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## End of the War, But No Peace What Are the Russians Up To?

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### Liberated Karabakh

Policy Perspectives by  
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It would be naive to believe that the tectonic, paradigmatic shifts taking place in international relations would not have impacted upon Azerbaijan specifically and the Silk Road region generally (the strategic fallout from the U.S.-led withdrawal from Afghanistan is but the latest example). One of the most significant events of 2020 was the war fought between Azerbaijan and Armenia. In the early morning of 27 September 2020, official Baku reported the shelling of Azerbaijani villages by Armenian troops from positions in occupied Karabakh. Following reports of civilian deaths, Azerbaijan launched a counter-offensive operation along the entire line of contact to suppress the combat activity of the armed forces of Armenia and ensure the safety of its civilian population.

The Second Karabakh War lasted 44 days and claimed the lives of around 3,000 Azerbaijani soldiers and 92 civilians, who mostly were killed by strikes of SCUD-B ballistic missiles, cluster bombs, and artillery shells targeting Azerbaijani cities and villages in Ganja, Barda, Tartar, and others. Meanwhile, Armenian casualties are estimated at around 3,360 combatants, with dozens missing. The war almost ended on 8 November 2020 when Azerbaijani troops took the city of Shusha, which has strategic significance and towers over Karabakh's communist-era capital, Khankendi (the Armenians still call the city Stepanakert, a name imposed in 1923 by the

Soviet authorities in homage to Bolshevik revolutionary Stepan Shaumian, nicknamed the “Caucasian Lenin”). Observing the imminent battlefield defeat of its Armenian ally and foreseeing the full military resolution of the Karabakh conflict in a manner deleterious to Moscow’s interests, the Russian establishment rushed to ensure an arrangement whereby its troops were able to enter Karabakh as peacekeepers.

On 10 November 2020, the presidents of Russia and Azerbaijan, together with the Armenian prime minister, signed a joint statement ending the Second Karabakh War. The agreement states that “the peacekeeping forces of the Russian Federation, namely, 1,960 troops armed with firearms, 90 armored vehicles, and 380 motor vehicles and units of special equipment, shall be deployed along the [new] contact line in Nagorno-Karabakh and along the Lachin Corridor.”<sup>1</sup> The agreement envisaged the complete withdrawal of Armenian military forces from all occupied territories and their replacement in a few areas by the aforementioned Russian troops and by the Azerbaijani military in the rest of the liberated territories. The agreement also made provisions concerning the return of refugees and internally displaced persons under the “supervision” of the UN High Commissioner for Refugees, the unblocking of the transport and economic routes in the region, and so forth.

The tripartite statement has some clear winners. Azerbaijan recaptured territory that was occupied by Armenian forces some 30 years ago without having to accept any sort of autonomy for Karabakh, as envisioned in past peace negotiations conducted largely under the auspices of the OSCE Minsk Group and its three Co-chairs (France, Russia, and the United States). However, the deployment of Russian peacekeepers in parts of Karabakh resulted in the end of an Azerbaijan point of pride: the absence of a Russian military presence on its soil.

Another clear winner was Russia. There are several reasons for the Kremlin to be satisfied with the consequences of the tripartite statement. Moscow became not only *the* central party to manage peace operations between the conflicting sides; it also assured for itself a strong hand to have prevailing influence over both Armenia and Azerbaijan for the foreseeable future. For instance, another provision of the tripartite statement concerns itself with the establishment of a 5 km wide Lachin Corridor, “which will

provide a connection between Nagorno-Karabakh and Armenia” and “remain under the control of the Russian Federation peacekeeping forces.” The agreement further states that “within the next three years, a plan will be outlined for the construction of a new route via the Lachin Corridor [from Armenia to Khankendi], and the Russian peacekeeping forces shall be subsequently relocated to protect the route.”<sup>2</sup> The final provision of the agreement states that “new transport links shall be built to connect the Nakhchivan Autonomous Republic and the western regions of Azerbaijan [...] in order to arrange unobstructed movement of persons, vehicles, and cargo in both directions. The Border Guard Service of the Russian Federal Security Service shall be responsible for overseeing the transport connection.”<sup>3</sup>

The question that is posed by the public, analysts, and scholars is this: what will be the next step in the Kremlin’s plans? What model of relations and governance will Russia chose to impose in the areas controlled by its peacekeepers in Karabakh? Will it establish a new model, or have recourse to one or more exiting ones, such as those in use in places like Abkhazia, South Ossetia, Transnistria, Crimea, and Donbass?

