina-postnikova/kazhdye-poltora-dva-mesiatca-na-ukraine-prokhodiat-manevry-nato> (accessed: 5 October 2021).

48 Astafyev, A., "CSTO PA will establish an institute of partner states, Volodin said" (translation from Russian), *Ria Novosti*, 1 July 2021, available at: <https://ria.ru/20210701/volodin-1739376766.html> (accessed: 5 October 2021).

EAEU held in Kazan, Russia, in April 2021, a discussion was held on the possible inclusion of Azerbaijan.<sup>49</sup> However, the Armenian delegation voted against the participation of an Azerbaijani representative as a guest at the recent inter-governmental meeting of the EAEU.<sup>50</sup> Azerbaijan's participation in the community is viewed as of special importance for Russia's strategic interests and its 'great Eurasian partnership' vision.

However, given Azerbaijan's long-standing apathy regarding joining the organization owing to the political and economic disadvantages of full membership,<sup>51</sup> many scholars do not envisage a significant change in Azerbaijan's foreign policy with respect to the EAEU except for participation in some meetings as an observer or cooperation on an ad hoc basis in the agricultural and technological spheres. Furthermore, attributing the economic benefits of potential full membership only to the Azerbaijani government's policy of diversification of export products, Rovshan Ibrahimov doubts the existence of any political incentive for Baku in being part of the Russia-led organization.<sup>52</sup>

### ***Rising Tension is Detrimental to Russia's Interests in the Region***

The constant occurrence of military confrontations between Armenia and Azerbaijan along the state border and in the Karabakh region obstructs the implementation of Paragraph 9 of the 10 November statement. This particular point envisaged the reopening of transport and economic links in the region, thus restoring Azerbaijan's access to its Nakhchivan exclave through Armenia. Towards this, on 15 February 2021, Azerbaijan's President Ilham Aliyev laid the foundation stone of the Horadiz–Agband railway line.<sup>53</sup> The rising tension has not only

49 Altynbayev, K., "'Great Eurasian partnership': A facade for Kremlin's geopolitical strategy", *Caravanserai*, 19 April 2021, available at: [https://central.asia-news.com/en\\_GB/articles/cnmi\\_ca/features/2021/04/19/feature-01](https://central.asia-news.com/en_GB/articles/cnmi_ca/features/2021/04/19/feature-01) (accessed: 5 October 2021).

50 TASS, "Armenia did not consent to Azerbaijan's participation in the meeting of the EAEU intergovernmental council" (translation from Russian), 1 May 2021, available at: <https://tass.ru/mezhdunarodnaya-panorama/11294095> (accessed: 5 October 2021).

51 Valiyev, A., "Azerbaijan and the Eurasian Union: Costs and Benefits", *Caucasus Analytical Digest*, Issue 51–52, 17 June 2013, available at: <https://www.files.ethz.ch/isn/166585/CAD-51-52.pdf> (accessed: 5 October 2021).

52 Topchubashov Center, "Azerbaijan's foreign policy towards the EU and the EAEU after the Second Karabakh War", 2 July 2021, available at: <https://top-center.org/en/analytics/3168/azerbaijans-foreign-policy-towards-the-eu-and-the-eaeu-after-the-second-karabakh-war> (accessed: 5 October 2021).

53 APA, "Azerbaijani President laid foundation of Horadiz-Agband railway", 15 February 2021,

caused security concerns over the proposed transport connection to resurface, but also led to the suspension of meetings of the working group created on 11 January 2021 in Moscow through a four-point agreement of the leaders of Armenia, Azerbaijan, and Russia.<sup>54</sup> Although five meetings of the tripartite committee consisting of the deputy prime ministers of Armenia, Azerbaijan, and Russia were held between 30 January and the end of May, since June the parties have only met twice, on 17 August<sup>55</sup> and 20 October,<sup>56</sup> to address necessary issues including the establishment of railway and automobile communication routes, and the restoration of existing and installation of new infrastructure facilities.

Such delays in the unblocking of transport and economic links in the region harm Russia's interests as the transport corridor is economically and politically attractive to Moscow. First, it offers a much more operable land connection with Armenia compared with the current routes: (1) one traversing Kazakhstan, Turkmenistan and Iran<sup>57</sup>, (2) another one passing along Georgia's Kazbegi–Upper Lars Road in North Ossetia as the latter, also known as the military highway, is mountainous and subject to heavy traffic and closures because of difficult weather conditions.<sup>58</sup> Correspondingly, this leads to the second motive, which is to reduce the Armenia–Russia trade network's dependence on Iranian and Georgian highways as well as to ensure the primacy of the Kazbegi–Upper Lars Road for Georgia–Russia connection.<sup>59</sup> Third, the transportation line between Azerbaijan and Nakhchivan grants Russia

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available at: <https://apa.az/en/xeber/infrastructure/Azerbaijani-President-laid-foundation-of-Horadiz-Agband-railway-342659> (accessed: 14 November 2021).

54 President of Russia, "Meeting with Ilham Aliyev and Nikol Pashinyan", 11 January 2021, available at: <http://en.kremlin.ru/events/president/news/64877> (accessed: 19 November 2021).

55 Buniatian, H., "Trilateral talks on unblocking regional transport links resume in Moscow", *Azattyun*, 18 August 2021, available at: <https://www.azattyun.am/a/31416324.html> (accessed: 19 November 2021).

56 APA, "Media: Moscow to host meeting of trilateral Working Group on Karabakh", 19 October 2021, available at: <https://apa.az/en/foreign-news/media-moscow-to-host-meeting-of-trilateral-working-group-on-karabakh-360190> (accessed: 19 November 2021).

57 Jalilov, O., "Iran Denies Facilitating Transfer of Russian Arms to Armenia", *Caspian News*, 9 September 2020, available at: <https://caspiannews.com/news-detail/iran-denies-facilitating-transfer-of-russian-arms-to-armenia-2020-9-7-40/> (accessed: 12 December 2021).

58 De Waal, T., "In the South Caucasus, can new trade routes help overcome a history of conflict?", *Carnegie Europe*, 8 November 2021, available at: <https://carnegieeurope.eu/2021/11/08/in-south-caucasus-can-new-trade-routes-help-overcome-history-of-conflict-pub-85729> (accessed: 20 November 2021).

59 Ibid.

an additional gateway to Iran<sup>60</sup> that includes Armenia and promises to expand the volumes passing through the North–South transit corridor. Fourth, the integration of the projected Kars–Nakhchivan railway with the Armenia–Azerbaijan–Russia line<sup>61</sup> will facilitate Moscow gaining momentum to increase its transportation links with Turkey and contribute to the East–West trade and transport corridor. Last but not least, given that it has been agreed that Russian Federal Security Service (FSB) border security guards will patrol the Zangezur Corridor traversing Armenia, Russia will obtain further political tools and influence in the South Caucasus.

### ***Russia's Expanded Role following the Armenia–Azerbaijan Border Tension***

The failure of negotiations over the demarcation and delimitation of the state border has set the stage for Russia's heavier involvement in the region. There are two directions in this regard: (1) Russia's provision of additional security guards to Armenia, and (2) its recent diplomatic efforts to mediate the resolution of the demarcation process. With respect to the former issue, early steps were taken as early as 14 November 2020, when Russia established three posts along the Armenia–Azerbaijan border and two posts on Armenia's border with Iran.<sup>62</sup> Until then, only Armenia's borders with Iran (45 km) and Turkey (345 km) were protected by the border troops of Russia's FSB on the basis of the interstate contract of 30 September 1992, which, in 2010, was extended until 2044.<sup>63</sup>

Furthermore, in March 2021, some Armenian sources claimed that

60 Baghirov, O., "Analysis: the impact of the opening of Zangezur corridor on regional transportation and communication lines", *AIR Center*, October 2021, available at: <https://aircenter.az/uploads/files/Zangezur%20Corridor.pdf> (accessed: 19 November 2021).

61 Kanbolat, H., "A new railway line in South Caucasus: 'Kars–Ighdir–Nakhchivan'" (translation from Turkish), *Hürriyet*, 22 July 2008, available at: <https://www.hurriyet.com.tr/dunya/guney-kafkasya-da-yeni-bir-demiryolu-hatti-kars-igdir-nahcivan-9492966> (accessed: 20 November 2021).

62 Koloyan, A., "Russian border guards expand presence in Armenia", *Azatutyun*, 14 November 2020, available at: <https://www.azatutyun.am/a/30949776.html> (accessed: 4 October 2021).

63 CIS Legislation, "The contract between the Russian Federation and the Republic of Armenia on the status of the Border Troops of the Russian Federation which are in the territory of the Republic of Armenia and conditions of their functioning", available at: <https://cis-legislation.com/document.fwx?rgn=25477>; Zenkovich, T., "Russian border guards' presence on border with Turkey important for Armenia – premier", *TASS*, 26 July 2018, available at: <https://tass.com/world/1014872> (accessed: 4 October 2021).



Gafan Airport was being used as a second Russian military airfield, or used jointly with the Armenian Air Forces.<sup>64</sup> Heretofore, Erebuni aviation base, located near the Armenian capital, Yerevan, had performed the task of receiving and transferring armed personnel and equipment between Russia and its military base in the city of Gyumri, Armenia. In addition, speaking at the National Assembly on 2 May, Pashinyan confirmed the establishment of two new outposts of the Russian 102nd Military Base in the ‘*Syunik*’ region of Armenia on the Armenia–Azerbaijan border as an additional security guarantee for the province and the country.<sup>65</sup> On 27 May, plots of land in the *Gafan*, *Meghri*, *Goris* and *Tegh* (Azerbaijani: Qafan, Meghri, Gorus and Tekh) regions were also handed over to the authority of the border guards of the Russian FSB to improve the security of Armenia’s south-eastern borders.<sup>66</sup> Following that, on 29 July, Pashinyan made a request that went further; he asked Russia to deploy security guards along the entire length of the Armenia–Azerbaijan border.<sup>67</sup> However, on Thursday, 5 August, Alexander Bikantov, a Russian foreign ministry spokesman, noted that the lack of legally formulated, internationally recognized borders hindered the basing of Russian border guards in the designated area. Nevertheless, on the same day, Russia stationed troops on the north-eastern segment of Armenia’s border with Azerbaijan. Bikantov emphasized the necessity of an immediate start on the trilateral work of delimiting and demarcating the border.<sup>68</sup>

The diplomatic aspect of Russia’s involvement in the demarcation issue occurred following the rise of tension on 13 May 2021. Six days later, the Russian Foreign Minister, Sergei Lavrov, confirmed the Kremlin’s

64 Novosti Armenia, “The situation in Syunik: Are there any security guarantees and how does the demarcation process go. Comments of heads of communities” (translation from Russian), March 2021, available at: <https://newsarmenia.am/news/analytics/situatsiya-v-syunike-est-li-garantii-bezopasnosti-i-kak-prokhodit-protsess-demarkatsii-kommentiruyut/> (accessed: 4 October 2021).

65 Alarabiya News, “Russian military in Armenia reinforce areas near Azeri border: Reports”, 3 May 2021, available at: <https://english.alarabiya.net/News/world/2021/05/03/Russian-military-in-Armenia-reinforce-areas-near-Azeri-border-Reports> (accessed: 4 October 2021).

66 Kocharyan, S., “Armenia donates land area to Russian border guards in Kapan, Meghri and Tegh”, *Armenpress*, 27 May 2021, available at: <https://armenpress.am/eng/news/1053616.html> (accessed: 4 October 2021).

67 TASS, “Pashinyan proposed to deploy CSTO observers along the border of Armenia and Azerbaijan” (translation from Russian), 29 July 2021, available at: <https://tass.ru/mezhdunarodnaya-panorama/12013557> (accessed: 30 September 2021).

68 Azatutyun, “Russia deploys more troops on Armenian-Azeri border”, 5 August 2021, available at: <https://www.azatutyun.am/a/31395702.html> (accessed: 30 September 2021).



proposal to set up a joint commission for the demarcation of the border between Armenia and Azerbaijan: Moscow would take part as a “consultant or mediator”.<sup>69</sup> On 5 August, Alexander Bikantov issued a reminder of the necessity for de-escalation of an immediate start of the trilateral work on delimiting and demarcating the border.<sup>70</sup> On 21 August, Russian MFA spokesperson Maria Zakharova reaffirmed Moscow’s readiness to mediate negotiations over the delimitation of the border and its subsequent demarcation.<sup>71</sup> This position was reiterated during Russian Foreign Minister Sergei Lavrov’s speech in his meeting with Armenian Foreign Minister Ararat Mirzoyan in Moscow on 31 August.<sup>72</sup>

Overall, there is no doubt that the expansion of the area of operation of Russian border guards in Armenia will accelerate its reliance on Russia’s security umbrella. As Neil Macfarlane and Albrecht Schnabel describe, through this tendency, Armenia’s borders are becoming an outer, but effective, frontier of Russia.<sup>73</sup> Additionally, it is possible to say that the stronger military presence of Russia provides greater momentum for Russia to maintain the Armenian government within its periphery through responding to Yerevan’s security concerns as well as administering its trade opportunities with Iran. In this regard, the comments of David Lake and Patrick Morgan provide a clearer picture of the situation. They assert that the deployment of Russian border guards allows the Kremlin to symbolize its physical presence as well as to embody the region as within its sphere.<sup>74</sup>

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69 Azatutyun, “Moscow proposes to create a demarcation commission for the Armenia-Azerbaijan border, in which it can participate as a mediator” (translation from Russian), 19 May 2021, available at: <https://rus.azatutyun.am/a/31262836.html> (accessed: 30 September 2021).

70 Akbarov, F., “Russian MFA comments on proposal to deploy Russian border guards to Armenia-Azerbaijan border”, *APA*, 5 August 2021, available at: <https://apa.az/en/xeber/foreign-news/russian-mfa-comments-on-proposal-to-deploy-russian-border-guards-to-armenia-azerbaijan-border-355235> (accessed: 30 September 2021).

71 Azernews, “Russian MFA talks launching talks on border delimitation between Azerbaijan, Armenia”, 20 August 2021, available at: <https://www.azernews.az/nation/182414.html> (accessed: 2 October 2021).

72 Harutyunyan, A., “Long-term solution of Armenia-Azerbaijan border crisis possible only through demarcation and delimitation – Lavrov”, *Armenpress*, 31 August 2021, available at: <https://armenpress.am/eng/news/1062034.html> (accessed: 2 October 2021)

73 Ibid.

74 Lake, D.A. and Morgan, P.M., *Regional Orders: Building Security in a New World*, The Pennsylvania State University Press, 1997, pp. 221–223 (accessed: 4 October 2021).

