

BAKU DIALOGUES

POLICY PERSPECTIVES ON THE SILK ROAD REGION

Vol. 5 | No. 2 | Winter 2021-2022

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Armenia Adapts to New Postwar Realities

Richard Giragosian

To many observers, Armenia's non-violent change of government in 2018 represented an unusual victory of "people power." In what became heralded as Armenia's "Velvet Revolution," Armenian opposition leader Nikol Pashinyan surprised many with the relative ease with which he displaced an entrenched elite and emerged as the new Prime Minister of the Republic of Armenia. After an important free and fair election in December 2018 cemented Pashinyan as Armenia's new leader, the country ushered in a new period of democracy and reform. Endowed with a rare degree of legitimacy bolstered by popular support, the new democratically-elected government promised a critical reassessment of a number of critical issues, ranging from Armenian relations with Russia to its policy regarding the conflict over Karabakh.

Yet despite these important gains in democratic change and advances in reform, the Armenian leadership faced a looming challenge that was largely obscured by a legacy of arrogance and complacency. With a focus overwhelmingly devoted to domestic reform priorities, the Pashinyan government seemed increasingly ill-prepared for the inescapable geopolitical and foreign policy demands that loomed large over Armenia. And through much of the period between mid-2018 and early 2020, Armenia embarked on a foreign policy course characterized more by overconfidence than any realistic reassessment, marked by sporadic mistakes and missteps in its approach toward Russia but also Azerbaijan. Although somewhat explainable by a combination of inexperience and simplistic idealism, Armenia greatly overvalued the advantages of democracy and reform

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while also overstating its strategic significance. Against that backdrop, such diplomatic overconfidence only exacerbated a mounting crisis over Karabakh, as tensions increased and vulnerability intensified.

By summer 2020, signs of an impending war were largely ignored or dismissed by Armenia. This strategic myopia only worsened the impact of Azerbaijan's unexpected military operation that began on the morning of 27 September 2020. And in what stretched into a 44-day war, Pashinyan emerged as the first leader of Armenia to have suffered an unprecedented military defeat. By the end of the Second Karabakh War, the geopolitical landscape of the South Caucasus witnessed a sweeping regional shift. Ending the war through a deployment of Russian peacekeepers to parts of the former Nagorno-Karabakh Autonomous Oblast (NKAO), the new postwar reality has left the region stranded in unchartered territory.

More specifically, on 10 November 2020 Armenia and Azerbaijan accepted the terms of a Russian-crafted and Russian-imposed agreement that effectively ended the Second Karabakh War and triggered the immediate deployment of some 2,000 Russian

peacekeepers to parts of the former NKAO for an initial five-year mission. Although the agreement consolidated significant territorial gains by Azerbaijan and introduced a cessation of hostilities, it only affirmed Armenia's stunning defeat. And while the acceptance of the Russian ceasefire agreement saved lives and salvaged remaining territory in the warzone, to this day the conflict remains unresolved, with several outstanding questions remaining open—including the status of Karabakh and the terms of the withdrawal and possible demobilization of the Armenian forces stationed in the Russian peacekeeping zone—making further diplomatic negotiations essential to ensuring lasting security and stability.

Overcoming Armenia's Postwar Political Crisis

In the wake of unexpected and unprecedented Armenian losses in the Second Karabakh War, a lingering domestic political crisis in Armenia only further escalated well into 2021—a crisis that still lingers as of January 2022. This pronounced political crisis was only deepened by Armenian society's lack of preparation to accept the scale and scope of the war's unexpected

losses. Throughout the acute phase of this domestic crisis, the Pashinyan government faced an emotional series of protests, with calls for the prime minister to resign and demands for accountability. Against such a backdrop, the crisis was marked by pronounced political polarization defined by a stalemate between an unpopular and discredited opposition against an embattled government with no credible alternative or viable replacement. It was a reluctant recognition of this crisis that led Pashinyan to accept the necessity for early elections, based on a prudent recognition that this was the only feasible way to diffuse the domestic deadlock.

Pashinyan thus scheduled an early election for June 2021, the significance of which consisted of two additional factors. First, the need for a fresh mandate was the only legal and constitutional avenue for resolving the deepening domestic political stalemate that offered the incumbent Pashinyan government an attractive opportunity to seek a rare, renewed degree of legitimacy. Another related factor was the importance of holding a second “free and fair” election, standing out as an impressive “back-to-back” repeat of the free and fair election that took place in December 2018.