#### WHAT WILL MOSCOW DO?

For a long time, Russia has played an important role in all the peace processes that have arisen in the former-Soviet parts of the Silk Road region. For instance, Moscow has demonstrated strong support for the establishment of statelets in Abkhazia, Ossetia, and Transnistria—even going so far as to recognize the independence of the first two. There and elsewhere, the Kremlin not only deployed peacekeeping forces but also strengthened separatist powers and bolstered secessionist entities against the parent states (Georgia and Moldova, respectively). Providing economic, financial, and political support for the establishment of these quasi-state structures has also been a main Russian strategy.

Nevertheless, Moscow’s policy towards post-Soviet conflicts and post-Soviet states differs in several ways: Russia has never had a universal approach either to conflicts or to unrecognized entities in the Silk Road region.

From this perspective, two fundamentally different positions can be identified in Russia's foreign policy posture towards this part of the world. The first one, which has been a constant since the collapse of the Soviet Union, can notionally be called the *status quo position*. This policy envisions the clear refusal of recognition to quasi-states (all the while encouraging unofficial support via various channels) and the acceptance of the territorial integrity of parent states. Moreover, Moscow has been involved in various peace talks and processes through which it has shown its positive or negative attitude to the involved parties, depending on their respective behaviors and attitudes towards Russia and its interests. Meanwhile, the conflicting sides have each continued to court favor with the Kremlin, yielding on certain issues such as supporting Russian positions measured by voting according to Moscow's preferences in multilateral fora like the UN, the OSCE, and the Council of Europe.

Thus, for example, Azerbaijan refused to support Western sanctions against Russia during the Ukrainian crisis, although it endorsed the territorial integrity of Ukraine in the UN General Assembly by voting in favor of a resolution adopted in March 2014 in response to the Russian annexation of Crimea. Such careful diplomatic maneuvering has created room for enduring bilateral relations to persist into the present, notwithstanding the appearance of a certain "othering of Russia" due to the potential threats the Kremlin may pose to Azerbaijan's security. Baku's policy could be described as a kind of "Finlandization," akin to the Finnish pursuit of neutrality after World War II in the face of a hostile Soviet Union. For Azerbaijan, such a policy turned out to be successful, in the sense that Russia did not get involved militarily in the Second Karabakh War, thus enabling Azerbaijan to crush Armenia's army its affiliated ethnic-Armenian separatist force. However, further developments may show that Baku may be forced to double down on its version of Finlandization. The presence of Russian peacekeepers will hover over Azerbaijan as a sort of Sword of Damocles over the next four years. Thus, Baku will be very cautious not to irritate the Russian establishment with any major pro-Western undertakings.

Russia's second foreign policy approach in this part of the world, which can be dubbed the *revisionist position*, can be described as consisting of

the recognition of the independence of separatist entities, as was the case with Abkhazia and South Ossetia, which of course constitutes the withdrawal of support for the territorial integrity of Georgia. But we can say that the revisionist policy is more an exception proving the rule; we can add that this second approach has served as a way to test the strength of the red lines of the "liberal international order" as well as test how far Moscow can go in the region.

The 2008 war between Georgia and Russia, coupled with the latter's recognition of Abkhazia and South Ossetia, showed that the West was not going to clash with Russia over the recognition of statelets in this part of the world (the Russians skillfully used the precedent of the Kosovo Albanians' unilateral declaration of independence, supported by parts of the West, as an analogy and justification for its own actions). Writing in the Winter 2021 issue of the journal *Orbis*, our colleague Damjan Krnjević Mišković identified the Russo-Georgian conflict as representing the first of two events marking the end of the U.S.-led unipolar era or, as he put it, "the end of the 'end of history'" (the second event is identified as the bankruptcy of Lehman Brothers, which triggered the collapse of Western stock markets and the onset of a global financial recession). "This forty-day period in 2008 marked the moment in which the credibility of the West cracked on two critical fronts: great power politics and international economics. This called into question, in a fundamental way, the West's claim to primacy in global leadership, which rested not insignificantly on predictability and prosperity as well as on monopoly on patronage."<sup>4</sup>