## *The Next Chapter of the Arms Race*

The rise of hostilities between Armenia and Azerbaijan is also likely to prolong arms imports from Russia. Armenia gives particular importance to this aspect of the relationship, acknowledging the distinct superiority of Azerbaijan's military<sup>75</sup> and the loss of US\$3.8 billion worth of its matériel in the Second Karabakh War.<sup>76</sup> In this regard, during the meeting of the defence ministers of Russia and Armenia in Moscow on 11 August 2021,<sup>77</sup> Russian Defence Minister Sergey Shoigu reaffirmed Russia's assistance in modernizing Armenia's armed forces and announced the commencement of supplementary arms supplies to Armenia. Nearly two weeks later, newly appointed (now former) Armenian Defence Minister Arshak Karapetyan paid another visit to Moscow to attend the opening ceremony of a military exhibition and to meet with Russian military industry officials.<sup>78</sup> Further talks with representatives of the Russian Defence Ministry were reported as continuing in Yerevan on 2 September.<sup>79</sup>

Russia's reforms encompass upgrading the air control and defence system of Armenia.<sup>80</sup> It can be argued that this assistance aims at advancing the combat readiness of the Armenian army against drones, which were among Azerbaijan's main all-purpose weapons during the 44 Day War. Furthermore, former Armenian Defence Minister Vagharshak Harutyunyan notes that Russia also plans to optimize the capabilities of its detachment at the Russian base in Armenia and introduce new weapons systems.<sup>81</sup>

75 Gressel, G., "Military lessons from Nagorno-Karabakh: Reason for Europe to worry", *European Council on Foreign Relations*, 24 November 2020, available at: <https://ecfr.eu/article/military-lessons-from-nagorno-karabakh-reason-for-europe-to-worry/> (accessed: 29 September 2021).

76 Azertac, "Military equipment losses of Armenia amount to 3.8 billion dollars – Analysis", 2 December 2020, available at: [https://azertag.az/en/xeber/Military\\_equipment\\_losses\\_of\\_Armenia\\_amount\\_to\\_38\\_billion\\_dollars\\_\\_\\_Analysis-1656759](https://azertag.az/en/xeber/Military_equipment_losses_of_Armenia_amount_to_38_billion_dollars___Analysis-1656759) (accessed: 29 September 2021).

77 News.am, "Russia MOD gifts Armenian counterpart a dagger, says 'we can consider the process of supplying Armenia launched'", 11 August 2021, available at: <https://news.am/eng/news/657935.html> (accessed: 29 September 2021).

78 Azatyutun, "Armenian defense chief meets with Russian arms industry officials", 24 August 2021, available at: <https://www.azatyutun.am/a/31425306.html> (accessed: 29 September 2021).

79 Mkrtchyan, M., "Military specialists of the Russian Defense Ministry are in Yerevan," *ArmInfo*, 3 September 2021, available at: [https://arminfo.info/full\\_news.php?id=64843&lang=3](https://arminfo.info/full_news.php?id=64843&lang=3) (accessed: 29 September 2021).

80 Sargsyan, A., "Russian armed forces to bring Armenian military to its level – analyst on reforms", *Armenpress*, 12 August 2021, available at: <https://armenpress.am/eng/news/1060527/> (accessed: 29 September 2021).

81 Ria Novosti, "Armenia will reform the army after the Karabakh War" (translation from Russian),

It should be mentioned that Armenia–Russia cooperation in the military sector is not of recent vintage. Between 17 July and 10 November last year alone, Russia supplied Armenia with 400 tonnes of military equipment.<sup>82</sup> Having exported its weapons to Yerevan for the first time in 1993–1994, when the First Karabakh War was still ongoing, in 2015–2019 Russia accounted for 94% of Armenia’s arms imports.<sup>83</sup> In 2015, a treaty was signed that agreed US\$200 million of loans from Russia to Armenia, and, in 2017, another loan of US\$100 million was agreed to develop Armenia’s military arsenal with sophisticated arms.<sup>84</sup> In addition, following Armenia’s defeat in the ‘Four Day War’ in April 2016, in September of the same year, Russia supplied Yerevan with advanced versions of the Iskander-E ballistic rocket system.<sup>85</sup> However, during the Second Karabakh War, the M-version of this ballistic missile, which has a range of 500 kilometres and is manufactured only for the use of the Russian military, was launched against Azerbaijan, as admitted by a top Armenian military official.<sup>86</sup> Overall, the amount of money Yerevan spent in the acquisition of Russian arms surpassed US\$5 billion in the second half of the last decade.<sup>87</sup>

On the Azerbaijani side, we have not seen similar developments since the Second Karabakh War. In contrast, Azerbaijani President Ilham Aliyev stated that Russia should spare “no effort for the region’s

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22 February 2021, available at: <https://ria.ru/20210222/armeniya-1598538603.html> (accessed: 29 September 2021).

82 President of the Republic of Azerbaijan Ilham Aliyev, “Ilham Aliyev made a phone call to Russian President Vladimir Putin”, 13 August 2020, available at: <https://en.president.az/articles/40463> (accessed: 29 September 2021).

83 Nazaretyan, H., “Arms supplies to Armenia and Azerbaijan”, *Evn Report*, 17 February 2021, available at: <https://www.evnreport.com/spotlight-karabakh/arms-supplies-to-armenia-and-azerbaijan> (accessed: 29 September 2021).

84 Abrahamyan, E., “Russian loan allows Armenia to upgrade military capabilities”, *The Central Asia-Caucasus Analyst*, 8 January 2018, available at: <https://www.cacianalyst.org/publications/analytical-articles/item/13491-russian-loan-allows-armenia-to-upgrade-military-capabilities.html> (accessed: 29 September 2021).

85 Abrahamyan, E., “Armenia’s new ballistic missiles will shake up the neighborhood”, *National Interest*, 12 October 2016, available at: <https://nationalinterest.org/feature/armenias-new-ballistic-missiles-will-shake-the-neighborhood-18026> (accessed: 29 September 2021).

86 Khojayan, S., “Armenia fired Iskander missiles in Azeri war, ex-army chief says”, *Bloomberg*, 19 November 2020, available at: <https://www.bloomberg.com/news/articles/2020-11-19/armenia-fired-iskander-missiles-in-azeri-war-ex-army-chief-says> (accessed: 29 September 2021).

87 Abay, E. G., “Russia provides 94% of Armenia’s weapons in 5 years”, *Anadolu Agency*, 29 October 2020, available at: <https://www.aa.com.tr/en/europe/russia-provides-94-of-armenia-s-weapons-in-5-years/2023969> (accessed: 29 September 2021).

security”<sup>88</sup> but called on it to stop arming Armenia because, according to Baku, ‘the conflict is over’.<sup>89</sup> Yet, given the course of the ongoing Armenian–Russian military cooperation, coupled with the changing geopolitical conundrum of the region, there is no expectation that Baku will stop advancing its military arsenal. In that case, Russia is expected to be one of the suppliers, taking into account its 31% share of Azerbaijan’s arms imports in 2015–2019. However, the difference between Baku and Yerevan here arises from the former not being overwhelmingly dependent on Russian-manufactured arms, as, in the same period, the largest proportion (60%) of its weapons imports came from Israel, according to a report of Stockholm International Peace Research Institute.<sup>90</sup> Along with Israel and Russia, Baku also pursues military-technical cooperation with, among others, Belarus, the Czech Republic, Pakistan, South Africa, and Turkey.<sup>91</sup>

### *Armenian Perception of Russia: From ‘Betrayal’ to ‘Saviour’*

During the Second Karabakh War, despite the expectations of the government and people of Armenia regarding Russia’s military involvement in support of its main ally against Azerbaijan, Russia did not take part, but stood by and witnessed Azerbaijan’s advances in the war. On 31 October 2020, Pashinyan’s request to Russia to provide assistance to Armenia to ensure its security was rejected by Moscow with the argument that hostilities were not taking place on Armenian territory.<sup>92</sup> According to some reports, there were even calls from top

88 President of the Republic of Azerbaijan Ilham Aliyev, “The CNN Turk TV channel has interviewed Ilham Aliyev”, 14 August 2021, available at: <https://en.president.az/articles/52736> (accessed: 21 September 2021).

89 President of the Republic of Azerbaijan Ilham Aliyev, “Ilham Aliyev was interviewed by Azerbaijan Television”, 10 May 2021, available at: <https://en.president.az/articles/51454> (accessed: 21 September 2021).

90 Wezeman, P. D., Fleurant, A., Kuimova, A., Da Silva, D. L., Tian, N., and Wezeman, S. T., “Trends in international arms transfer 2019”, *Stockholm International Peace Research Institute*, March 2020, available at: <https://www.sipri.org/publications/2020/sipri-fact-sheets/trends-international-arms-transfers-2019> (accessed: 21 September 2021).

91 Gurbanov, I., “Military procurements on Armenia’s and Azerbaijan’s defense agendas”, *The Central Asia-Caucasus Analyst*, 27 March 2019, available at: <https://cacianalyst.org/publications/analytical-articles/item/13564-military-procurements-on-armenias-and-azerbajjans-defense-agendas.html> (accessed: 21 September 2021).

92 The Ministry of Foreign Affairs of the Russian Federation, “Foreign Ministry statement in connection with Prime Minister of Armenia Nikol Pashinyan’s address to President of Russia Vladimir Putin”, 31 October 2020, available at: [https://www.mid.ru/en/foreign\\_policy/news/-/asset\\_publisher/cKNonkJE02Bw/content/id/4411939](https://www.mid.ru/en/foreign_policy/news/-/asset_publisher/cKNonkJE02Bw/content/id/4411939) (accessed: 21 September 2021).

officials of Armenia, on five occasions, for Russian military support under the pretext of fighting international terrorism – all unsuccessful.<sup>93</sup>

This led to many accusations aimed at Moscow in the mainstream and social media of Armenia, grouching about Russia's passive and pensive behaviour. According to Azat Arshakyan, a former Deputy of the Supreme Council, despite the years of successful Russia–Armenia alliance, proven by the latter's joining the EAEU and pursuing military cooperation, what became apparent through the Second Karabakh War was Russia's betrayal of Armenia for its own interests.<sup>94</sup> Moreover, an editor of the *russia-armenia.info* news site, Aram Khachatryan, stresses that Russia disdaining to bring troops to Armenia in early October was a clear signal of its betrayal not only of Armenia, but of the two million Armenians in Russia as well.<sup>95</sup> This view was shared by some experts in Russia, such as Konstantin Zatulin, a member of the Russian State Duma for Commonwealth of Independent States affairs, who stated that not supporting the Armenian people at such a moment [during the war] meant for Russia to betray itself, too.<sup>96</sup>

Now, with the end of the war, particularly after the deployment of Russian peacekeeping forces, a change in the perception of Armenians regarding Russia has gained momentum. Because the high level of tension will likely keep Armenians in fear of the outbreak of, and defeat in, another war, that grants an opportunity for Russia to alter the narrative by militarily and politically backing Yerevan. In this regard, along with the advancement of military cooperation, as mentioned in previous chapters, Russia's recent official statements have also contributed to this process. For instance, immediately after Azerbaijan's 11 August call for

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93 Lenta, "How did the Karabakh War change Armenia–Russia relations" (translation from Russian), 25 December 2020, available at: <https://lenta.ru/articles/2020/12/25/allies/> (accessed: 21 September 2021).

94 Ananyan, R., "Russia has betrayed us, but we are grateful. The executioner accuses us of a poor fight: Azat Arshakyan. Video" (translation from Armenian), *Factor*, 24 February 2021, available at: <https://factor.am/341548.html> (accessed: 21 September 2021).

95 Papyan, S., "Most of 2 million Armenians in Russia are offended by this policy of Russia" (translation from Armenian), *Lragir*, 13 November 2020, available at: <https://www.lragir.am/2020/11/13/598996/> (accessed: 21 September 2021).

96 Infoport, "Zatulin: Armenia goes through difficult times: not supporting the Armenian people at such a moment means for Russia betraying itself" (translation from Russian), 6 August 2021, available at: <https://infoport.am/ru/news/politics/hayastann-aprum-e-amenadzhar-zhamanaknery-nman-pahin-hay-zhoghovrdin-chajakcely-rusastani-hamar-nshanakum-e-davatchanel-inqn-iren-zatulin> (accessed: 21 September 2021).

Russian peacekeepers to do their duty,<sup>97</sup> the Russian Defence Ministry released a statement blaming Azerbaijan for “violating the ceasefire”.<sup>98</sup> However, what grabbed more attention was the citation of the phrase “Nagorno-Karabakh armed formations” in reference to the remnants of the Armenian army in the Karabakh region. Such an enunciation, by reiterating the official position of Yerevan, represented an attitude of indifference to the territorial integrity and sovereignty of Azerbaijan,<sup>99</sup> and also to Azerbaijan’s President Ilham Aliyev’s call for dismissing ‘Nagorno’ from the term following the establishment of the Karabakh Economic Zone in Azerbaijan.<sup>100</sup> Furthermore, on 3 September, the Unified Information System of Russia portrayed the Karabakh region as the so-called “Nagorno-Karabakh republic” in a tender;<sup>101</sup> this was later deleted at the Azerbaijani authorities’ demand.

Eventually, initial signs of the evolution of the view of Russia among Armenians emerged. During his meeting with Russian Minister of Foreign Affairs Sergei Lavrov on 7 May 2021, Armenian Prime Minister Nikol Pashinyan thanked Russia for its efforts in the resumption of the peace process in the post-war period, referring to the presence of the temporarily deployed Russian peacekeeping contingent in the Karabakh region.<sup>102</sup> Furthermore, according to Armenian political analyst Richard Giragosian, the prestige of Russian peacekeepers among Armenians is

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97 Ministry of Defense of the Republic of Azerbaijan, “Press release of the Ministry of Defense”, 11 August 2021, available at: <https://mod.gov.az/en/news/press-release-of-the-ministry-of-defense-37123.html> (accessed: 12 November 2021).

98 Ministry of Defense of the Republic of Russian Federation, “Information bulletin of the Ministry of Defense of Russian Federation on the activities of the Russian peacekeeping contingent in the Nagorno-Karabakh conflict” (translation from Russian), 12 August 2021, available at: [https://mil.ru/russian\\_peacekeeping\\_forces/bulletins/more.htm?id=12376882@egNews](https://mil.ru/russian_peacekeeping_forces/bulletins/more.htm?id=12376882@egNews) (accessed: 21 September 2021).

99 Ghazanchyan, S., “The scenario of withdrawing the Defense Army from Artsakh is a scenario of evicting Armenians from Artsakh – Armenia MFA”, *Public Radio of Armenia*, 11 August 2021, available at: <https://en.armradio.am/2021/08/11/the-scenario-of-withdrawing-the-defense-army-from-artsakh-is-a-scenario-of-depopulating-artsakh-armenia-mfa/> (accessed: 21 September 2021).

100 President of the Republic of Azerbaijan Ilham Aliyev, “Ilham Aliyev viewed activities of Chovdar Integrated Regional Processing Area owned by AzerGold CJSC”, 22 July 2021, available at: <https://en.president.az/articles/52522> (accessed: 21 September 2021).