Nevertheless, with former President Robert Kocharian positioning himself as the flag-bearer of the opposition’s challenge to Pashinyan, the election was defined more by a contest of personalities rather than any real competition of policies—although the latter could hardly be said to have been the same. For the Armenian electorate, it was also a choice between an appeal to the authoritarian “strong man” leadership of the past, as embodied by Kocharian and the rest of the opposition, versus opting to show continued confidence in the democratic reforms of the Pashinyan government. Yet, despite expectations for an especially close and competitive contest, most observers were surprised by the depth and degree of victory for the incumbent government.

An additional surprise was seen in both the overconfidence of the opposition and the overstated vulnerability of the government. But such expressions of surprise were justified, as this was an early election not only conducted in a delicate and difficult period of postwar uncertainty and instability, but also as a contest in unchartered political territory. Thus, with the electoral victory, Pashinyan was able to restore his own legitimacy, regain a fresh mandate, and remain strengthened by a new parliament dominated

by a majority of seats held by his own party. In other words, despite Armenia’s overwhelming wartime defeat and the consequent shock of unprecedented loss, Pashinyan survived the most critical test to his political leadership.

The New Postwar Reality

In the wake of the impressive reelection of the Pashinyan government in 2021, Armenia embarked on a policy of strategic adjustment, facing a new postwar reality. For Armenia, the set of postwar challenges remained critical, however, and consisted of three main drivers, each of which will be examined in turn.

The first driver is the prolonged “state of war.” Armenian society has been unable to overcome the shock from its unexpected military defeat in the Second Karabakh War. While this was exacerbated by the Pashinyan government’s failure to prepare public opinion for the scale and severity of the military defeat when it became clear to them that it was coming, it was also due to a prolonged “state of war.” More specifically, despite the cessation of combat operations after the acceptance of the aforementioned Russia-brokered agreement, what amounts to a state of war with

Azerbaijan remains, due to, for example, the continued captivity of Armenians detained by Azerbaijan and lingering disputes over key border areas.

The return of Armenian prisoners and other civilians is an urgent priority for Armenia. Although there has been some progress on this issue, Azerbaijan seems to be using it as leverage to further strengthen its bargaining power in preparation for the commencement of diplomatic negotiations on outstanding issues. This has also been matched by an increase in tension and insecurity over preparations for the onset of a process of border demarcation and delineation, especially for border areas in Karabakh and southern Armenia, often with roads now passing through the Azerbaijani side of the “new” border, and with Armenian villages and towns situated in exposed and vulnerable positions in close proximity to Azerbaijani military units.

A second factor contributing to the escalation of the postwar crisis in Armenia has been the uncertainty and insecurity deriving from the new postwar reality. With a delay in the resumption of diplomatic negotiations, this uncertainty stems from

the vague and incomplete terms of the Russia-imposed ceasefire agreement itself. Although that agreement resulted in an important cessation of hostilities that allowed for the deployment of a Russian peacekeeping force to parts of the former NKAO, it fell far short of either a comprehensive peace deal or a negotiated resolution to the conflict over Karabakh itself.

Indeed, the text of the 10 November 2020 agreement is entirely silent on the question of the status of Karabakh. Armenia interprets this silence as a deferment of the issue and not as an acknowledgment of its implicit resolution. Also deferred to a later stage of diplomatic negotiations, are other important issues, such as military demobilization and border demarcation. At the same time, this uncertainty has been compounded by insecurity, which stems in part from what Yerevan asserts are blatant border incursions by Azerbaijani military units along the southern and eastern border areas of Armenia.

The third driver of the political crisis in Armenia is rooted in the general perception of a lack of accountability for the country's military losses, the political decisions taken through

the war, but also the various processes that led to the country's political and military unpreparedness to fight and win that war in the first place—that is, to preserve sufficiently the gains made during the First Karabakh War. From a broader perspective, this lack of accountability is related to the fact that the conflict over Karabakh predates Armenian independence (and, of course, the coming to power of the Pashinyan government), which placed that same Pashinyan government in politically uncharted territory, as the only Armenian leadership to have “lost” Karabakh.