Meanwhile, we should understand that Russia's recognition of the two breakaway statelets was a response to Georgian defiance and Tbilisi's increasingly pro-Western inclination. Continued talks on Transnistria and Karabakh are mostly directed toward keeping Moldova and Azerbaijan, respectively, within the Kremlin's orbit. Meanwhile, Russia continues to make economic investments in, and promote trade with, Transnistria, Abkhazia, and South Ossetia so as to enable these statelets to survive.

An examination of the Russian foreign policy paradigm produces the conclusion that Moscow has no plans to reestablish all or parts of the

Soviet Union or the Russian Empire. The Kremlin's purpose is control, not conquest; influence, not rule. In most cases, Moscow is content with the status quo, whereby each government is controlled through some conflict or security dilemma that in turn allows Moscow to play the role of security guarantor or important mediator.

The activities of Russian troops in Karabakh show that they are performing more than a classical peacekeeping role: they ensure the separatist's rump statelet is protected militarily, involve themselves in constructing houses for the local ethnic-Armenian population, help rebuild infrastructure, and even indirectly support the local economy by buying products and services from the population. More importantly, Moscow does not make an effort to disarm the local separatist forces, thus turning a blind eye to their continuing presence in the territories under Russian control—in contravention of the tripartite statement that states that the “peacekeeping forces of the Russian Federation shall be deployed concurrently with the withdrawal of the Armenian troops.”<sup>5</sup>

Moscow's plan toward the zone controlled by its peacekeepers in Karabakh can be pretty much understood. Russian soldiers have once again set foot on Azerbaijani soil, although they are not housed in military bases. The presence of fewer than 2,000 peacekeeping troops in Karabakh does not represent a military threat to Azerbaijan, although it has symbolic value and a political effect. Karabakh's ethnic-Armenian population is allowed to identify with being distinctly under the direct supervision of the Russian military command—de facto neither becoming citizens of Azerbaijan again nor even truly remaining citizens of Armenia. Currently, all security issues and reconstruction efforts, as well other challenges like relations with Azerbaijan, are under the effective control of Russia. From this perspective, we can see a direct analogy of rump Karabakh today with Ossetia before the August 2008 war. There have even been rumors on the distribution of Russian passports to Karabakh Armenians.

It is in the interest of the Russian establishment to keep Karabakh divided, partitioned, or segregated, for this prevents the reintegration of the Armenian-populated territories with the rest of Azerbaijan. The Kremlin's means would involve limitlessly “administering” security

issues. Further, Moscow would like to push Armenia away from partaking in any type of negotiation processes and has made it clear it will represent the Karabakh Armenians. The Russians will, however, continue to press Armenia to recognize Azerbaijan's borders, support the territorial integrity of Azerbaijan, and help Azerbaijan in reconstruction efforts. Still, those parts of Karabakh now under the control of Russian peacekeepers now represent a Moscow trading card with Baku. Parts can be handed over, piece by piece, over the next decade in exchange for preferences or concessions in other areas. Nevertheless, it is unlikely this may happen in the immediate future.

For Karabakh's ethnic-Armenians, the Russian intervention has been a mixed blessing. Saving them from imminent battlefield defeat, the Russians successfully pushed Yerevan out of the discussion and decreased its influence: they are now directly subjugated to Moscow through the presence of its peacekeeping force. While Russian troops control and safeguard Karabakh's ethnic-Armenian population, and keeps its numbers relatively low, Moscow discourages it from reintegrating with Azerbaijan and uses it as an instrument in negotiations with Baku.