101 Report, “Does Russian Defense Ministry consider that their peacekeepers serve in ‘Nagorno Karabakh Republic’?”, 3 September 2021, available at: <https://report.az/en/karabakh/does-russian-defense-ministry-consider-that-their-peacekeepers-serve-in-nagorno-karabakh-republic/> (accessed: 21 September 2021).

102 Karabakhspace, “Pashinyan thanks Lavrov for Russia’s support; emphasizes, ‘there must be a final settlement to Karabakh’”, 7 May 2021, available at: <https://karabakhspace.commonspace.eu/news/pashinyan-thanks-lavrov-russias-support-emphasises-there-must-be-final-settlement-karabakh> (accessed: 29 September 2021).

about to evolve from ‘scapegoat’ to ‘saviour’ following the deployment of Russian peacekeepers in the Karabakh region and in light of the strengthening tendency of Turkish–Azerbaijani cooperation.<sup>103</sup>

### *Conclusion*

In conclusion, it should be noted that the stagnation of the potential peace process between Armenia and Azerbaijan due to the noncompliance of Armenia with the 10 November Trilateral Statement, inefficacy of Russian peacekeepers in preventing violations of that statement and ensuring the ceasefire in the Karabakh region, along with disagreements on the demarcation and delimitation of the international state border have significant implications for Russia’s foreign policy in the region. Such interactions can be dominantly perceived as having a positive nature from the perspective of the Kremlin’s foreign policy agenda in the South Caucasus, with only the delay in the reopening of transport links representing a negative effect.

In a geopolitical context, the increasing occurrence of armed incidents paves the way for Russia to balance Turkey’s growing role in the region and, notably, indicates the diffusion of NATO’s shadow impact from Russia’s western borders (Ukraine) to its south-western frontier (Azerbaijan). In other words, it is understood that the need for defusing the tension is linked to the Russian peacekeepers’ performance and the Kremlin’s mediation role, which leads to respect for Moscow’s legal authority and military presence. That notwithstanding, to prevent any possible loss of power projection to a NATO member country and ensure the balance of power, Russia finds it necessary to bolster its support of Armenia.

Furthermore, the long-standing state of diplomatic confrontation between France and Russia, associated with the presence of a strong Armenian community and Turkey’s support for Azerbaijan, has sparked France’s interest in reassuming an active role in Armenia–Azerbaijan negotiations, thereby challenging Russia’s sole representation in the region as a co-chair of the OSCE Minsk Group. To reactivate its

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103 Synovitz, R., “Armenians see Russia as ‘savior’ not ‘scapegoat’ in Nagorno-Karabakh war”, *RadioFreeEurope RadioLiberty*, 24 November 2020, available at: <https://www.rferl.org/a/armenians-see-russia-as-savior-not-scapegoat-in-disdaining-nagorno-karabakh-war/30966988.html> (accessed: 29 September 2021).



former status, Paris holds frequent meetings and talks with Yerevan and Moscow and ensures its political and economic support to Armenia. Nevertheless, it is interesting to see that, despite major disagreements and dissatisfaction over the Ukraine conflict as well as the situation in Africa, France and Russia seem, so far, to have a conventional policy relationship on the post-conflict situation as they confer by telephone to discuss the relevant issues.

With respect to Russia's foreign policy agenda towards Yerevan, the frequent occurrence of border incidents ingrains Russia's security umbrella over Armenia and, accordingly, draws its Western-oriented government into the Kremlin's periphery. To that end, Russia is expanding the size and composition of its military presence in Armenia in the form of border guards. That is not the limit of Russia's assistance to Armenia in the military sphere, as Moscow is becoming heavily involved in reforming Armenia's armed forces and modernizing them with sophisticated arms, especially countermeasures against drones, which were Azerbaijan's game-changer weapon in the Second Karabakh War. As a result, the upgraded military assistance, associated presence and humanitarian activities of Russian peacekeepers in the Karabakh region, and some statements emanating from the Kremlin in recent months present a solid background for the rehabilitation of the Armenian public view of Russia as a 'guarantor of security', a view that was clearly damaged during the Second Karabakh War.

The rising tension has caused a delay in the return of Azerbaijan's internally displaced persons to Karabakh and the reopening of transport and economic links in the region, as well as in the restoration of Baku's full jurisdiction over the region that is under the peacekeepers' temporary control. All of these elements offer Russia a bargaining chip to put pressure on Azerbaijan.





# Iran's Policy in the South Caucasus in the Post-War period

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Mykola Zamikula\*

The South Caucasus was not a priority direction for the foreign policy of Iran over recent decades, as the Middle East remained its main space of action. However, the new status quo in the South Caucasus that emerged after the Second Karabakh War (also known as the 44 Day War) caused concerns in Iran and led it to boost its activities in this region. The purpose of this paper is to understand Iran's interests in the South Caucasus; approaches to specific issues (e.g., the prospects for opening new transport routes); and relations with Azerbaijan, Armenia, and Georgia. The paper concludes that Iran's approach to the South Caucasus is based on traditional concepts of the country's national foreign policy that are determined by a strong historical heritage and fear of foreign intervention. Iran negatively perceives the growing influence of Turkey in the South Caucasus as well as the Azerbaijan–Israel partnership. This has led to diplomatic tension with Azerbaijan and strengthening of existing cooperation with Armenia.

**Keywords:** South Caucasus, Second Karabakh War, Zangezur Corridor, North–South Corridor, Azerbaijan, Iran, Armenia



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## ***Introduction***

Azerbaijan's victory in the Second Karabakh War (or 44 Day War) changed the status quo in the South Caucasus. The liberation of Azerbaijan's territories became a turning point in its modern history and is opening new opportunities and perspectives for the region. In these conditions, other states that have interests anchored in the region should adapt to the new reality.

In this context, special attention should be paid to Iran, which is an important geopolitical player bordering the South Caucasus. Its role is determined by its geographical location; cultural and historical ties; the ambitions of the Iranian authorities; the traditional approaches of Iran to its national interest in international space; and the complex configuration of interstate relations in Western Asia. Iran was not involved in the 44 Day War; however, the overall post-war changes in the regional status quo have influenced its position and forced the Iranian leadership to adapt to the new balance of power. Furthermore, the victory of Ebrahim Raisi in the presidential elections of 2021 created opportunities for a reconfiguration of Iran's approach to regional issues.

This paper aims to explain Iran's main interests and current foreign policy activities in the South Caucasus. The first section characterizes the nature of its relations with the region's states (Armenia, Azerbaijan, and Georgia) as well as Iran's position on the growing influence of other actors in the South Caucasus. The second section describes the Iranian view on one of the key issues on the regional agenda—the development of transport corridors, which has been actualized by the prospect of an Armenia–Azerbaijan normalization process.

## ***Iran's bilateral relations with South Caucasian states***

Iran's geopolitical interests are determined by its strategic position, resource potential (natural gas and oil reserves), confessional factor (status as 'the center of the Shia world'), and rich cultural legacy.<sup>1</sup> The roots of the Iranian approach to foreign policy lie in both the country's historical heritage and the modern concept of the Islamic Republic. It seems that its general approach to foreign policy is influenced by fears

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1 Sulaberidze, Y. "Kavkazskiy vektor politiki Irana: vchera, segodnya, zavtra," *Russian Colonial Studies*, Vol. 1 (5), 2020, p. 150.

over potential threat of foreign invasion or activities aiming to change the Iranian regime. The internal political balance of power in Iran influences the prospects for the state's foreign policy and its relations with neighbouring countries. The presidential elections of 2021 led to the consolidation of the conservative wing of the Iranian political elite formed around Ayatollah Ali Khamenei: Most likely, Iran will not radically revise its approach to foreign policy, which is informed by a consistent and unchanging assessment of its national interests.

The South Caucasus, where Iran has key economic, military-political, and spiritual interests, remains an important, yet not a priority direction of Iran's foreign policy.<sup>2</sup> In the South Caucasus it supports close relations with Christian Armenia while taking a more ambiguous approach towards the mostly Shia Azerbaijan. Iran views the South Caucasus through the prism of its relations with its geopolitical opponents. Tehran is concerned about potential use of this regional space as a bridgehead for attacks against Iranian territory.

Meanwhile, Iran supports the creation of the regional '3+3' format for cooperation (Azerbaijan, Armenia, Georgia + Iran, Russia, Turkey) that could serve as a new regional cooperation platform.<sup>3</sup> Such regionalism coincides with the interests of Turkey, which also traditionally gave preference to regional cooperation without external influence. However, the strengthening of the position of Turkey, a NATO member state, in the South Caucasus displeases official Tehran, as the South Caucasus region plays a key role in the formation of a link between Turkey, Azerbaijan, and the Central Asian states.<sup>4</sup>

Regional relations with Russia remain non-confrontational. They are partnered on the joint confrontation with the West and mutual support within the framework of multilateral international platforms. In general, Russian–Iranian relations are based not on full-fledged friendship and mutual understanding but on a pragmatic assessment of coinciding interests, as in the case of the development of North–South transportation links in the South Caucasus. However, recent talks at

2 Sulaberidze, *op. cit.*, p. 159.

3 Kaleji, V. "Iran and the 3+3 Regional Cooperation Format in the South Caucasus: Strengths and Weaknesses," *Eurasia Daily Monitor, The Jamestown Foundation*, Vol. 18 (96), June 2021, available at: <https://jamestown.org/program/iran-and-the-33-regional-cooperation-format-in-the-south-caucasus-strengths-and-weaknesses/> (accessed: 14 October 2021).

4 Interview with Turgut Kerem Tuncel, Senior Analyst of Center for Eurasian Studies, Ankara, Turkey (via Zoom), Baku-Ankara, 7 September 2021.

the level of foreign ministers demonstrated the different priorities of both sides in bilateral relations.<sup>5</sup> Iran is eager to criticise Azerbaijan's regional policy, but Russia has expressed its regret over any military activities in the South Caucasus, hinting at Iranian exercises near the borders of Azerbaijan, and noted the concern of the Azerbaijani authorities over these events.<sup>6</sup>

Formally, Iran is demonstrating a constructive position in relation to cooperation with all states of the South Caucasus. Officially, it seeks to pursue a balanced, independent foreign policy in the region, refrains from interfering in the internal affairs of these states, and does not seek to influence their foreign policy orientation.<sup>7</sup>

However, in practice, Iran's declared neutrality in Caucasian issues does not correspond to reality. Iran is especially concerned about the changing balance of power in the region after the Second Karabakh War that is determined by the close military–political cooperation between Azerbaijan and Turkey. That is why Iran is interested in deepening cooperation with Armenia,<sup>8</sup> which Iran views as a natural geopolitical ally in the Caucasus capable of opposing the Turkey–Azerbaijan–Pakistan axis. The Russian factor also influences the nature of Iranian–Armenian relations. The geopolitical axis Moscow–Yerevan–Tehran continues to exist in the South Caucasus in response to the Turkey's regional alliances.

Armenia, which *de facto* has lost its sovereignty and remains under the influence of Russia, plays a subordinate role in this format. Armenia is primarily important for Iran not as an equal partner but as an instrument used against Turkey's influence. Iran generally benefits from the situation in which Armenia acts as a barrier between Turkey and

5 Kommersant.ru “S zhaloboy na Baku. Sergey Lavrov i noviy glava MID Irana sfokusirovalis na raznom,” 6 October 2021, available at: <https://www.kommersant.ru/doc/5019338> (accessed: 14 October 2021).

6 Mid.ru, “Vystupleniye i otvety na voprosy SMI Ministra inostrannikh del Rossiyskoy Federatsii S.V.Lavrova v khode sovmestnoy press-konferentsii s Ministrom inostrannikh del Islamskoy Respubliki Iran KH.Amirom Abdollahianom po itogam peregovorov,” Moscow, 6 October 2021, available at: [https://www.mid.ru/foreign\\_policy/news/-/asset\\_publisher/cKNonkJE02Bw/content/id/4881252](https://www.mid.ru/foreign_policy/news/-/asset_publisher/cKNonkJE02Bw/content/id/4881252) (accessed: 28 October 2021).

7 Notum.info, “Mekhdi Khosseyini: ‘Regionalniye problemi dolzhni reshatsya regionalnimi stranami,’” 4 August 2014, available at: <http://www.notum.info/news/politika/mexdi-xossejini-regionalnyie-problemyi-dolzhnyi-reshatsya-regionalnymi-stranami> (accessed: 18 September 2021).

8 Huseynov, R. “North-South Corridor: A New Breath for Armenia?” Newgeopolitics.org, 13 September 2021, available at: <https://www.newgeopolitics.org/2021/09/13/north-south-corridor-a-new-breath-for-armenia/> (accessed: 14 September 2021).

Azerbaijan, as well as between the Nakhchivan Autonomous Republic (Azerbaijan) and the southern-western districts of Azerbaijan.

Iran's support of Armenia is clearly reflected in an effort to increase the annual bilateral trade turnover from \$400 million up to \$1 billion per year.<sup>9</sup> The new President of Iran, Ebrahim Raisi, indicated energy exchange, transportation, joint production projects, and financial exchanges as the priority areas of cooperation with Armenia.<sup>10</sup> The provision of a stable electricity supply from Armenia to Iran through the construction of new high-voltage transmission lines between the states is considered to be a promising direction for partnership.

While Iran has a negative attitude towards the possible rapprochement of Armenia with the West, the Iranian authorities positively view the strengthening of Armenia's relations with Russia and its Russia-dominated integration structures. Armenia is the only South Caucasian member of the Eurasian Economic Union (EAEU), with which Iran is negotiating to conclude a fully fledged free trade agreement. Thus, Iran considers Armenia a natural bridge for its ties with the EAEU countries. Moreover, the Armenian route has been used as a backdoor to bypass the sanctions regime established by the U.S.A. Nevertheless, the transit potential of Armenia remains limited due to the poor state of its transport infrastructure and the mountainous landscape.

The religious factor plays an important role in Iran's foreign policy: however, it did not hinder the development of relations with Armenia to counter the strengthening of Turkish influence. Moreover, the new conservative leadership of Iran takes a restrained position towards Azerbaijan—despite all the statements about friendly and good-neighbourly relations. Iran takes an ambivalent approach in regard to Azerbaijan. On the one hand, Tehran is satisfied with Baku's pragmatic view on the political ties with the West as Azerbaijan's non-alignment meets the expectations of the Iranian authorities. On the other hand, Iran has a negative attitude regarding the strengthening of Azerbaijan's partnership with Turkey, as well as that with Israel. Together, these factors contribute to the formation of official Iran's restrained position on issues

9 Davtyan, V. "V Zakavkazye obostryayetsya konkurentsia mezhdur Turtsiyei i Iranom vokrug transportnykh koridorov," Eurasia.expert, 27 August 2021, available at: <https://eurasia.expert/zakavkaze-konkurentsia-turtsiyei-i-iranom-transportnykh-koridorov/> (accessed: 21 September 2021).

