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## Challenges for the EU in the resolution of the Nagorno-Karabakh conflict: An Armenian perspective

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### BACKGROUND

As the fifth anniversary of the Georgia-Russia war approaches, rising tension and an escalation of clashes between Armenia and Azerbaijan over Nagorno-Karabakh threaten a return of renewed hostilities or even outright war. Hardly a day goes by without some cross-border shooting, and as the number of ceasefire violations doubled in 2012 compared to 2011, there is a now obvious trend of greater attacks and clashes. After years of diplomatic mediation with little or no real progress, tension is mounting – with a steady increase in threats to resort to force to 'solve' the deadlocked Nagorno-Karabakh conflict. Regional actors are not able to address the deteriorating security situation in the South Caucasus; external intervention and diplomacy are necessary.

The European Union (EU) is best placed to respond, based on a policy of strategic engagement centering on the EU's unique role as a transformative power. Such engagement would also rest on the EU's special values-based approach, offering a decisive added-value contribution to security and stability in the South Caucasus. For the EU, its role as a transformative power is based on its reliance on "values as influence," with its values-based appeal stemming from the relevance of its founding principles and its commitment to democracy and human rights. This has given the EU some normative appeal in the region. Unlike Russia or Turkey, it does not have a history of being directly involved or affected by the conflicts, giving it an aura of neutrality. The EU potentially has the right mix of tools to address many of the challenges in the Nagorno-Karabakh conflict. The region is strategically significant for the EU due to its position straddling Europe, Turkey and Russia, and as a gateway to Central Asia. Yet the EU has under-performed, with a policy approach largely perceived in Armenia as both inconsistent and incomplete.

#### **The EU's "benign neglect" of the South Caucasus**

More specifically, for too long the EU has pursued an under-utilised policy toward the South Caucasus, which can be defined more as a policy of "benign neglect." Despite a degree of institutional investment by the EU and an individual interest in the region among some member states, there is a now a new and unique opportunity for greater EU engagement in the region in general, and regarding the Nagorno-Karabakh conflict in particular. This new opportunity stems from two new factors: a recent commitment by the Armenian government to deepening ties with the EU, including a goal of forging a strategic Association Agreement, and a degree of greater EU leverage over Armenia, based on its emergence as the country's leading trade partner.

Furthermore, EU engagement is required to address the deteriorating security situation which, if left unaddressed, will only escalate into a more immediate threat to broader regional stability. In light of the escalating risk of renewed hostilities over Nagorno-Karabakh, and with no excuse for complacency by the international community, it is the EU that stands out as the most effective actor, with a new sense of responsibility to engage in defusing the insecurity inherent in the Karabakh conflict. Yet the danger in the region stems from the risk of a possible "war by accident," based on threat misperception and miscalculation rather than any official declaration of war, which may quickly spiral out of control and could trigger direct Russian involvement, as well as a response by Turkey and Iran.

The EU must now become demonstrably more active, assertive and ambitious in terms of EU engagement in the region. This need for engagement is driven by several current trends in the region. The first of these trends is rooted in an increasingly tense and shifting balance of power that has only been exacerbated by what has now become a pronounced and escalating arms race. But it is not a classic arms race that is now underway, as the traditional Cold War-era concept of an arms race implies a degree of symmetry, with two opposing sides increasing defence spending and building up arms from a position of proximity. Rather, the current trend is one-sided, driven by a major surge in defence spending and a new pattern of procurement by Azerbaijan. Armenia is trying to keep pace, at least in a qualitative if not a quantitative way, allocating \$451 million to defence this year. But Azerbaijan has moved farthest and fastest, steadily increasing its defence budget over the past several years, from \$175 million in 2004 to \$3.7 billion in 2013, according to figures from the Stockholm International Peace Research Institute (SIPRI).

Secondly, a more disturbing element of this arms race is a new trend in procurement, with Azerbaijani purchases of new, modern offensive weapon systems. Unlike past procurement deals, which were largely limited to corruption-related deals with arms producers in Belarus and Ukraine, these more recent acquisitions involved modern offensive weapon systems, including multiple launch rockets, armoured personnel carriers and antitank weapons, as well as purchases of new stocks of unmanned aerial vehicles (UAVs) from Israel. However, at the same time, Armenia's very close security and military cooperation with Russia, including through Yerevan's membership of the Collective Security Treaty Organisation (CSTO), goes some way to even out the balance. Armenia sees Russia as an ally capable of guaranteeing its security in a hostile environment.