This raises the question of the duration of the Russian peacekeeping presence. To keep its troops beyond the intended five years, Russia must work closely with Armenia and the Karabakh Armenian authorities to make sure that Azerbaijan cannot unilaterally ask Moscow to leave—an option fully compatible with the terms of the tripartite statement. Since Moscow wants to avoid the threat of an Azerbaijani veto on extending the mission beyond 2025, the Kremlin must remain on the best possible terms with Azerbaijan, which means it must find a way to assure Baku that Karabakh is no longer a separatist territory. At the same time, Moscow needs to be ready to create a situation in which the local separatist forces, armed with Russian weapons, attack Azerbaijani positions in case Azerbaijan decides to invoke the clause of the tripartite statement to push the Russians out of Karabakh. Meanwhile, of course, Russia has little reason to help Armenia and Azerbaijan normalize relations. From the Kremlin's perspective, Armenia needs to keep perceiving Azerbaijan as an enemy: this would make any government in Yerevan easy to manipulate whilst remaining reliant on Moscow's security guarantees to prevent an all-out collapse.

## THE ORIGINS OF THE MINSK GROUP

Here we can take a step back and go back to the origins of the Minsk Group, a mediation mechanism operating under the auspices of the Conference for Security and Co-operation in Europe (CSCE), which later evolved into the Organization for Security and Co-operation in Europe (OSCE). In 1992, the CSCE asserted itself as the primary organization facilitating conflict resolution between Armenia and Azerbaijan over the Nagorno-Karabakh region of the Republic of Azerbaijan. After both Armenia and Azerbaijan became full members of the CSCE in February 1992, the organization embarked on conflict resolution initiatives. After the 26 February 1992 Khojaly tragedy, the CSCE moved forward with a decision of the Ministerial Council on 24 March 1992 to convene a conference in Minsk on the Armenia-Azerbaijan conflict with the goal of achieving a final settlement of the conflict.<sup>6</sup> However, disagreements on the format of the conference led to the failure of holding it; instead, the Minsk Group was established as a second-best, less ambitious way forward.

The history of the Minsk Group's mediation efforts can be notionally divided into the several parts. The first part is attributed to the active years of military action during the First Karabakh War in 1992-1994 and involved mostly initial mediation actions and work on establishing a ceasefire. The next phase consisted in the development of mediation activities related mostly to the Budapest and Lisbon summits. The Lisbon Summit laid several bases for the future peaceful settlement of the Karabakh conflict. These principles included the recognition of the territorial integrity of both Azerbaijan and Armenia; a formulation that affirmed that the legal status of Nagorno-Karabakh should be defined on the basis of self-determination with the highest degree of self-rule within Azerbaijan; and the guarantee of physical security for Karabakh and its population.

During OSCE Minsk Group's mediation efforts, which have gone on for nearly three decades, three main proposals for conflict resolution were offered to the sides. The first proposal, entitled "Comprehensive Agreement on the Resolution of the Karabakh Conflict" (July 1997), which was dubbed as "package" proposal, stipulated finishing all hostilities, the de-occupation of Azerbaijani territories, and the rendering of a decision on the final status of Karabakh together. However, this proposal failed due to disagreement

of the parties to the conflict. The second proposal called "stage-by-stage" or "phased" approach, was in fact a modified version of the first proposal. However, the second option envisioned the de-occupation of territories to be followed by the reaching of an agreement on the status of Karabakh. This proposal was accepted by Azerbaijan but rejected by Armenia. The third and final proposal, called a "common state" approach (1998), envisioned the Nagorno-Karabakh entity as a state-territorial formation within Azerbaijan, which would constitute a common state with Azerbaijan within its internationally recognized borders. This proposal was accepted by Armenia but rejected by Azerbaijan due to the fact the proposal stipulated horizontal relations between Azerbaijan and Karabakh.

After the failure of all three proposals, the Minsk Group stopped preparing new proposals and concentrated on facilitating face-to-face meetings between Armenian and Azerbaijani leaders to discuss again all three proposals individually. In 1999-2001, the two countries' presidents met several times in Washington, Istanbul, Geneva, Davos, Moscow, Yalta, Paris, and Key West. After the failure of the Key West talks and subsequent elections in both Armenia and Azerbaijan in 2003, the mediators initiated the Prague Process in 2004, which envisaged direct bilateral negotiators between Azerbaijani and Armenian foreign ministers.