10 Tasnimnews.com, "Iran eyes closer cooperation with Armenia," 21 September 2021, available at: <https://www.tasnimnews.com/en/news/2021/09/21/2576413/iran-eyes-closer-cooperation-with-armenia> (accessed: 25 September 2021).

of political interaction with Azerbaijan. An example of this is ‘the wait-and-see’ attitude taken by Iran during the Second Karabakh War.

Recently, Azerbaijan–Iran relations have been harmed by certain actions of the Iranian side. These tensions were caused by the transportation of Iranian goods through the Lachin corridor<sup>11</sup> to the territories (the mountainous part of Azerbaijan’s Karabakh region) that remain under the temporary control of a Russian peacekeeping force without coordination with Azerbaijan;<sup>12</sup> the detention of Iranian truck drivers on the section of the Goris–Kapan highway that remains the only link between Armenia and Iran, but passes through the territory of Azerbaijan;<sup>13</sup> the employment of Iranian citizens in projects implemented by Armenian separatists remaining in the Karabakh region;<sup>14</sup> and the visit of the Iranian Ambassador to Armenia to the border with Azerbaijan, which was organized by the Armenian authorities to present their position on the border dispute.<sup>15</sup>

The South Caucasus also acts as a transit route for the export of drugs from Afghanistan and Iran to Europe. For decades during the occupation, Azerbaijan’s formerly Armenian-occupied territories were a ‘Gray zone’ and remained an important element in illegal activities.<sup>16</sup> However, during the Second Karabakh War, Azerbaijan regained full control over its border with Iran. The attempts of the Azerbaijani State Customs Committee, the State Border Service, and the Ministry of Internal Affairs to prevent drug trafficking led to shootout incidents

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11 Lachin corridor is a mountain route that links Armenia and the Karabakh region of Azerbaijan, which remain under control of the temporarily stationed Russian peacekeeping contingent in accordance with the 10 November trilateral statement of Azerbaijan, Armenia, and Russia.

12 Mfa.gov.az, “No:303/21, Information of the Press Service Department of the Ministry of Foreign Affairs of the Republic of Azerbaijan on the meeting with the Ambassador of the Islamic Republic of Iran at the MFA,” 11 August 2021, available at: <https://www.mfa.gov.az/en/news/no30321> (accessed: 15 October 2021.)

13 TehranTimes.com, “FM: Iran upset over Azeri improper treatment toward Iranian truck drivers,” 1 October 2021, available at: <https://www.tehrantimes.com/news/465642/FM-Iran-upset-over-Azeri-improper-treatment-toward-Iranian-truck> (accessed: 15 October 2021).

14 Report.az, “Predstavivshiy na iranskom sayte Karabakh territoriyey Armenii izvinilsya za svoyu oshibku,” August 21, 2021, available at: <https://report.az/ru/karabakh/predstavivshij-na-iranskom-sajte-karabah-territorij-armenii-izvinilsya-za-svoyu-oshibku/> (accessed: 15 October 2021).

15 Mil.am, “The Ambassador extraordinary and Plenipotentiary of the Islamic Republic of Iran to the Republic of Armenia visited Gegharkunik region,” 3 August 2021, available at: <https://www.mil.am/en/news/9734> (accessed: 14 October 2021).

16 President.az “Ilham Aliyev attended CIS Heads of State Council’s session in video conference format” (text of Ilham Aliyev’s speech), 15 October 2021, available at: <https://en.president.az/articles/53478> (accessed: 15 October 2021).

with casualties among servicemen at the border with Iran.<sup>17</sup> Albeit Iranian officials have denied their involvement in the drug trade,<sup>18</sup> there is every reason to believe that, in this case, Azerbaijan is opposing the illegal cross-border activities of Iran.<sup>19</sup>

Iran's military exercises near the border with Azerbaijan in September to October 2021 were perceived as another unfriendly step and a flexing of muscles directed against Azerbaijan.<sup>20</sup> Iranian authorities claimed the right to implement any such drills on its territory; however, Iranian Foreign Minister Hossein Amirabdollahian stated that Iran's actions were driven by the desire to confront the 'Zionist regime's' presence along its national borders.<sup>21</sup> President Ilham Aliyev had no objections against first Iranian statement but, at the same time, he noted that, in context, the timeline of Iran's military activities on the Azerbaijani border looks very suspicious. He expressed concerns over the fact that Iran did not implement any drills in the region during the years of the Armenian occupation of Azerbaijan's territories but turned to such practices following Azerbaijan's victory in the Second Karabakh War.<sup>22</sup>

The threat of Iran using proxy forces and hybrid methods of influence against neighbours remains real. It could take the form of support for radical religious groups and attempts to artificially provoke the separatist movement of the ethnic Talysh minority in Azerbaijan. However, in the conditions of the patriotic upsurge caused by Azerbaijan's victory in the Second Karabakh War, such actions have no chance of success in the immediate future.

The multimillion ethnic Azerbaijani population of Iran's northern

17 AzerNews.az, "State border service foils drug smuggling on Iran border," 17 May 2021, available at: <https://www.azernews.az/nation/179015.html> (accessed: 14 October 2021).

18 Mfa.gov.ir, "Iran rejects Azeri president's new surprising claims," 15 October 2021, available at: <https://en.mfa.gov.ir/portal/NewsView/655424> (accessed: 15 October 2021).

19 Ahmadv, I. "Islamic revolutionary guards and the problem of drug trafficking in Iran," Politicon Policy Paper, September 2021, pp. 7–8, available at: <https://politicon.co/en/analytics/116/islamic-revolutionary-guards-and-the-problem-of-drug-trafficking-in-iran> (accessed: 15 October 2021).

20 Apa.az, "Politolog: Ucheniya Irana u granits Azerbaydzhana - nedruzhestvennyy shag," 20 September 2021, available at: <https://apa.az/ru/xeber/vneshnyaya-politika-azerbaydjana/politolog-ucheniya-irana-u-granic-azerbaydzhana-nedruzhestvennyi-sag-457186> (accessed: 24 September 2021).

21 Mfa.gov.ir, "New Azeri ambassador submits copy of credentials to Iran FM," 30 September 2021, available at: <https://en.mfa.ir/portal/newsview/653774> (accessed: 15 October 2021).

22 President.az, "Ilham Aliyev's interview with Turkish Anadolu Agency," 28 September 2021, available at: <https://en.president.az/articles/53249> (accessed: 15 October 2021).



regions remains an important factor. The Azerbaijani population of Iran plays a deterrent role in relations between two states. An open confrontation with Azerbaijan could cause a negative reaction from these people that would lead to massive anti-government protests. At a time when Iranian authorities have to take into account other relevant sources of protests—caused primarily by the catastrophic socio-economic situation due to the resumption of U.S. sanctions—they are trying to minimize the risks from this direction.

The nature of Georgia–Iran relations is influenced by the geopolitical orientation of Tbilisi. Iran is not satisfied with the increasing influence of the West in Georgia and its participation in the projects implemented by Turkey and Azerbaijan. In general, Iran clearly understands the special geopolitical transit position of Georgia in the South Caucasus. Tehran implements a flexible and pragmatic policy towards this state. It also takes into account the context of Russia–Georgia relations. For example, Iran refrained from criticizing Russia during the Russia–Georgia war in 2008, but it did not recognize the ‘independence’ of the separatist regions of Georgia occupied by Russia. In the political field, a cooling of relations was experienced when Georgia unilaterally cancelled the visa-free regime with Iran in 2013 (as a sign of solidarity with the UN’s anti-Iranian sanctions).<sup>23</sup> At the same time, from an economic point of view, Iran has interests in Georgia in the context of the development of the Persian Gulf–Black Sea transport corridor.

### *Iran’s Position on the Transport Corridors in the South Caucasus*

Iran is concerned about the sanctions that the U.S.A. and its allies are imposing against Tehran. Under these conditions, Iran’s access to international communications and the implementation of regional transport projects become vital tasks.<sup>24</sup> The regional policy of Iran in the conditions of stable mutual understanding between Ayatollah Ali Khamenei and new President Ebrahim Raisi will be directed at supporting the restoration of transport links in the South Caucasus.<sup>25</sup>

23 Ivanov, V. “Gruzino-iranskiye otnosheniya do i posle ‘yadernoy sdelki’ s Tegeranom: dinamika i perspektivy razvitiya,” *New Eurasia*, Vol. 5 (50), 2018, p. 114.

24 Glavcom.ua, “Gela Vasadze: Geopolitika transportnykh koridorov na Yuzhnom Kavkaze,” 11 October 2021, available at: <https://glavcom.ua/ru/interview/gela-vasadze-geopolitika-transportnyh-koridorov-na-yuzhnom-kavkaze-790353.html> (accessed: 15 October 2021).

25 Poghosyan, B. “Opinion: Under President Raisi, Iran remains very interested in the South Caucasus, and in remaining a player in the region.” *Commonspace.eu*, 10 August 2021, available at:

The ultimate goal of Iran is to combine several communications projects to increase the economic benefits of each of them.

Therefore, Iran relies on ‘combined intermodal transport’—a combination of sea, land, and rail routes. In this regard, Iran intends to connect its ports in the Gulf of Oman (Chabahar) and the Persian Gulf (Bandar Abbas, Bandar-e Emam Khomeyni, and Khorramshahr) in the south with ports located on the Caspian Sea (Amirabad, Nowshahr, Bandar-e Anzali, and Astara) in the north through the Iranian railway network.<sup>26</sup>

The situation is complicated by the level of development of the Iranian railway network, as well as the blocking of regional transport routes between the South Caucasian states. At the moment, Iran has only one railway exit in the northern direction, which leads from Jolfa to Azerbaijan’s Nakhchivan Autonomous Republic.

Iran demonstrates different positions on the specific directions of development of transport communications in the region. First of all, Iran is interested in strengthening the route to the north. This will ensure stable ties with its geopolitical partner, Russia. It will also strengthen Iran’s transit role on the route from East and South Asia to Europe.<sup>27</sup> At the same time, the intensification of work on the East–West corridor through the states of the South Caucasus does not correspond with Iranian interests. Economically, it creates an alternative to the transport route that passes exclusively through Iranian territory.<sup>28</sup> It is not beneficial for Iran to create even the smallest prerequisites for strengthening ties within the ‘Turkic world.’ Moreover, Iran is interested in preserving its transit role for the communication link between the southern-western regions of Azerbaijan and its Nakhchivan Autonomous Republic.

Iran’s position towards the perspective of unblocking the Zangezur Corridor<sup>29</sup> is formed on the basis of the above-mentioned arguments.

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<https://www.commonspace.eu/opinion/opinion-under-president-raisi-iran-remains-very-interested-south-caucasus-and-remaining> (accessed: 12 September 2021).

26 Kaleji, V. “Iran Drives Development of Persian Gulf–Black Sea International Transport and Transit Corridor,” *Eurasia Daily Monitor*, Vol. 18 (112), July 2021.

27 Silkroadbriefing.com, “Iran–Russia rail corridor direct to Europe,” 12 September 2017, available at: <https://www.silkroadbriefing.com/news/2017/09/12/iran-russia-rail-corridor-direct-europe/> (accessed: 15 October 2021).

28 Baghirov, O. “The impact of the opening of Zangezur corridor on regional transportation and communication lines,” AIR Center Paper, August 2021, available at: <https://aircenter.az/uploads/files/Zangezur%20Corridor.pdf> (accessed: 29 October 2021).

29 The Zangezur Corridor is a concept for a transport corridor between western regions of Azerbaijan (main territory) and Nakhchivan Autonomous Republic through the Syunik region of Armenia.

From the Iranian point of view, this shortest route to Nakhchivan is too lucrative for Azerbaijan and Turkey. Iran did not, however, object to the unblocking of this transport route;<sup>30</sup> nevertheless, officials from the Iranian Ministry of Roads and Urban Development have expressed that hope that it would be used exclusively for the local needs of Baku.<sup>31</sup> Iranian authorities claim that the transport route through Iranian territory is, in any case, more profitable for the interstate transportation of goods.<sup>32</sup>

The priority project for Iran is the Persian Gulf–Black Sea transport corridor. This involves the creation of a stable route from Iran to the Black Sea ports of Georgia. Iran intends to become a transit hub connecting Asian markets with consumers in south-east Europe.<sup>33</sup> Through the participation of a wide range of partners, it will connect the key sea basins of western Asia and eastern Europe. The corridor is also important in the context of reducing Iran's dependence on Turkey, which, for now, remains the main transit partner for Iranian exports to Europe.<sup>34</sup>

The project can be implemented in several ways. Considering the transport infrastructure available in the region, the simplest of them involves unblocking the Armenia–Azerbaijan border. The prospects of fulfilment of the conditions of November 10 trilateral statement offer benefits to Iran. It will enable Iran to incorporate the already functioning railway communications with Nakhchivan (through Julfa) into the system of regional transport links. Iranian officials cannot deny such opportunities; for example, the Iranian Minister of Roads and Urban Development, Mohammad Eslami, announced plans to connect the Tabriz–Jolfa railway to Yerevan and Tbilisi via Nakhchivan.<sup>35</sup>

However, it seems that Iran is seeking to avoid dependence on Azerbaijan

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30 Verelq.am, “Iran protiv izmeneniya granits, a ne protiv otkritiya ‘Zangezurskogo koridora’ - posol,” 24 June 2021, available at: <https://verelq.am/> (accessed: 15 October 2021).

31 Farsnews.ir, “Official: New trans-border corridor not to affect transit via Iran,” 18 November 2020, available at: <https://www.farsnews.ir/en/news/13990828000627/Official-New-Trans-Brdr-Crridr-N-Affec-Transi-via-Iran> (accessed: 15 October 2021).

32 Baghirov, *op. cit.*

33 3view.az, “Geoekonomicheskoye izmereniye transportnikh koridorov v Chernomorsko-Kavkazsko-Kaspiyskom regione,” 2 September 2021, available at: <http://3view.az/?p=1926> (accessed: 20 September 2021).

34 Kaleji, *op. cit.*

35 Mehrnews.com, “Tabriz–Jolfa train to be connected to Yerevan, Tbilisi,” 26 May 2021, available at: <https://en.mehrnews.com/news/173980/Tabriz-Jolfa-train-to-be-connected-to-Yerevan-Tbilisi> (accessed: 15 October 2021).

when developing transport links in the northern direction, which implies building another stable route bypassing Azerbaijani territory and running through Armenia exclusively. However, implementation of this project will require significant investment, while the prospects of such a route are limited. Now Armenian and Iranian efforts are concentrated on the building of a new transit motorway to create an alternative to the existing route that is partly controlled by Azerbaijan.<sup>36</sup> The creation of a railway connection on the Armenia–Iran border is, however, practically impossible because of the difficult mountainous landscape.