Finally, there are signs that Azerbaijan is getting ready for an escalation. A serious pattern of increased Azerbaijani attacks, expanded probes of Karabakh defensive positions and even cross-border incursions has become apparent. Each of these tactical developments is an element of a new, broader Azerbaijani military strategy that is seeking to attain an improved and impressive state of operational combat readiness. Overall, this third trend of a greater operational series of attacks, incursions and probes of Armenian defensive positions has made the "frozen" Karabakh much more of a 'hot' conflict, with clashes expanding both in terms of scale and intensity, including the use of artillery, and in terms of scope, with attacks widening beyond Karabakh to the roughly 1,000 km-long Armenian-Azerbaijani border.

## STATE OF PLAY

### A fresh opening for the EU

A core factor contributing to the need for EU engagement is a new opportunity. More specifically, a combination of two recent developments in Armenia offers a fresh opening for the EU. First, the EU has garnered a significant degree of greater leverage in Armenia, as the Armenian leadership has prudently prioritised ongoing negotiations with the EU to conclude an Association Agreement, which includes a Deep and Comprehensive Free Trade Agreement (DCFTA), and a Visa Facilitation and Readmission Agreement. The DCFTA represents more than a standard free-trade agreement, covering not only the liberalisation of trade in all areas, by lifting customs barriers and trade quotas, but also the harmonisation of Armenia's trade-related legislation with EU standards and the *acquis communautaire*. The EU's greater leverage over Armenia also stems from the significant level of bilateral assistance it grants the country, which was increased to €157 million for 2011-2013, up from the 2007-2010 level of €98.4 million.

Moreover, as these agreements with the EU near completion, Armenia holds a unique new opportunity to draw closer to Europe and benefit from greater integration with European markets. Armenia is widely expected to successfully complete the negotiations and initial both the Association Agreement and the Deep and Comprehensive Free Trade Agreement (DCFTA) at the Vilnius summit in November 2013. This also endows the EU with much greater legitimacy and leverage. This is especially evident in economic terms, with the EU emerging over the past few years as Armenia's main trading partner, offering Brussels much more leverage over Yerevan. Not only has EU engagement been increasing for several years, it has also been more focused and effective. The reliance on conditionality, both in terms of 'more for more', but also 'less for less', has further enhanced the EU's leverage, as incentives based on trade and aid have been matched by political pressure over shortcomings in reform and democratisation. Yet at the same time, an inherent weakness in the EU's conflict mediation role remains. As the current outlook for the Karabakh peace process remains fairly bleak, with no real expectation of any breakthrough, the EU needs to address this lack of progress and recognise that neither the existing format nor the framework for mediation is working.

Since the early 1990s, international mediation of the Nagorno-Karabakh conflict has been the sole domain of the Organisation for Security and Cooperation in Europe (OSCE), through the so-called Minsk Group, a tripartite body co-chaired by France, Russia and the United States. Yet for the past several years, there has been little if any progress in the negotiations. Obviously, much of the blame can be attributed to the lack of political will in either Armenia or Azerbaijan, as the two sides have remained simply too far apart diplomatically to offer any real chance of resolving the conflict. Criticism of the OSCE Minsk Group must be balanced by the fact that any successful mediation depends first and foremost on the willingness and desire to peacefully resolve the conflict of the parties to the conflict themselves. Any EU diplomatic engagement must be careful to stand behind the OSCE Minsk Group, rather than replacing or altering the format.

There are several ways to engage and bolster the mediation effort without harming the mediation mechanism. Given the wide array of areas and aspects of mediation, dialogue and confidence-building measures that are yet to be fully explored or adequately attempted, the EU offers an impressive 'toolbox' of measures and instruments that can only fill the void in terms of bolstering and building on diplomatic efforts to mediate the Nagorno-Karabakh conflict. For example, Armenia has held a virtual monopoly on negotiating on behalf of Nagorno-Karabakh, with the most central party to the conflict, Karabakh proper, relegated to the sidelines as a marginal interlocutor. Rather, there must be a new effort to engage all parties to the conflict, including officials from Karabakh directly, recognising their primary role and challenging them to negotiate. There is also an obvious need to reiterate the benefits of concession and compromise, as far too little attention is paid to the 'peace dividend' in the event of conflict resolution.

Moreover, at the very least, such EU efforts may only contribute to a more strategic focus on 'conflict transformation' as an essential prerequisite of eventual conflict resolution.

## PROSPECTS

After 10 years of progressive engagement in the Southern Caucasus, it is time for the EU to assess which of its approaches have and have not worked in a bid to identify new ways to address the conflict. The aims need to be at least two-fold: de-escalate the current tensions and avoid an outright conflict, and develop broader preventive measures which could help to build a context in which the peaceful resolution of the Nagorno-Karabakh issue may be possible. The regional framework (South Caucasus) and the other conflicts there, as well as the broader regional framework (Turkey, Russia, etc.) should also be taken into account.