In November 2007, on the margins of the Fifteenth Meeting of the Foreign Ministers of the OSCE, the "Madrid Principles" were presented by the Minsk Group Co-chairs to the parties. These principles were made up of a slightly revised version of the basic principles submitted in 2006. The "Madrid Principles," which were updated in 2009, are based on a compromise that envisages the withdrawal of Armenian forces from the occupied adjacent territories to the Nagorno-Karabakh region with special modalities for the Lachin and Kalbajar districts, and the subsequent establishment of interim international security arrangements for the region until referendum would be held.<sup>7</sup> After a long hiatus in negotiations after a meeting between the Armenian and Azerbaijani presidents in Sochi in January 2012, the next meeting at the heads of state level took place in Vienna in October 2013, with the mediation of OSCE Minsk Group co-chairs. These negotiations, however, did not produce any results. In 2014 there were meetings in Sochi (August), on the margins of the NATO Wales Summit (September), and in Paris (October). In Paris, the two presidents

agreed to exchange information on missing persons under the auspices of the International Committee of the Red Cross. The parties later also met in September 2015 on the margins of the UN General Assembly, in Vienna in May 2016, in St-Petersburg in June 2016, in Geneva in October 2017, and again in Vienna in December 2017. No breakthrough was ever achieved.

### WILL RUSSIA USE THE MINSK GROUP?

After Azerbaijan's victory in the Second Karabakh War on the battlefield and sealed through diplomacy through the aforementioned tripartite statement, official Baku has made it clear that discussions about the possibility of some sort of special status for the Karabakh Armenians are no longer on the table; the same clarity of expression has been made with regards to negotiations related to changes in Azerbaijan's internal territorial and administrative arrangements. Baku logically claims that since the war and indeed the conflict has ended, there is no further need for the OSCE Minsk Group to serve as a mediator between Armenia and Azerbaijan—and certainly not on the core issues, since they are no longer subject to or objects of negotiation.

Baku's position has been examined by various experts and several retired senior Western diplomats, including America's former OSCE Co-chair, Richard Hoagland. In a March 2021 article entitled "Does the Minsk Group Still Have a Role?" he answers that it "depends on which side you ask. Yerevan is clear that it sees the continuation of the Minsk Group as essential for determining the final status of Nagorno-Karabakh. Baku is equally firm in the other direction, asserting that Nagorno-Karabakh is an integral part of Azerbaijan and always will be."<sup>8</sup> In other words, as Hoagland puts it later in the same essay, "Armenia says 'absolutely,' whereas Baku says, 'certainly not.' And so, the status quo of the Minsk Group is likely to continue bumping along in relative obscurity."<sup>9</sup>

Indeed, Yerevan continues to see the Minsk Group as its last, best hope, as it were, for influencing the Karabakh issue, by somehow being the forum in which Karabakh's final status should be defined. The presence of France as a Co-chair (alongside America and Russia) enables Armenia still to hold onto the belief that its position is tenable. Baku, on the other hand, firmly

asserts that Karabakh is integral part of Azerbaijan and that there is no need for outside powers to facilitate any sort of negotiations with its own citizenry. The Azerbaijani government even disbanded the Azerbaijani Community of Karabakh, an organization that for decades represented the interests of the community composed largely of IDPs, sending a clear signal that Karabakh is now like any other region of Azerbaijan.

Baku's position is easy enough to understand. For years the OSCE could not resolve the conflict and was playing the role of "nurse rather than doctor," i.e., its Minsk Group was occupying itself primarily with preventing the outbreak of a future war rather than working seriously towards a solution to the conflict. Over time, Baku came to the conclusion that it preferred to deal with one big player and satisfy its conditions rather than trying to satiate a multiplicity.

Thus, for example, in negotiations to determine the precise border with Armenia or regarding technical issues with the Karabakh Armenians, Baku deals with Russia rather than with Armenia or the Co-chairs as a forum. In so doing, Baku demonstrates that Armenia has become an object of international politics rather than a subject. This new arrangement has also definitely marginalized the role of the Minsk Group, turning it into a useless mechanism.