In contrast, an alternative rail transport route in the northern direction, dubbed the North–South Corridor, can be created exclusively through the territory of Azerbaijan. This envisages the provision of a land route along the western coast of the Caspian Sea. For now, Azerbaijan has already established a stable railway link from the Russian to the Iranian border. However, the underdeveloped transport infrastructure in Iran remains a problem. To date, only a part of the planned railway, on the Qazvin–Rasht section, is ready. At the same time, the construction of the Astara–Rasht branch has slowed. This has resulted from both the difficult economic situation in Iran caused by U.S. sanctions and the current confrontation between Azerbaijan and Iran.<sup>37</sup>

While trying to avoid dependence on Azerbaijan, Iran is deepening cooperation with Russia on the functioning of the Trans-Caspian Sea route in the north–south direction. This option, as well as the development of port facilities in the Caspian Sea, is in the interests of both partners, as it provides direct communication between states and eliminates intermediaries.

## *Conclusion*

The South Caucasus cannot be ignored by Iranian authorities, even if this direction of foreign policy is not as important as that concerning the Middle East. The South Caucasus creates transport opportunities for Iran. At the same time, Iran considers the potential of threats from

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36 TehranTimes.com, “Iran, Armenia confer on establishing new transit routes,” 8 October 2021, available at: <https://www.tehrantimes.com/news/465760/Iran-Armenia-confer-on-establishing-new-transit-routes> (accessed: October 16, 2021).

37 Vestikavkaza.ru, “Kto tormozit koridor ‘Sever-Yug’,” 7 October 2021, available at: <https://vestikavkaza.ru/analytics/kto-tormozit-koridor-sever-ug.html> (accessed: 15 October 2021).

this direction that could arise owing to the presence of its geopolitical opponents in the regional space.

Iran's South Caucasus policy is directed by general geopolitical factors, in particular, confrontation with the West, and its traditional approach to the assessment of the international environment arising from a fear of foreign intervention. In general, the policy is characterized by an orientation towards strengthening partnerships with Russia and Armenia. However, the new regional status quo formed after the Second Karabakh War is not in Iran's favour. The Armenian defeat and the settlement of the conflict, as well as the prospects of unblocking the Armenia–Azerbaijan border, have given geopolitical preference to other actors such as Azerbaijan and Turkey. Their strengthening is viewed by Iranian authorities as a threat to Iran's national interest.<sup>38</sup>

The new, conservative government of Iran has faced the need to intensify its foreign policy in the Caucasus. Iran officially declares its readiness to develop mutually beneficial cooperation with its neighbours, but the current confrontation between Iran and Azerbaijan refutes such statements. Iran views Baku through the prism of Azerbaijan–Turkey relations and in light of fears of the alleged Israeli presence on Azerbaijani territory. Iran has concerns over the growing strength of Azerbaijan, because of the Azerbaijani population in Iran, while having fears regarding a potential separatist movement. Also, Azerbaijan's restoration of full control over the border with Iran and the concept of the Zangezur Corridor present alternatives to the traditional transport routes that were used by Iran in the northern direction for both legal and illegal activities.

That is why the Iranian authorities take a restrained but unfriendly position towards Azerbaijan. This is illustrated by the lack of attention to and support of Azerbaijani initiatives, for example, on the issues of transport corridors in the region, and by the development of an Iran–Armenia partnership. In the immediate future, Iran will continue its efforts to revise the renewed regional balance of power. Thus, it will focus on opposing the stabilizing effect of the Azerbaijan–Turkey alliance in the South Caucasus.

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38 Report.az, “‘Iran considers itself a loser after the Second Karabakh War’, – Azerbaijani expert,” 4 October 2021, available at: <https://report.az/en/foreign-politics/azerbaijan-s-top-think-tank-says-iran-considers-itself-a-loser-after-the-second-karabakh-war/> (accessed: 10 October 2021).

# Armenia's Domestic and Foreign Policy in the Post-War Period: New Challenges and Perspectives

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Nina Miholjcic\*

This article explores the changes in Armenia's domestic policy after the Second Karabakh War at the political, social and economic levels, and the impact of such changes on Armenia's foreign policy, especially with regard to its relationship with Azerbaijan. It further examines the perspective of post-conflict Armenian domestic politics and analyses prospects for reforming Armenia's foreign policy with the aim of stabilizing the contested relationship with neighbouring Azerbaijan. After the conflict, Armenia has experienced serious political turmoil that affected not only domestic socio-economic conditions but also the country's strategic position in the South Caucasus. Armenian dissatisfaction with the trilateral statement signed on 10 November 2020 led the country to a political crisis and early parliamentary elections that have brought new challenges for Armenia's domestic politics. With the balance of power in the region shifting in favour of Azerbaijan, Armenia's foreign policy has been challenged, which brings into focus the need for analysing the interaction of the country's foreign and domestic policies owing to their implicitly intertwined relationship. In the post-war period, Armenia has experienced critical phases that have opened spaces for considerable change and reform in its domestic policy, but these have not, however, brought a significant response from the political leadership or influenced the foreign policy of the country in a substantial way.

**Keywords:** post-war Armenia, domestic policy, foreign policy, political crisis, economic crisis



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### *Introduction*

The Second Karabakh War (a.k.a. the 44 Day War) ended with a clear political outcome. Azerbaijan won, while Armenia has been left to deal with its internal political crisis and a bitter defeat. The Russian-brokered Trilateral Statement ensured that Azerbaijan not only retrieved control of a significant part of its Karabakh region but also forced Armenia to hand over all of the remaining occupied districts it held surrounding that region.<sup>1</sup> Armenian protests and demonstrations following the 10 November Trilateral Statement caused a serious domestic crisis in the country that led to early parliamentary elections and worsening of the already impoverished socio-economic conditions. Immediately after the signing of the statement, Armenians expressed their dissatisfaction with the decision by storming the Armenian parliament and demanding the resignation of Prime Minister Nikol Pashinyan.<sup>2</sup> After months of constant social tension and public pressure on the government, as well as Pashinyan's standoff with the armed forces, the prime minister agreed to hold an early general election in June 2021. This was an attempt to defuse the political crisis in the country.<sup>3</sup> The end result of the elections was that Prime Minister Pashinyan won and secured his premiership.

The Armenian economy has suffered significantly owing to last year's war with Azerbaijan and also because of the global health crisis caused by the COVID-19 outbreak. These joint, severe shocks have negatively impacted on the country's economic environment, which witnessed a sharp economic contraction, increased poverty, and fiscal deterioration in 2020.<sup>4</sup> However, easing restrictions at home and securing Pashinyan's premiership have seen Armenia's economy recovering, albeit at a very slow pace. If there are further delays in the vaccine rollout and political tensions continue to disturb the country's healing process, even this slight positive tendency in economic recovery can quickly

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1 Kremlin.ru, "Statement by President of the Republic of Azerbaijan, Prime Minister of the Republic of Armenia and President of the Russian Federation", 10 November 2020, available at: <http://en.kremlin.ru/events/president/news/copy/64384> (accessed: 25 August 2021).

2 Synovitz, R., "Azerbaijan celebrates 'victory,' Armenia in crisis after Nagorno-Karabakh deal", *Al Jazeera*, 10 November 2020, available at: <https://www.rferl.org/a/azerbaijan-celebrates-victory-armenia-in-crisis-after-nagorno-karabakh-deal/30941120.html> (accessed: 25 August 2021).

3 "Embattled Armenian PM announces early parliamentary elections in June", RFE/RL, 18 March 2021, available at: <https://www.rferl.org/a/armenia-pashinian-early-parliamentary-elections-called/31157523.html> (accessed: 25 August 2021).

4 "The World Bank in Armenia", The World Bank, 5 April 2021, available at: <https://www.worldbank.org/en/country/armenia/overview> (accessed 28 August 2021).

be reversed.<sup>5</sup> When it comes to post-war changes at the societal level, Armenian citizens were profoundly disappointed by Armenia's military losses and their frustration was publicly expressed through a series of street protests that further deepened the country's crisis. Moreover, Armenians have perceived the "loss of territories" that they occupied over recent decades as a loss of a significant part of their national identity,<sup>6</sup> which has made the recent defeat very painful for society. The public was, in particular, disappointed with the prime minister and demanded his resignation during protests that followed the Trilateral Statement. After winning the early parliamentary election, however, Prime Minister Pashinyan has managed to defuse, to a certain extent, the alarming social and political crisis. However, the government still needs to address new and remaining challenges in order to overcome deep social and political divisions and distress in the country.

The post-war and post-election periods have brought a new set of foreign policy issues that now face Armenia. Moreover, Pashinyan will have to start peace negotiations with Azerbaijan, which could prove to be the most difficult, but nevertheless an essential, foreign policy task.<sup>7</sup> In addition, Clause 9 of the Trilateral Statement that implies the unblocking of all economic and transport connections in the region might present a significant challenge for Armenia, especially in terms of the realization of the Zangezur Corridor, a transportation route that should link the western part of Azerbaijan with its Nakhchivan Autonomous Republic via the "Syunik" region of Armenia (this is historically referred to as "Zangezur region" in Azerbaijan).<sup>8</sup>

Armenia's foreign policy has applied an ineffective multi-vectoral foreign policy ever since the country's independence. In fact, Armenia's

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5 "Armenia Economic Outlook", *FocusEconomics*, 7 September 2021, available at: <https://www.focus-economics.com/countries/armenia#:~:text=Armenia%20Economic%20Growth,19%2Dinduced%20downturn%20in%202020.&text=Our%20panelists%20see%20GDP%20growth,%2C%20and%205.6%25%20in%202022> (Accessed: 19 September 2021).

6 Gamaghelyan, P., "Rethinking the Nagorno-Karabakh Conflict: Identity, politics, scholarship", *International Negotiation*, 18 May 2009, available at: [https://brill.com/view/journals/iner/15/1/article-p33\\_3.xml](https://brill.com/view/journals/iner/15/1/article-p33_3.xml) (accessed: 28 August 2021).

7 Tashjian, Y., "Pashinyan's foreign policy challenges", *The Armenian Weekly*, 13 July 2021, available at: <https://armenianweekly.com/2021/07/13/pashinyans-foreign-policy-challenges/> (accessed: 28 August 2021).

8 Huseynov, V., "'Zangezur Corridor' Closer to Realization as Armenia Readies to Normalize Relations With Turkey and Azerbaijan", *Jamestown Foundation*, 19 October 2021, available at: <https://jamestown.org/program/zangazur-corridor-closer-to-realization-as-armenia-readies-to-normalize-relations-with-turkey-and-azerbaijan/> (accessed: 3 December 2021).



multi-vectorism actually depicts shallow multilateral cooperation and insubstantial membership of the country in international organizations. The core of the contemporary Armenian foreign policy has been uni-vectoral: bandwagoning with Russia.<sup>9</sup> Thus, Armenia needs a more proactive foreign policy that can replace ineffective, generic multi-vectorism with meaningful, in-depth bilateral cooperation that corresponds better with Armenia's current interests and capabilities. However, the current situation in the country is not promising enough, especially since the leadership has still not recognised the need for, in the first place, reforming its domestic policy; that would impact its foreign policy as well. On the other hand, there is a possibility of changing the course of the country's foreign policy by implementation of the Trilateral Statement, which can bring a positive tendency in the economic sphere of the country. The proposed transportation routes and unblocking of economic channels in the region might lead to the opening of the country to further peace negotiations, development of a more free and market-oriented economy, and a less isolationist position of the political leadership towards neighbouring countries.

In the post-war period, Armenia has gone through volatile political and socio-economic phases that, at first, seemed to provide a promising window of opportunity for comprehensive reform of the country's domestic as well as foreign policies that would be more suitable for the new reality. However, with Pashinyan consolidating his political power and still not managing domestic socio-economic issues, as well as maintaining the obsolete foreign policy agenda, Armenia can hardly expect any dramatic changes or reforms in a timely manner. But there is still hope that, gradually, Armenia will recognize the necessity to reconsider its domestic and foreign policies in order to better adjust to the post-war state of affairs in the region.

### ***Post-Conflict Political Crisis***

While Azerbaijan celebrated its victory, Armenia faced a harsh political crisis immediately after signing the Trilateral Statement. Armenians were not satisfied with the outcome of a war that left them defeated and

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9 Kopalyan, N., "Why is Armenia terrible at foreign policy? The failure of multi-vectorism and the need for a new doctrine", *EVN Report*, 27 June 2021, available at: <https://www.evnreport.com/politics/why-is-armenia-terrible-at-foreign-policy-the-failure-of-multi-vectorism-and-the-need-for-a-new-doctrine> (accessed: 29 August 2021).

without effective power over the territories of Azerbaijan that Armenia's armed forces had illegally occupied for almost three decades. The Armenian prime minister, N. Pashinyan, decided to sign the Trilateral Statement in order to stop the advancing Azerbaijani military forces after they liberated the strategically important city of Shusha. According to Pashinyan, this decision was "inexpressibly painful" but necessary to end the war.<sup>10</sup> However, such a decision was a costly political move that has led the country into a deep political crisis and undermined the political legitimacy of the leading political figure in the country – the prime minister.

Nikol Pashinyan had come to power in 2018 following a street revolution that overthrew a corrupt government. However, the popularity of Pashinyan's cabinet that resulted from a non-violent transition of power has experienced a continual decline over the years.<sup>11</sup> The Armenian government headed by N. Pashinyan has made a number of political miscalculations that have led the country into an overwhelming political crisis. Pashinyan wanted to execute a nationalist-oriented domestic policy and thought that he would manage to entrench the Armenian presence in the illegally occupied territories of Azerbaijan with hard-line political rhetoric that implied the annexation of the territories it held to the Armenian main territory.<sup>12</sup> However, such populist domestic politics with strong nationalist elements only provoked Azerbaijan, made the Yerevan–Moscow relationship more complicated and was one of the causes of a new, bloody war in the region. In the post-war period, Armenia has been weakened and forced to reconsider its radicalised domestic politics. The grave Armenian defeat in the Second Karabakh War activated a severe upsurge of social discontent and spiralling of pre-existing political issues that transferred into a series of street protests and calls for resignation of the prime minister.

A few dozen military officers from Ministry of Defence and General Staff also demanded that Pashinyan resign. However, the prime minister responded by accusing the military of attempting a coup against him.

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10 Synovitz, R., "Analysis: Nagorno-Karabakh War transforms the legacy of Azerbaijani President Aliyev," *RFE/RL*, 17 December 2020, available at: <https://www.rferl.org/a/nagorno-karabakh-legacy-azerbaijani-president-aliyev/31006302.html> (accessed: 29 August 2021).

11 Giragosian, R., "Armenia's post-war political crisis", *LibMod*, 9 March 2021, available at: <https://libmod.de/en/armenias-post-war-political-crisis-giragosian/> (accessed: 30 August 2021).

12 Kucera, J., "Pashinyan calls for unification between Armenia and Karabakh", *Eurasianet*, 6 August 2019, available at: <https://eurasianet.org/pashinyan-calls-for-unification-between-armenia-and-karabakh> (accessed: 30 August 2021).