Within this context, therefore, the EU should consider the following set of specific recommendations regarding the Nagorno-Karabakh conflict:

### Recommendations for the EU

***Carry out conflict analysis.*** The EU needs to do more in terms of assessing the dynamic nature and shifting aspects of the Nagorno-Karabakh conflict, relying on the ***systematic use of conflict analysis*** for three main areas: (1) to monitor, measure and map the risk of violent conflict, as tension mounts (or wanes) and hostilities expand beyond Karabakh and along the Armenian-Azerbaijan border proper; (2) to identify new trends and emerging actors in the conflict, both external and internal; and (3) to expand the range of policy options and measures, while also adopting a more 'conflict-sensitive' programming of external assistance that would empower 'agents of change', such as youth activists and opinion-makers and -shapers within civil society.

***Deepen dialogue.*** As demonstrated by the model of the EU-facilitated Belgrade-Pristina dialogue, the EU should ***deploy the Mediation Support Team to deepen dialogue*** as an element of preventive diplomacy on the ground, and target civil society organisations that have largely been excluded from the mediation effort. The EU Mediation Support Team offers a unique range of attributes that have never been applied to Nagorno-Karabakh, but which include practical tools like coaching and training, ranging from tailor-made, on-demand coaching for EU personnel to specialised mediation training and knowledge management, in terms of lessons learned, for example, and much-needed operational and logistical support. Such support is also crucial to addressing the acute shortage of resources for such essential needs as ceasefire monitoring, civil society or 'track two' dialogue efforts, and for community-based public awareness campaigns.

***Enhance and expand the EUSR.*** On both an institutional and individual level, the European Union Special Representative (EUSR) is an essential display of EU strategic concern, as both a position and person capable of

cross-border engagement. Similar to the model of US Presidential Envoys, the EUSR conveys a **degree of diplomatic standing and political credibility**, even offering an exaggerated sense of EU concern in the region. In contrast to EU ambassadors, who are responsible for affairs with a single country, the EU Special Representatives are tasked with specific issues, conflict areas or regions, reporting directly to the High Representative of the Union for Foreign Affairs and Security Policy.

Moreover, by serving as an official 'voice' and 'face' for the EU and its policies, the EUSR is endowed with an active political presence capable of using 'shuttle diplomacy' to surpass geographic and jurisdictional limits and boundaries, engaging across the conflict divide and even across the politically sensitive government-opposition division within both Armenia and Azerbaijan when necessary. For the Karabakh conflict, the position and mandate of the current EUSR, Philippe Lefort, need to be further enhanced, including the need to engage all interested actors and stakeholders, including Turkey, Iran and Nagorno-Karabakh itself.

The EU should also advocate specific policies for the parties to the conflict themselves, including measures to:

**Cease and desist.** Clearly, given the greater intensity of the ceasefire violations, there is a need to cease and desist from using force and military pressure as a tactic to express frustration with the *status quo*. Although the overwhelming majority of the threats and attacks emanate from the Azerbaijani side, Armenia and Karabakh need to consider the value in not always responding to each round of rhetoric and threats. The EU needs to better understand and respond to Azerbaijan's frustration as a key factor driving the situation. More specifically, underneath this fresh outbreak of hostilities, Azerbaijan feels genuinely frustrated by the lack of progress in the peace process, seeing little if any concrete dividends from some twenty years of international diplomatic mediation.

**Halt the cycle of conflict.** Similarly, the need to halt the growing cycle of conflict is obvious, and both sides need to reconsider the risks inherent in pursuing a regional arms race and procuring weapons. At the same time, however, the international community also needs to do much more than simply reiterate the futility of force in this conflict. More specifically, there is an imperative for a renewed diplomatic effort to strengthen the existing ceasefire and also to expand and enhance the OSCE's existing, but non-binding, moratorium on arms sales to all parties to the conflict.

**Climb-down and step back.** Given the reality of a region at risk, where threat misperception and strategic miscalculation only increase the likelihood of smaller skirmishes spiralling out of control into a wider outbreak of hostilities and even open warfare, there must be a move to climb down and step back. One possible move would be for the Armenian side to initiate the unilateral withdrawal of snipers from the front line. Although both Armenia and Nagorno-Karabakh have consistently proposed a simultaneous withdrawal of snipers timed with a similar move by the Azerbaijani side, there is now much more to be gained by a unilateral withdrawal, especially as the snipers contribute little military value to the largely defensive advantages of Armenian/Karabakh forces.

**Look forward.** Another measure to be considered involves a new emphasis on looking forward, based on a strategy for a more inclusive round of 'track two' negotiations among all parties to the conflict, including representatives from Nagorno-Karabakh. Such a new approach of forging a forward-looking strategy would go beyond vested interest groups by engaging new stakeholders, including a younger emerging elite (consisting of teachers, civic activists and business leaders, etc.) based on a shared interest in 'building bridges' beyond closed borders and challenging the political narrative of the unresolved conflict.

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