The culmination of relations between Azerbaijan and OSCE Minsk Group was demonstrated in full public view in December 2020 at the start of a meeting between President Ilham Aliyev and a not quite complete composition of the Co-chairs. Azerbaijan's president said that "unfortunately, the Minsk Group did not play any role in resolution of the conflict, although the Minsk Group had a mandate to do it for 28 years."<sup>10</sup> Aliyev conceded that although the Minsk Group did produce some ideas in an effort to resolve the dispute, these did not bear any fruit. He underlined that the regional status quo had been changed, and that Azerbaijan was the one that changed it:

we showed that the status quo can be changed by force, by courage, by wisdom, by policy, by concentration of efforts, by solidarity of Azerbaijani people, by the will of the Azerbaijani government and the spirit of Azerbaijani people and bravery of Azerbaijani soldier. We showed that we were right. And then,

of course, Armenia was forced to sign the capitulation act. They would have never signed it voluntarily. We forced them, not Minsk Group, we, and President Putin. This is a reality.<sup>11</sup>

The future and role of the Minsk Group thus remains unclear and dubious. In April 2021, the current Minsk Group Co-Chairs—Russia's Igor Popov, France's Stephane Visconti, and America's Andrew Schofer—released a statement, the core of which states that

The Co-chairs remind the sides that additional efforts are required to resolve remaining areas of concern and to create an atmosphere of mutual trust conducive to long-lasting peace. These include issues related to, *inter alia*: the return of all POWs and other detainees in accordance with the provisions of international humanitarian law, the exchange of all data necessary to conduct effective demining of conflict regions; the lifting of restrictions on access to Nagorno-Karabakh, including for representatives of international humanitarian organizations; the preservation and protection of religious and cultural heritage; and the fostering of direct contacts and co-operation between communities affected by the conflict as well as other people-to-people confidence building measures.<sup>12</sup>

But this statement is nothing more than a pleading reminder to the two sides to pay attention to the Minsk Group's mandate. The chief difficulty is that most of the provisions of that mandate have already been or are being implemented on the basis of the outcome of the Second Karabakh War—*i.e.*, the de-occupation of territories, the deployment of peacekeepers, the establishment of a corridor connecting Karabakh and Armenia, and the right of return of internally-displaced persons. Both the United States and France regard the Minsk Group as one of the rare opportunities to secure seats at the table of any future talks on Karabakh. Washington plans to return diplomatically to the South Caucasus while France, at least under President Emmanuel Macron, seeks to extend its influence.

However, it seems that the main outside powers (Turkey and Russia) are happy with the new normal in Armenian-Azerbaijani relations whereby they and they alone are the only two problem-solvers. Nevertheless, Moscow will not take steps to destroy the Minsk Group: keeping it alive, or at least on life

support, provides an opportunity for the Kremlin to maintain a semblance of common ground with the United States and the European Union (through France). Another way to phrase this would be to say that Russia's monopolistic position in Karabakh can be leveraged in negotiations with the West. Baku perfectly understands that it is impossible to exclude the Minsk Group completely and is likely to try to balance its relations with the three Co-chairs and use this balancing to further its own interests. Yerevan, as noted above, sees the Minsk process as the only forum in which it could somehow influence the course of future peace talks. Moscow, meanwhile, is not going to allow Yerevan to dictate its conditions, and it seems most likely that Armenia will follow the Kremlin's lead.

#### WHAT CAN AZERBAIJAN DO?

Throughout Azerbaijan's contemporary history, Baku's foreign policy posture towards Russia has been driven by two permanent determinants. On the one hand, Moscow's continued support for Yerevan and its stance of procrastination in the resolution of the Karabakh conflict have prevented Baku's active rapprochement with the West. Russia appears to believe that if the Karabakh conflict is genuinely solved, Baku will immediately rush into anti-Russian alliances or pursue NATO membership. The unresolved issues of the Karabakh conflict have thus remained the principal leverage that Russia can use against Azerbaijan to keep the latter from engaging in unfriendly actions. The 2008 Russia-Georgia War, as well as Russia's occupation of Crimea and its suspected support for separatists in the Donbass, have further complicated Azerbaijan's position in this respect.

On the other hand, Azerbaijan's vast oil and gas reserves have encouraged it to preserve a rhetoric of independence in the formulation (and execution) of its foreign policy. The country's steadily increasing geostrategic importance, due in large part to its contribution to the EU's energy security, has enabled Baku not to become what is colloquially termed a puppet of the Kremlin. It was the blessing of natural resources that provided Azerbaijan with another option for adjusting its relations with Russia as a great power, an alternative both to balancing and

bandwagoning. We can define the former as allying against the primary source of threat and the latter as opting for allying with the source of principal danger. The third option forgoes the balancing-bandwagoning dichotomy in favor of what is called strategic hedging.