Shortly after, the opposition joined the army in demanding that Pashinyan step down.<sup>13</sup> Such serious political turmoil required critical political measures and the prime minister eventually decided to announce early parliamentary elections. Pashinyan managed to get re-elected and secure his position as a leading political figure in Armenia. The most pressing political issue that the Armenian society has been faced with in the post-conflict period is that there has been no clear or viable political substitute for the long-standing prime minister. Recent elections have shown a diffuse and contested opposition without visionary political agendas that prepared the way for a landslide win for Pashinyan's Civil Contract Party. The first president of Armenia, Levon Ter-Petrosyan, suggested to former presidents Robert Kocharyan and Serzh Sargsyan forming a united alliance for the elections, however, both rejected the offer and decided to try their luck with their own parties and blocs.<sup>14</sup> The Civil Contract Party won almost 54% of the vote, which brought a decisive victory to Pashinyan and enabled his party "to maintain the two-thirds majority it currently holds in parliament."<sup>15</sup> Pashinyan managed to win in each part of the country, which was even more impressive than the public opinion polls anticipated. However, this conclusive victory was more a result of the choice of a lesser evil. The former president, Robert Kocharyan, emerged as Pashinyan's strongest challenger in the June 2021 parliamentary elections.<sup>16</sup> However, many Armenians who were against Pashinyan were more afraid of, or reluctant to support, Kocharyan's Armenia Alliance because that would imply the return of the old regime, infamous for its corrupt and authoritarian rule.<sup>17</sup> Beside Civil Contract and Armenia Alliance, only the I Have Honor Alliance that included former president Serzh Sargsyan's Republican Party won seats in the parliament. However, in the election, the I Have Honor Alliance won only 5.22% of the popular vote, thereby earning seven

13 "Armenia's PM calls snap election amid standoff with military", *DW News*, 18 March 2021, available at: <https://www.dw.com/en/armenias-pm-calls-snap-election-amid-standoff-with-military/a-56917397> (accessed: 31 August 2021).

14 Sargsyan, L. and Manougian, H., "Armenia's June 2021 parliamentary election: The essential primer", *EVN Report*, 3 June 2021, available at: <https://www.evnreport.com/elections/armenia-s-june-2021-parliamentary-election-the-essential-primer> (accessed: 11 November 2021).

15 Kucera, J. and Mejlumyan, A., "Armenia's Pashinyan wins reelection in landslide", *Eurasianet*, 21 June 2021, available at: <https://eurasianet.org/armenias-pashinyan-wins-reelection-in-landslide> (accessed: 2 September 2021).

16 Ani Mejlumyan, "Armenia's ex-president seeks to lead again", *Eurasianet*, 17 June 2021, Available at: <https://eurasianet.org/armenias-ex-president-seeks-to-lead-again> (Accessed: 2 September 2021).

17 Kucera and Mejlumyan, *op. cit.*

seats in the National Assembly. Even if the two alliances were to decide to join forces, it would not be sufficient to overcome Pashinyan's party and form a government. However, the re-elected prime minister, even after a convincing election win, will have a difficult time to answer and resolve the many remaining and new challenges regarding Armenia's domestic and foreign policies.

Although Pashinyan has managed to calm the political unrest that was raging throughout the country for months after the end of the conflict, domestic policy still requires reform in order to respond to the changing domestic political and socio-economic environment. Complex challenges arising from post-war insecurity and the persistent health crisis caused by COVID-19 as well as a lack of strong institutional mechanisms will require prompt political action and the implementation of suitable policy reforms. However, Pashinyan, encouraged by the recent election victory, might indulge in irresponsible politics that imply the possibility of engaging in political retribution and personal revenge, which could lead the country into a deeper crisis and diminish the political authority of the current government.<sup>18</sup> There is a risk that the prime minister could act impulsively and present a serious threat to the legitimacy of the newly appointed government, given his previous erratic behaviour; but he might also refocus domestic policy on the socio-economic issues that require urgent resolution, thereby setting a path to much-needed reform of the country.

### ***Socio-Economic Uncertainties in the Post-Conflict Period***

Prior to the COVID-19 pandemic, the Armenian economy recorded a continued but moderate advance that contributed to the establishment of a market-oriented environment in the country. Economic growth was steady, averaging 6.8% during the period 2017–2019.<sup>19</sup> However, the devastating effects of the health crisis, heavy military losses, and political post-conflict uncertainty saw the Armenian economy shrink by 7.6% in 2020. Moreover, service sectors such as trade and tourism were affected even more, contracting by 10% in the same year. The budget deficit jumped from 0.8% of GDP in 2019 to 5.1% in 2020, which

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18 Giragosian, R., "Armenia's post-election challenges", *New Europe*, 28 June 2021, available at: <https://www.neweurope.eu/article/armenias-post-election-challenges/> (accessed: 7 September 2021).

19 "The World Bank in Armenia", *op.cit.*

was mostly the result of increased government spending on COVID-preventative measures and the military.<sup>20</sup> The government's response to the pandemic was not effective enough to prevent a further rise in poverty. Although the poverty rate in Armenia has been continuously increasing since 2016, 2020 nevertheless recorded the highest jump in the four-year period. In 2019, the poverty rate in Armenia was 44%.<sup>21</sup> However, in 2020, the poverty rate rose by 7% to reach over 51%, which placed many Armenian households in the seriously vulnerable category.<sup>22</sup>

A surge of social disappointment overwhelmed Armenia immediately after the government signed the Trilateral Statement. In addition to the unsuccessful military operations during the war, other social factors also contributed to the rising social dissatisfaction in Armenia. In March 2020, the Armenian government introduced a state of emergency as a mean to alleviate the effects of the COVID-19 crisis; this “involved restrictions on privacy rights and freedom of movement and assembly.”<sup>23</sup> However, a 6-month long lockdown, increased rate of poverty, and social frustration caused an alarming rise in social tension. In the post-conflict period, Armenians have been facing numerous challenges ranging from increased rates of impoverishment and unemployment to the prolonged health crisis and political uncertainties regarding domestic as well as foreign policy.

The early parliamentary elections were one political means for alleviating a serious political crisis that had been tormenting the country ever since the Trilateral Statement was signed. However, some experts believe that economic issues were prioritized over other, in particular political, concerns in the elections.<sup>24</sup> It is most likely that the outcome of the war triggered the election, but the Armenian electorate was more concerned about the recovery of the economy rather than defeat and political issues in the post-conflict period.

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<sup>20</sup> *Ibid.*

<sup>21</sup> “Armenia poverty rate 1999–2021”, *Macrotrends*, available at: <https://www.macrotrends.net/countries/ARM/armenia/poverty-rate> (accessed: 12 September 2021).

<sup>22</sup> *Ibid.*

<sup>23</sup> “Armenia: Events of 2020”, *Human Rights Watch: World Report 2021*, available at: <https://www.hrw.org/world-report/2021/country-chapters/armenia> (accessed: 12 September 2021).

<sup>24</sup> “Post-election Armenia: Envisioning the future of Armenian–Azerbaijani relations”, *Caucasus Edition*, 8 July 2021, available at: <https://caucasusedition.net/post-election-armenia-envisioning-the-future-of-armenian-azerbaijani-relations/> (accessed: 12 September 2021).

Even though the post-election period has brought a certain level of political consolidation, many challenges, in particular socio-economic issues, have continued to torment Armenian citizens. Armenian society needs long-lasting peace, increased economic development, and alleviation of widespread poverty as well as an efficient domestic policy that can overcome the challenges induced by the COVID-19 pandemic and military losses. In order for Armenia to start refocusing and implementing a more sustainable domestic policy, Prime Minister Nikol Pashinyan has to refrain from populist rhetoric and erratic political moves that can only prolong the political crisis and cause the socio-economic development status of the country to regress.

### ***Foreign Policy Challenges and Perspectives in Post-Conflict Armenia***

The end of the Second Karabakh War has brought a shift in the regional balance of power that has placed Armenia in an unfavourable position and made it even more dependent on Russia. Once the conflict ended, Armenia had to face the harsh reality that it was no longer capable of controlling the formerly occupied lands of Azerbaijan. Moreover, the country had to re-evaluate its relations with neighbouring countries and cautiously plan its future foreign policy toward Russia. Ever since it became an independent country, Armenia has perceived Russia as its only feasible security provider, a belief that has been confirmed by Armenia's membership in several Russia-led regional projects and Moscow–Yerevan military cooperation that includes the existence of a Russian military base in Armenia.<sup>25</sup> Armenia is a member of the Russia-led Eurasian Economic Union and the Collective Security Treaty Organization, an intergovernmental military alliance in Eurasia that also includes Belarus and three ex-Soviet republics in Central Asia.<sup>26</sup> However, post-conflict Armenia will have to adjust its foreign policy to a set of new regional challenges and put more effort into developing peaceful and more sustainable relations with Azerbaijan while concurrently balancing its interests with still-dominant Moscow's influence in the country.

25 Sukiasyan, N., "Appeasement and autonomy, Armenian–Russian relations from revolution to war", *Institute for Security Studies*, 1 February 2021, available at: <https://www.iss.europa.eu/content/appeasement-and-autonomy> (accessed: 20 September 2021).

26 Giragosian, R., "Paradox of power: Russia, Armenia, and Europe after the Velvet Revolution", *European Council on Foreign Relations*, Policy Brief, 7 August 2019, available at: [https://ecfr.eu/publication/russia\\_armenia\\_and\\_europe\\_after\\_the\\_velvet\\_revolution/](https://ecfr.eu/publication/russia_armenia_and_europe_after_the_velvet_revolution/) (accessed: 19 September 2021).

Pashinyan thought that he would manage to entrench the continuing Armenian presence in the previously occupied lands through his unchanged domestic and foreign policy that supported the idea of a unified main territory and Karabakh region (together with the occupied surrounding districts). In the post-war period, Armenia has been weakened militarily and economically, which has forced the country to reconsider its radicalised domestic politics and accept the fact that it has become even more dependent on Russian assistance. The Armenian leadership played a risky game of trying to make the country more autonomous from the Kremlin, but, instead, defeat in the war has left very little room for manoeuvre with Russia. Russia remains the only feasible security ally for Armenia, although their relationship can hardly be defined as one of allies, but rather as one in which Russia is the dominant power dictating the main tendencies of bilateral relations with Armenia. However, in future, Armenia will have to turn more to Azerbaijan to establish better neighbourly relations as Russia is interested in pursuing its own goals in the region that do not always align with Armenian interests. Armenia's continuing isolation from its neighbours, especially Azerbaijan and Turkey, is not viable in the long term because such secluded relations only hurt Armenian society and lead to the country's greater economic impoverishment.

A set of new challenges that correspond to the post-war regional dynamics in the South Caucasus require thorough reform of Armenia's foreign policy. More efficient balancing between Russia and the West, continuing negotiations with Azerbaijan on a potential peace deal, and full implementation of the 10 November Trilateral Statement, especially in terms of opening all communication and road channels to regional networks, are the post-war foreign policy challenges that Armenia needs to address in a timely manner.<sup>27</sup> Post-conflict Armenia is in an unsettling situation due to the fact that it has to remain loyal to the Kremlin but, concurrently, is seeking Western support and investment.<sup>28</sup> The government cannot risk further aggravating Russia as it is still Armenia's major security ally. Instead, it should continue to cautiously develop more sustainable bilateral relationships with some Western countries, especially France, which remains its main

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<sup>27</sup> Tashjian, *op. cit.*

<sup>28</sup> *Ibid.*



European ally. Pashinyan's multi-vectoral approach in foreign policy has proved to be ineffective since it has only involved insubstantial, superficial membership in different international organizations and bandwagoning with Russia. Kopalyan argues that Armenia has been pursuing the "quantity" of multilateralism while neglecting the much-needed "quality" of bilateralism.<sup>29</sup> The process of policymaking has to shift toward establishing more sustainable and suitable foreign policy goals that correspond better with Armenia's current position.

The reconciliation process between Armenia and Azerbaijan will be one of the most challenging tasks for the post-election Armenian government. Post-war issues ranging from demining and exchange of detainees, to finding missing persons, through to access to farmland still pose serious threats to a sustainable appeasement process between the two countries.<sup>30</sup> Although Armenia held early parliamentary elections in which the electorate had an opportunity to choose among different political candidates and blocs, nothing significant has yet changed, especially owing to the fact that the prime minister who led Armenia in the Second Karabakh War has been re-elected. If the prime minister continues to pursue the same non-visionary foreign policy that is multi-vectoral only in name, future reconciliation and regional stability are likely to fail. Another challenge that can undermine the future rapprochement between Armenia and Azerbaijan relates to the implementation of the Zangezur Corridor project. This highly contentious project might become the major trigger for future tension in the region. Armenia is obliged to respect the 10 November Trilateral Statement that includes opening all economic and transport links in the region. According to the statement, Armenia must allow unobstructed movement of persons, vehicles, and cargo along the transportation route that connects the western regions of the Republic of Azerbaijan with the Nakhchivan Autonomous Republic and passes through Armenian territory.<sup>31</sup> Implementation of the Zangezur project will require full cooperation and assistance from the Armenian government. It is still uncertain whether the Armenian

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<sup>29</sup> Kopalyan, *op. cit.*

<sup>30</sup> "Post-war prospects for Nagorno-Karabakh", *International Crisis Group*, Europe Report No. 264, 9 June 2021, available at: <https://www.crisisgroup.org/europe-central-asia/caucasus/nagorno-karabakh-conflict/264-post-war-prospects-nagorno-karabakh> (accessed: 18 September 2021).

<sup>31</sup> Kremlin.ru, "Statement by President of the Republic of Azerbaijan, Prime Minister of the Republic of Armenia and President of the Russian Federation", *op. cit.*



government will be fully cooperative in facilitating the fulfilment of the commitments laid out in the Trilateral Statement, especially those relating to the transit corridors.

### *Conclusion*

The foreign policy of a country is determined by its domestic policy and vice versa. Armenia is not an exception in this regard. Thus, in order to understand Armenia's foreign policy steps, its domestic political establishment under Nikol Pashinyan must first be analysed.<sup>32</sup> This interplay of foreign and domestic affairs is important in the case of Armenia because it reveals the causes of certain political tendencies and also the opportunities for change at national and regional levels. The main political figure in Armenia remains the prime minister, who has the power to dictate the main political agenda in the country's domestic and foreign policy.

Nikol Pashinyan has been a leading political figure since 2018, when he led a street revolution that overthrew Serj Sargsyan's government.<sup>33</sup> However, the Second Karabakh War, devastating military defeat, and the political crisis that followed have called into question the ability of the prime minister to run the country. A nationalist-oriented domestic policy with a touch of populism together with an obsolete, non-visionary foreign policy that has pursued unrealistic domestic political goals regarding their country's [now former] conflict with Azerbaijan have caused a deep political crisis in Armenia. Such irresponsible and miscalculated political behaviour has affected the country's socio-economic environment and deepened poverty, inequality, and unemployment.

The early parliamentary elections confirmed that Pashinyan remains the major political figure in Armenia without any viable political alternative. In the post-election period the prime minister has a chance to reform domestic policy. It might still be too early to predict the course

32 Bektemirova, N., "Interaction of foreign and domestic factors in the international political process: The case of Russia", *Strategic Analysis*, 39 (5), pp. 541–547, 2015, available at: <https://www.tandfonline.com/doi/abs/10.1080/09700161.2015.1069980?journalCode=rsan20> (accessed: 19 September 2021).

33 Bohlen, C., "Armenia's postwar crisis: What to know", *Council on Foreign Relations*, 25 March 2021, available at: <https://www.cfr.org/in-brief/armenias-postwar-crisis-what-know> (accessed: 19 September 2021).

of Armenia's domestic policy, however, at this point, it seems that the Armenian government is not keen on reforming its domestic or foreign policy, but rather on stalling the implementation of mandatory clauses from the Trilateral Statement as well as maintaining the status quo for as long as possible. A domestic policy that is more effective and adjusted to the current position of the country can also be positively reflected in the country's foreign policy. Pashinyan has to make economic recovery and development prime goals of his domestic policy, alongside restraint from the erratic political decisions that have proved to be harmful for the country. Moreover, the prime minister has to continue implementing the Trilateral Statement that implies a sustainable reconciliation with Azerbaijan. Additionally, projects such as the Zangezur Corridor can bring the two nations closer together if the Armenian leadership accepts and recognizes the economic potential of the proposed highway and railway connections with Azerbaijan. The reconciliation process would require the full cooperation of the Armenian government and the adjustment of its foreign policy to the changed post-conflict dynamic in the South Caucasus.



# Role of Turkey in the Post-War South Caucasus

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Ayça Ergun\*

The geopolitical situation in the South Caucasus region has significantly changed following the Second Karabakh War. This commentary analyses the role of Turkey in regional cooperation with the aim of creating a stable and secure environment and further argues that Turkey has become a proactive actor and a game changer for the region. The commentary stresses the fact that Turkey is redefining its status and position in the South Caucasus. The key argument is that Turkey's role, potential, and contribution can be evaluated within the framework of opportunities and challenges, and explained with reference to the nature of its bilateral relations with the countries of the region.

**Keywords:** Turkey, geopolitics, Second Karabakh War, regional cooperation, security



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***Introduction***

The aim of this commentary is to analyse the post-war situation in the South Caucasus with specific reference to the role of Turkey in ensuring stability and security, and initiating regional cooperation. It argues that regional actors, when playing any potential role, should take into consideration the aggregated interests of the regional countries as well as those of their Western counterparts. The interests and foreign policy priorities of the regional countries are occasionally overlapping and interdependent – but often conflicting. In the context of such intersecting and conflicting interests, this commentary will analyse the evolving role of Turkey as a proactive actor and game changer in the region, with specific reference to its foreign policy priorities and its bilateral relations with regional countries. The argument is that Turkey's role, potential, and contribution can be understood within the framework of both opportunities and challenges. Turkey's role is context dependent, open to the impact of Western actors, and informed by the nature of its bilateral relations. Thus, its role should be discussed with reference to its needs, potential, and capacity. The first part of the commentary will provide a description of the post-war South Caucasus in order to portray a contextual framework where patterns of cooperation for security and stability can be achieved, and patterns of continuing clashes of interests persist. The second part of the commentary will analyse Turkey's potential to contribute to regional cooperation. The last part will provide an account on how opportunities and constraints for regional cooperation can be understood.

***The South Caucasus Post-Second Karabakh War***

The South Caucasus has been, and still remains, a turbulent region since the declarations of independence by the region's countries in 1991. The nature of the early post-independence period is challenging not only in terms of simultaneous processes of regime change, nation- and state-building, and the restructuring of the economic system, but also of territorial conflicts and wars. It was not an easy task for respective governments to handle the situation due to the fact that conflicts which started as bilateral went on to draw in regional, and later international, interventions. International involvement was crucially important, and

necessary for stability and security, yet proved to be unpromising and widely discredited through the failure of the OSCE Minsk Group in dealing with conflict resolution.

Azerbaijan's victory in taking back its occupied territories in the Karabakh region has now made the issue of security building a regional one. In the existing context, it seems that any potential regional cooperation for security building and ensuring stability will be based on (a) how the bilateral relationship between Azerbaijan and Armenia evolves and (b) the sustainability of the cooperative relationship between Turkey and Russia. As of late 2021, no Western initiative, either on the part of the EU or the USA, is on the table. Therefore, issues relating to any kind of cooperation are more regionalized rather than internationalized. Yet, there is an emergent need for a new vision for the South Caucasus to ensure post-conflict stability and security in the region.

Russian mediation led to the signing of the Trilateral Statement between Azerbaijan, Armenia, and Russia on 10 November 2020, the end of a conflict that had lasted almost three decades, and Azerbaijan's restoration of its territorial integrity by liberating its occupied territories in the Karabakh region. The main themes that have dominated discussions in the year following the war have been a new format for regional cooperation, confidence-building, recovery, dialogue, and normalization of the relationships (if not reconciliation). The core ideas are establishing regional connectivity, promoting economic cooperation, underlining the importance of and necessity for transportation projects, building up trade relations, demining of conflict-affected territories, and ensuring the stability and well-being of the countries concerned.

The recent developments in the region were not predicted at all by observers of the region. Most commentators witnessed a more proactive engagement of Turkey in the region and a quieter and more distanced position of Russia in the early days of the Second Karabakh War, up until 10 November 2020.

As of today, Azerbaijan is enjoying its victory. The Azerbaijani government has intensified its efforts to rebuild and reconstruct the Karabakh region in order to further underline and highlight its consolidated sovereignty in the previously occupied territories. Armenia, on the other hand, needs time to digest its failure not only

in terms of dealing with domestic resentment but also its increased dependence on Russia. The balance of power has changed, particularly after the involvement of Russia and Turkey, with the former's troops now present on the soil of all three South Caucasian countries and the latter having consolidated its alliance with Azerbaijan. The Russian factor has strong potential to contribute to the fragility, and perhaps vulnerability, of the situation given its historical background in the pre- and early post-independence periods. The question is how this fragile condition would be accommodated – particularly knowing that Russia is on the ground with some ambiguity about its peacekeepers' departure from the region. Turkey, on the other hand, which was considered as a proactive game changer during the Second Karabakh War, seems to be perceived more as a balancing actor, particularly by Azerbaijan.

In terms of the involvement of the regional actors, namely Russia and Turkey, their potential to contribute to regional cooperation should also be analysed. Russia's presence and influence in the region is in no way be neglected. Moscow does not welcome any influential involvement of Western actors in the region. Whether its alliance with Turkey is tentative, contextual, enduring, or stable is yet to be seen. Turkey, on the other hand, has redefined its position and role in the region through a more proactive involvement and coalition building with Russia. Turkey's involvement is strongly backed up through its exceptional bilateral relations with Azerbaijan and its strategic partnership with Georgia. Its troubled relationship with Armenia can lead to normalization only if consent is given by Azerbaijan. However, whether the discussions on possible normalization are only wishful thinking, and to what extent this could be feasible and realistic, remains to be seen.

Last but not least, the positioning of all regional parties could be redefined if Western involvement were possible. Although the region in general, and regional cooperation for security and stability in particular, do not seem to be on the agenda of Western actors, their roles should nevertheless be considered in possible scenarios. Therefore, the '3+3' format – the six-party cooperation platform with pacts among Azerbaijan, Armenia, Georgia, Russia, Turkey, and Iran, seems to be the only proposed option, although to what extent its realization would be possible is still unknown. Moreover, the substance, terms, and conditions of the format should be presented in detail. There has to be real commitment to the normalization and reconciliation effort; for

example, it should proceed by little steps, through which the parties concerned can avoid potential conflict. Moreover, there has to be a significant change in reciprocal perceptions, thus leading to de-othering of the others and overcoming the stereotypes attributed to them.

### ***Role of Turkey in Regional Cooperation***

After the collapse of the Soviet Union, Turkey's foreign policy towards the South Caucasus and Central Asia was shaped according to: (a) the frame of brotherly bilateral relations; (b) Turkey's relations with the West; (c) domestic, regional, and international economic interests; and (d) regional and international actors' demands for ensuring stability and security in the region. Turkey's role in the region as a successful model of a secular, democratic nation state was promoted by Western actors, namely the US and the EU, in order to decrease the potential influence of Iran and existing influence of Russia. Turkey is considered to be a reliable actor, a gateway, and a bridge connecting the post-Soviet territories to the West. Now, apparently, the suggested role has changed slightly. Turkey prefers to develop political and economic relations with the region's countries, with emphasis on historical, ethnic, cultural, linguistic, and religious commonalities, where relevant; to initiate ambitious projects, particularly in the fields of energy, transport, and trade; and to intensify cultural and societal dialogue.

Turkey's bilateral relations with the South Caucasus states have evolved differently. Relations with Azerbaijan are considered exceptional on the basis of a privileged partnership and strategic alliance based on the strong commitment of the political elites and public sympathy and support. Relations with Georgia have evolved on the basis of strong collaboration in the energy and transport domains, and have resulted in the formation of a strategic alliance, thus making Turkey, since 2007, the country's biggest trade partner. The relationship with Armenia has been problematic owing to Turkey's refusal to build up diplomatic relations with Armenia because of its former occupation of Azerbaijan's territories. Although attempts to normalize relations came onto the table a couple of times, they have remained unsuccessful. The trilateral cooperation format of Azerbaijan, Georgia, and Turkey is a good example of success stories, for example, through the realization of the Baku–Tbilisi–Ceyhan oil and Baku–Tbilisi–Erzurum gas pipelines.



Nothing substantial has changed since the Second Karabakh War in the discourse on and perceptions among Turkey's political elite about this region. The Second Karabakh War was also a test for Turkey in its immediate neighbourhood in terms of strengthening its role in this region and becoming a more prominent security actor. Ankara cemented its position as one of the two leading regional actors along with Moscow. In the existing context, Turkey's role in regional cooperation can be analysed with reference to its proactive and game-changing performance during the Second Karabakh War and to its potential as the initiator of, and one of the main stakeholders in, regional cooperation schemes, particularly in the fields of energy, trade, and connectivity, and to its capacity as an actor balancing Russian influence in the region.

Turkey's improved status as an influential regional power during the Second Karabakh war has been strongly supported by Azerbaijan. To what extent this position will be consolidated depends on Turkey's capacity to initiate and lead regional connectivity projects. Yet, its ability to further develop and sustain regional cooperation is also dependent on how other regional countries will perceive and welcome Turkey's leading role. It is rather premature to predict the position and preferences of Armenia. Although the possibility of the normalization of relations is already espoused by the political leaderships of both countries, the terms and conditions are yet to be set. The situation is, based on previous attempts, not very promising; however, the future prospects are yet to be seen as the balance of power has changed significantly with the empowerment of Azerbaijan in the region. Moreover, in the absence of non-regional powers, particularly the EU and the USA, Turkey is the only actor balancing Russian influence in the region.

### ***Conclusion***

The post-war situation in the South Caucasus is still fragile and relies on a delicate balance. Although regional integration is yet to be achieved, prospects for regional cooperation can be favourable if there is more extensive dialogue among the countries of the region. Transport and trade offer great opportunities to initiate and develop cooperation mechanisms. Yet, the historical memories and legacies could be more

persistent than predicted. Azerbaijan, with its consolidated nation and statehood thanks to the liberation of the occupied territories in the Karabakh region, enjoys a more powerful position than ever before. After the war, Baku directed its attention to the reconstruction of the liberated territories and re-consolidated its presence therein by solidifying its alliance with Turkey. Turkish companies have already been actively involved in the reconstruction of the Karabakh region. Bilateral visits by numerous institutions have intensified. Armenia, in contrast, seems to need more time to overcome the psychology of defeat. Georgia's violated territorial integrity is one of the major obstacles for intensifying regional cooperation mechanisms, particularly in cases where Russia is likely to be involved.

In this wider context, Azerbaijan–Turkey relations are well consolidated and both countries are enjoying their glorious strategic partnership, which needs further deepening through strengthened institutionalization. The triangular relationship among Azerbaijan, Georgia, and Turkey offers great chances for regional integration, extended cooperation, and the deconstruction of cultural and psychological borders in the region. Turkey's proactive role during and after the Second Karabakh war was unanimously supported by the political and intellectual elite, as well as societal actors of this country.

To achieve a more fully elaborated, extensive, and comprehensive cooperation in the region, territorial integrity and the principle of inviolability of borders should be respected by all parties involved. Although trade and transport appear to be the most relevant areas in which to initiate regional cooperation, societal dialogue, with the involvement of civil societal actors and intellectual communities, should also be secured. Thus, the voices and perspectives of the respective communities would be heard and this would help to overcome the memories of war and the impact of the history of conflict.

Confidence-building measures and dialogue for reconciliation, along with economic cooperation, developing trade relations, and facilitating transportation, seem to be easy measures with which to start. Yet, formulating the mechanisms and schemes needs more time. Thus, the identity and memory dimensions should not be in any way underestimated. A would-be format or scheme for regional cooperation should also address overcoming post-Soviet dichotomies, which is

likely to be a much more difficult task than initiating cooperation in the fields of economy, trade, and transport.

Although Western involvement in the region proved to be unsuccessful, ineffective, and discredited, regional actors need to reconsider, in particular, the EU's role. Instead of rather top-down initiatives on part of the EU, regional actors may offer their national and local visions for a better, stabile, and secure South Caucasus and cause the EU to revisit its policies with sounder, more promising, and viable options.

Turkey's empowerment is strongly backed by its exceptional, privileged, and special relationship with Azerbaijan. As of 2021, the '3+3' format seems to be the only notable coalition being built for regional cooperation. The formation of pacts between Azerbaijan–Armenia–Georgia and Turkey–Russia–Iran may have potential, yet it is not an easy task considering the hesitance, reluctance, and, perhaps, potential unwillingness of some of the parties, particularly Georgia. Nor is it easy to predict the durability of the existing coalition between Turkey and Russia, whose bilateral relationship is often described as 'competitive cooperation'. It seems that cooperation dominates the existing status quo. Yet, if the competitiveness comes to the fore, then already fragile relationships among regional actors would be threatened. Therefore, alternative formats should also be considered instead of having a rather holistic scheme in which all parties' participation is desired, but it is difficult to achieve anything.