The outcome of the Second Karabakh War further changed established paradigms and forced Azerbaijan to operate in an absolutely new environment. The question today concerns the nature of the window of opportunity that would allow Azerbaijan to finally resolve the underlying conflict without yielding any part of its sovereignty. As the neorealist international relations tradition would suggest, Azerbaijan's foreign policy strategy towards Russia has been affected largely by considerations over national security potentially threatened by Moscow. The alleged involvement of Russia in the Karabakh conflict, as well as its assertive behavior towards other post-Soviet states—something that potentially foreshadows a similar threat to Azerbaijan's sovereignty and territorial integrity—certainly go a long way to explaining Azerbaijan's behavior towards Russia. By the neorealist standard, Azerbaijan should be choosing between balancing and bandwagoning when dealing with an overwhelming competitor.

The soundness of such a perspective is further reinforced by the substantive absence of the U.S. and the EU during and after the war, which for all intents and purposes made absolute Russia's regional monopoly (even when the Turkish positioning is factored in). Moreover, the controversial positions of France and later Germany both discredited the EU's position in the eyes of Azerbaijan and decreased the level of trust. At the same time, the Biden Administration has not brought any new change to American policies in region. It would not be a gross exaggeration to assert that both the Europeans and the Americans effectively took the side of Armenia in the conflict. Thus, the EU allocated around €1.5 billion to the Pashinyan government for the next 5 years on various projects while Baku received much, much less.

Meanwhile, U.S. and EU representatives push for negotiations on the status of the Karabakh Armenians while Azerbaijan states that this is no longer a topic for discussion. Only Turkey is currently able to prevent Russia's dominance in Karabakh through its continued support for Azerbaijan and

its presence at the Joint Center for Monitoring the Ceasefire in Karabakh. Moreover, Turkey continues to strengthen its position in Azerbaijan (and thus strengthening Azerbaijan's position towards Moscow) via joint military exercises, economic investments, and interfering in Moscow-Baku negotiations. The bottom line is that Turkey's strong position prevents Moscow from pushing Baku harder on, for example, joining the Collective Security Treaty Organization (CSTO) or the Eurasian Economic Union. Thus, Turkish active involvement would seem to move Baku away from bandwagoning in favor of a return to a balancing policy.

The outcome of the Second Karabakh War proved that Azerbaijan's longstanding policy of strategic patience works: waiting for favorable moment to change the situation. One could say that only Russia's active engagement in the last days of the war took away Azerbaijan's full victory.

Over the next decade, Azerbaijan's policies are likely to be concentrated in a few directions: reconstruction of its liberated territories, doubling down on its strategic hedging policy, and expanding the importance of its role as a regional transport and logistics hub. Each will be addressed in turn.

*First*, the massive reconstruction of the liberated territories as well as populating them with returning IDPs. From this perspective, demining of all territories presents the biggest danger. So far, since the end of the military actions, dozens of Azerbaijani soldiers and civilians have lost their lives due to mines. Azerbaijan has had to negotiate for mine maps, but thus far has only received maps for two regions (Aghdam and Fizuli). Without a doubt, reconstruction efforts would quicken if all parties cooperated on de-mining. Meanwhile, the government of Azerbaijan, through its reconstruction efforts, will try to win the hearts and minds of Karabakh Armenians, showing them the benefits of being under Azerbaijani rather than Russian control. Thus, Baku will try to slowly turn Shusha, the old capital of Karabakh, into an Azerbaijani showcase city and national cultural capital. Moreover, in order to repopulate Karabakh, Aliyev announced in January 2021 that “settlements recently liberated from Armenian occupation will be re-established based on the smart city/smart village concept.”<sup>13</sup> The idea envisions the establishment of different, better governance systems and economic opportunities. With such modern terms and notions, the government hopes to draw displaced people back to the region.

*Second*, Azerbaijan will double down on its strategic hedging policy, trying to not yield to Russian demands to join the CSTO or the Eurasian Economic Union. During hard periods of negotiations, the Azerbaijani political establishment will draw Turkey into such discussions to shield itself from undue Russian pressure and influence. One can thus say that the Shusha Declaration signed between Turkey and Azerbaijan, as well as discussions about establishing a Turkish base in Azerbaijan, serve the purpose of counterbalancing Russian influence.

*Finally*, Azerbaijan's priority will be to establish another transportation route to the West, and especially to Turkey. Trying to benefit economically from the Chinese-led Belt and Road Initiative, Baku seeks to secure a railroad/highway corridor via Armenia to Azerbaijani exclave of Nakhchivan, which, as it happens is the final provision of the tripartite statement that ended the Second Karabakh War, as discussed above. In Azerbaijan, this project is often called the Zangezur corridor (an Azerbaijani ethnonym for the Armenian province of Syunik). By this route, Azerbaijan would gain direct access to Turkey and a significantly decreased time for delivering products from Europe to China and back. A full resolution of the Karabakh conflict would make it possible to unblock the transportation routes between Armenia and Azerbaijan, giving Baku a transportation route to Turkey, but also providing Yerevan a route to Russia. Thus, the north-south corridor could join the Belt and Road Initiative in Azerbaijan, which would become both a major geo-economic crossroads and hub whilst extending the benefits of this transformation to the entire neighborhood. The Russian political establishment has hailed this idea and pushed Armenia to unblock transportation and communication lines in the hope that it will then control this 40-km long corridor.

#### THE PRICE OF RESOLUTION

Azerbaijan's victory in Karabakh has reshaped the region's geopolitical landscape. Baku was able to create a situation in which Turkey and Russia do not compete but cooperate in the region. Whether we call the result "competitive cooperation" or "cooperative competition," the point is that this puts the South Caucasus in a vastly different situation compared

to Syria, Libya, and Ukraine. This benefits Azerbaijan by ensuring the country does not become a front line in the ongoing rivalry between the West and Russia. Baku's largest challenge—today and tomorrow—is the presence of the Russian peacekeepers. They can be a destabilizing factor, depending on the "needs" of the Russian authorities in relation to Baku and to Ankara. From this perspective, the conflict seems to represent an important bargaining chip and Russia would be interested in getting something from Azerbaijan in return for solving the Karabakh conflict—or at least solving it sufficiently.

Going forward, Russia's Karabakh policy will depend largely on how relations develop between Moscow and Baku and, of course, on how relations develop between Moscow and Ankara in general. The historical record tells us that Russia has several tried-and-true options for the territories under its peacekeepers' control. It could recognize their independence, following the South Ossetia and Abkhazia cases. It could distribute Russian passports to the Karabakh Armenians, citing the willingness of its "new Russian citizens" to be annexed, as was the case with regards to Crimea. Lastly, it could declare all negotiations to be "unsuccessful," opening up a Donbass scenario. However, it does not appear at present that Moscow wishes to resort to any of these models: Russia is more likely to come up with a new formula. After all, recourse to existing ones would immediately alienate Baku: creating another strongly anti-Russian state in the Caucasus (after Georgia) is not in the Russian interest.

Beyond this, of course, is the fact that the Turkish factor in the region is much more important today than at any time previously. An assertive Turkey is a game-changer in the Caucasus. Thus, it seems probable that Russia will choose another way forward, such as pushing Armenia out of picture and negotiating unhurriedly with Azerbaijan. Unfortunately, Baku cannot rely either on the EU or the United States, which seem somehow to view the current situation as the product of a clandestine agreement between Moscow and Ankara and, being unsatisfied with this state of affairs, seem intent on trying to change it.

Meanwhile, Azerbaijan's present policy toward the territories under the control of Russian peacekeepers is one of silent ignorance (although

this silence has been punctured here and there quite recently). Since Baku claims that the conflict is over and that the country has restored its territorial integrity, the country's establishment prefers to disregard the lingering presence of an ethnic-Armenian separatist regime protected by Russia out of fear that Moscow will choose to play that card, as it has elsewhere. Obviously, in the coming years Baku will have to bargain hard with Moscow over the fate of said territories, armed with the near-certain knowledge that Russia's price could be steep indeed.

## NOTES

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