In this case, partial cooperation is easy to achieve, such as the tripartite strategic partnership among Azerbaijan, Georgia, and Turkey, in which there is no hostility, conflict, or distrust. Their relationship has been called 'exemplary', 'promising', and 'groundbreaking'. Though it is often referred to as a strategic partnership, the connotations of this relationship go beyond the notion of strategic goals. The countries' trilateral relationship is an act of solidarity to counter external influence in the region, one in which the underlying principle is respect of territorial integrity. Although their focus is on the economic, defence, and trade sectors, cultural and inter-societal dialogue is also an important asset to provide intensification of the trilateral relations. Western circles, on the other hand, are not necessarily aware of the importance of such cooperation and, to them, this does not appear to be an issue that is particularly noteworthy. Yet, they should pay greater attention to the

region because of their potential to contribute to regional stability and cooperation.

This trilateral cooperation could be considered concerning by Armenia and dismissed by Russia, which could argue that this will not lead to sound, effective, and promising cooperation. Currently, the presence of Europe and the USA in the region remains extremely limited and obscure. However, given Georgia's declared goal of integrating into the Euro-Atlantic institutions, the *troika* should be more highly promoted through public diplomacy and made more visible in international policy circles. This would not only be multi-level and multi-dimensional cooperation; it would also be consolidated through the endorsement of Western policymakers.

The Summit of the Turkic Council on 12 November 2021 provided a basis for the intensification of the relationship among Turkic countries. It has strong potential for bridging between the South Caucasus and Central Asia and contributing to the empowerment of both Azerbaijan and Turkey in the region. In the existing situation, Azerbaijan and Turkey are enjoying their strategic partnership through the intensification of bilateral ties, diversification of means of cooperation, and further institutionalization. There is no concern that this bilateral relationships will ever change, given the strong dialogue among the political elites and the reciprocal support and sympathy between the two societies. Interdependence, commitment to collaboration in all fields, declaration of common goals, and overlapping interests will continue to be the basis for the future of the existing pact-building and strategic alliance between the two countries.



# BOOK REVIEW:

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“Russia in a Changing World” edited by Glenn Diesen  
and Alexander Lukin.

**REVIEWED BY NAGHI AHMADOV**



**“Russia in a Changing World” edited by Glenn Diesen and Alexander Lukin.**

Palgrave Macmillan, 2021, 175 pp.

*Reviewed by Naghi Ahmadov*

The modern world is in a state of constant structural changes that have taken place over the past 30 years. The existing political reality is affected by a huge number of challenges and threats, which lead to its systemic instability. Today, the world is undergoing a transformation, new actors are emerging that challenge the existing international order. At the same time, a new world order is being formed based on the principles of multipolarity. Against this background, *Russia in a Changing World* edited by Glenn Diesen and Alexander Lukin is certainly a valuable contribution to scholarly discussion of the position of Russia which is closely associated with the emergence of new international political configuration. Will the multipolar order be established peacefully and will it impose the constraints and order as theorized? What risks and opportunities do raise as the world transforms from the unipolar to the multipolar? How will Russia navigate its way into a new world order? The book provides the reader with a summary of the aforementioned questions.

Dr. Glenn Diesen is a Professor at the University of South-Eastern Norway (USN), and an editor at the *Russia in Global Affairs* journal. His research focus is Russian foreign policy, and security institutions in the European post-Cold War security architecture. Diesen's latest books are: “Europe as the Western Peninsula of Greater Eurasia: Geoeconomic Regions in a Multipolar World” (forthcoming); “The Return of Eurasia” (forthcoming); “Great Power Politics in the Fourth Industrial Revolution: The Geoeconomics of Technological Sovereignty” (2021); “Russian Conservatism: Managing Change under Permanent Revolution” (2021).

Dr. Alexander Lukin is a professor of International Relations at National Research University Higher School of Economics. He is also Director of the Center for East Asian and Shanghai Cooperation Organization Studies at Moscow State Institute of International Relations (MGIMO-University). He received his doctorate in politics from Oxford University

in 1997. He worked at the Soviet Foreign Ministry, Soviet Embassy to the People's Republic of China, and Institute of Oriental Studies of the Soviet Academy of Sciences. He was a visiting fellow at the Belfer Center for Science and International Affairs at Harvard University from 1997 to 1998. From 2000 to 2001, he worked as a research fellow at the Center for Northeast Asia Policy Studies at the Brookings Institution. He is the author of *The Political Culture of the Russian Democrats* (Oxford University Press, 2000) and *The Bear Watches the Dragon: Russia's Perceptions of China and the Evolution of Russian-Chinese Relations since the Eighteenth Century* (M.E. Sharpe, 2003), along with numerous articles and policy papers on Russian and Chinese politics.

In *Russia in a Changing World* editors Glenn Diesen and Alexander Lukin bring together contributors to explore the tectonic changes in the world that have emerged after the collapse of the Soviet Union and the end of the Cold War. This thought-provoking and analytically helpful collection aims to present a comprehensive view of leading Russian foreign policy experts on the Russia's place in the changing structure of the new international order. The authors here work closely with the high-level decision makers of Russian Federation and are affiliated with influential universities and think tanks, such as the National Research University Higher School of Economics (HSE) and the Valdai Discussion Club.

The volume is organized around ten interconnected themes, each of which presents Russia with both threats and opportunities as the world transforms from a unipolar to a multipolar system and shifts from the West to the East. Restructuring of global value chains, environmental degradation and water scarcity, green energy, secessionism and regional integration, and the crisis in liberalism are, among others, engrossing subjects discussed here.

The book begins with introduction part which outlines a brief description of each chapter. Chapter 1, *the Military Underpinning of the Geopolitical Revolution*, deliberates on the military foundation of the present power shift from the West to the East. Sergey Karaganov, who has written extensively on Soviet and Russian foreign policy, also observes that the most important tendency in international politics is the relative decline of the West and the rise of other powers, in particular China. He argues that correspondingly this weakening is the main



reason for the deepening Cold War-like rivalry today and the main reason of this decay is the loss of the military superiority that Europe and the West enjoyed for the last half a millennium. (p.5) To advocate one's interests, institutions, and culture, Karaganov, approaching from the perspective of realist paradigm, claims that military power is fundamental. As an argument to support his thesis Karaganov contends that nuclear weapons played major factor of international politics of the twentieth century, and it still proceeds. (p.9) Karaganov's main thesis is that Russia has "midwived" the return of a global balance of power and expanded the freedom of choice to the countries and peoples of the world. According to him Russia's military and political revival has created more favorable conditions for dozens of countries wanting to develop freely (p.18). Karaganov states that the West made two major strategic miscalculations: first, by anticipating that China would become more democratic as a result of its development in the open global market; second, by launching "Cold War" against China which pushed Russia and China to build a semi-alliance (p.19). Karaganov concludes that two global geoeconomic and geopolitical macro-centers — "America +" and Greater Eurasia — will take shape (p.20). He adds that the formation of a new global order cannot happen until a new balance of military power is established (p.22).

Chapter 2, *Prefabricated World Order and its Decline in the Twenty-First Century*, elaborates the decline of the post-Cold War world order and the inadequacy of dealing with Russia. Fyodor Lukyanov claims that the disintegration of the Soviet Union generated a condition where a "common European home" could be built using Western European and Euro-Atlantic integration templates (p.24). However, referring to Sarotte, Lukyanov affirms that "Russia was left on the periphery of a post-Cold War Europe" (p.27). As stated by Lukyanov, excluding Russia as an equal in the restructuring international order brought about a sense of inferiority (p.25). In this respect, the NATO summit in Bucharest was the turning point. The final document of the meeting, regardless of Russia's opinion, declared moving eastward by admitting Ukraine and Georgia to NATO (p.29). The military operation against Georgia in 2008 and Ukraine in 2014 clearly showed that Moscow no longer intended to look passively at the NATO's expansion of zone of influence (p.30). According to the Russian expert, the Ukrainian crisis put an end to NATO's eastward expansion (p.32). The overall

conclusion from this chapter is that the “prefabricated model” of the post-Cold War period cannot be applied anymore in accordance with the global shifts in the world that have taken place since the beginning of the twenty-first century.

The following chapter, *Russia and the Changing World Order: In Search of Multipolarity*, discusses Russia’s search for a multipolar world order by constructing a Greater Eurasian region. Alexander Lukin explores how the Ukrainian crisis turned out to be a critical point as Russia headed off to Asia. That paragraph shows that the allure of the West is waning, along with the rise of non-Western powers (p.42). Lukin points out that the economic success of China, parallel with the failure of the liberal development model, brought into question the universal validity of democratization, market economics, and free trade (p.44). On page 47 it says: *“In the long term, a rising China will present a much bigger challenge to the Western ideology of global dominance than Russia, which remains weak. China, the world’s second-largest economy and most densely populated country, poses a threat not because of its military capabilities, which still fall short of the United States’ and even Russia’s, but because communist China has succeeded where the Soviet Union failed: it has built an effective and attractive economy that is not based on the Western political model.”* Thus, this is a perilous state for the West as it challenges its fundamental assumption that an economy can be effective and generate prosperity only if a country accepts the ideology of democratism. In a thoughtful conclusion, Lukin observes that Russia in this transitional international system shifting toward greater diversity is positioning itself as the linchpin of Eurasian integration (p.68).

Russia’s economic restructuring for the fast-changing future is discussed at length in Chapter 4. Leonid Grigoryev contends that the future of the Russian economy depends on several major factors: national institutions for development, human capital, technological and financial resources, and external environment (p.71). This chapter further argues that economic instability in recent years proved that the institutional setting in Russia is not adequate for fast growth in the long term (p.83). Grigoryev therefore suggests that the complexity of economic policy and transition to a post-industrial society lies in the incomplete institutional changes. Grigoryev pays particular attention to the oligarchic capitalist system, brain drain, outflow of capital, and

an increase in social inequality. (p.84). In this sense, the chapter offers that the success of this path is only expected by the completion of the transition to an effective institutional framework and the rational use of Russia's vast human, natural and productive capital.

Chapter 5, *Securitizing Her Foreign Economic Policy: Evolution of the Russian Security Thinking in the 2010s*, observes how Russian security thinking has evolved over the past two decades and the goal of Russia's security doctrine shifted from ensuring national security through integration and cooperation with the West to the idea of reducing Russia's dependence on the West. Maxim Braterski believes that more open trade in general increases a country's dependence on its trading partners and thus increases economic instability and weakens the country's political autonomy. (p.92)

In chapter 6, issues with ideological conflicts are critically discussed. Glenn Diesen deems that ideology has a potent influence on international relations, because it establishes a framework for international order and promotes foreign policy agendas by mobilizing domestic and foreign resources. Diesen focuses on the crisis in liberalism which stimulates the rebirth of the ideological rivalry. According to the author, after three decades of the end of the Cold War, ideological tensions are re-emerging and becoming a key component of the changing international system (p.105). Also, Diesen claims that the post-Cold War era can be defined by liberal hegemony as the US sought to broaden its influence through promotion of liberal norms (p.110). Diesen highlights that the inability of Western leaders to address the failure of liberalism undermines the legitimacy for its rule in the new world order, which subsequently creates a large vacuum to be filled by various experimental ideologies. In his opinion, the liberal international order breaks down due to the failure of accommodating rising powers, such as China and Russia (p.111). He posits that after the Cold War, the capitalist–communist split turned into a liberal-authoritarian one (p.119). Diesen summarizes that the crisis in liberalism gives Russia both opportunities and threats (p.121).

The next chapter discusses the risks and opportunities for Russia as the world transforms to an increasingly green economy. This chapter answers the question of how the green transformation of the global economy affects the Russian economy. The move towards green technologies, in Igor Makarov's view, undermines Russia's economic

model that has been excessively reliant on oil and gas. Makarov leads to a conclusion that this is a new reality to which the Russian economy and political system must adapt (p.141).

In Chapter 8, Alexander Kurdin assesses the altering energy market in world politics. The chapter discloses basic notions of global energy governance and the role of Russia in the world energy system. Kurdin argues the global energy landscape is changing under the influence of technological advancement, as well as, due to ongoing regulatory reforms at national and international levels (p.144). The author describes the potential development of Russia's role and energy politics by taking into account heterogeneous global energy scenarios. Kurdin concludes that because of the ongoing energy transition toward more sustainability Russian energy export markets are subject to vulnerability (p.160).

Chapter 9 explores the global water outlook and the prospects for Russia. Anastasia Likhacheva contends that Russia stands first in Greater Eurasia and second in the world in terms of renewable freshwater resources. Nevertheless, in the author's perspective, Russia's involvement in the global water agenda seems virtually unfitting. (p.161) In the concluding part, Likhacheva sums up that there is a clear gap among the water capacities of Russia and its passive position in global and regional water agenda setting. She provides some recommendations for Russian decision-makers on bridging this gap (p.161).

The book's last chapter provides insight into the nature of two major trends in contemporary world politics: supranational integration and the decomposition of the nation-state. Ivan Krivushin emphasizes that the most important trend in European political integration in recent decades has been the transfer of power and functions from nation-states to supranational institutions. It was manifested in the formation of the European Union (EU) (p.180). Krivushin discusses that, on the one hand, this tendency complicates Russia's foreign policy-making. On the other hand, this widens Russia's room for diplomatic manoeuvring and increases the opportunities to take advantage of the contradictions between the EU, the nation-states, and the regions (p.195).

To conclude, in this informative and readable book, all the authors draw the reader into topics by developing concise and detailed analysis. One of the most essential highlights of the book is that almost all the contributors reflect consensus that Russia made miscalculations

in the early 1990s, and the current disruptions and transformation of the international system will work in favour of Russia. Moreover, the book is structured coherently. Because of these analytical strengths, Glenn Diesen and Alexander Lukin's work deserves to be considered a groundbreaking attempt to deepen and broaden our understanding of the nature of changing international system and Russia's place in this new world order. Diesen and Lukin, above all, have achieved a valuable outcome in bringing these thoughtful and intriguing essays to light written by insiders who are familiar with the complexity of decision-making in Russian foreign policy. Despite the geopolitical limitations, the volume generally opens interesting avenues for further research in many ways. Overall, this book is highly recommend not only to practitioners or academics who are dealing with international politics, but also to a much wider audience that are interested in international relations more generally.

# CALL FOR SUBMISSIONS

**Caucasus Strategic Perspectives, Volume 3, Issue 1, Summer 2022**

**Issue Title:** "Towards Sustainable Peace and Cooperation"

**Deadline:** 15 March 2022

**Subtopics:**

- Connectivity infrastructures in the South Caucasus region and beyond
- Foreign investment in Azerbaijan's liberated territories
- Delimitation and demarcation of state borders between Armenia and Azerbaijan
- Relieving the region from landmines and unexploded ordnances
- Relevance of the OSCE Minsk Group in the post-conflict period
- Normalization of relations between Armenia and Turkey
- Challenges for the peace- and confidence-building environment
- Understanding Georgia's stance on regional transportation initiatives
- The humanitarian role of the West (EU, US) in the post-conflict period
- Turkey's contribution to the post-conflict development of the South Caucasus
- Iran's shifting stance in the post-conflict period
- Performance of Russian peacekeeping forces in the Karabakh region of Azerbaijan
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