More specifically, the response of the government to the unexpected loss of the war has been both inadequate and insufficient. More broadly, the Armenian government's demonstrable failure to adjust and adapt to the new postwar reality—as evidenced in the absence of a new diplomatic strategy and a failure to alter or adjust the country's military posture or undertake serious defense reforms—only contributes to a continuing “state of denial.” And despite achieving hard-fought democratic gains since coming to power, the government's inadequate response to the demands of the postwar crisis has only fostered a perception of state paralysis.

A Shifting Geopolitical Landscape

Some observers see the Second Karabakh War as a victory for Turkey as much as for Azerbaijan. This view stems from Turkey's unprecedented support for Azerbaijan's warmaking capability, as derived from the “one nation, two states” strategic concept increasingly invoked by decision-makers of both countries. And although this concerted effort did succeed in making large territorial inroads and even capturing parts of the former NKAO, several factors both weaken the case and diminish the gains from the war for Turkey. In other words, Turkey's political victory is neither as complete nor as convincing as it seems. Rather, Turkey is now overextended, in both the military and diplomatic dimension.

This assessment is confirmed by the less than expected results for Turkey after Russia's belated engagement in arranging the 10 November 2020 deal. And this is also confirmed by the controversy over the future peacekeeping mission in the region for both Russia and Turkey. The latter issue was especially embarrassing for Turkey, as Moscow seemed to have openly reneged on promises for a great,

more direct role for Turkish peacekeepers. The final outcome resulted in more of a symbolic role for Turkey, with a minimal and marginal position in the peacekeeping planning and supervision within Azerbaijan itself. And this effectively gave Russian peacekeepers the dominant role in the region.

Yet at the same time, Turkey did in fact consolidate its status as Azerbaijan's leading provider of military equipment and weapons (especially high-tech weapons), which had the effect of displacing Russia's role in that regard. This is also matched by a “power exchange” defined by a deeper trend of a shifting balance of power, with a resurgent Turkey further empowering an overconfident Azerbaijan after concluding the Second Karabakh War's successful military campaign.

On the other hand, Armenia's unexpected military defeat enabled Russia to significantly expand and consolidate its power and influence in the country. Faced with an Armenian government endowed with a rare degree of legitimacy, stemming from the reelection of its democratically-elected leader, Prime Minister Nikol Pashinyan, Moscow has been careful to avoid direct interference or intervention in domestic Armenian politics.

Instead, Russia has focused its power projection on Armenia's dependence on security and military ties with the Kremlin, with the deployment of Russian peacekeeping forces into parts of the former NKAO representing the most visible display of this heightened dependence. At the same time, Russia also relies on consolidating its leverage over Armenia through Russian-owned and Russian-controlled sectors of the Armenian economy, as well as through the application of pressure on Armenia's limited room to maneuver and reduced options in conducting a more flexible foreign policy. Thus, for postwar Armenia, despite gains in democracy and reforms, the outlook remains challenging, as each step of increasing Russian power and influence results in a corresponding erosion of Armenian independence and sovereignty.

Armenia has long been seen as the most loyal, and perhaps most subservient, former-Soviet republic. Russia's leverage over Armenia has depended on a "3G" approach, consisting of a combination of guns and discounted weapons, below market gas supplies, and goods, as both a major trading partner and as the dominant force of the Eurasian Economic Union to which Armenia belongs, together with Belarus, Kazakhstan, and Kyrgyzstan

(and, of course, Russia). And for Armenia, the alliance with Russia is acutely defended as a "strategic partnership" although it is more accurately defined as a dangerous Armenian overdependence on Russia. Driven by an imperative of threat perception regarding the conflict over Karabakh and the promise of a security guarantee, Russia has long been seen as Armenia's priority partner. And over time, Armenian-Russian relations have steadily devolved as Yerevan has mortgaged its own independence to Moscow's interests.

The new postwar regional context has also allowed Russia to initiate a military buildup in southern Armenia and along strategic points on the Armenian side of the border with Azerbaijan. Although distinct from the Russian peacekeeping operation in parts of the former NKAO, this expansion of a Russian military presence in Armenia entrenches Russia's control and management of to-be-restored regional trade and transport links, including the planned establishment of road and railway links between mainland Azerbaijan and its Nakhchivan exclave through southern Armenia. In addition, the recent Russian military buildup also suggests that, once delineated, the Armenian side of the border with Azerbaijan will be controlled by Russian border

guards—a development of strategic implications that constitutes an inherent threat to Armenian sovereignty and independence, given Russia's existing control over two of Armenia's four external borders: complete control over the Armenian-Turkish border and supervisory control and oversight of Armenia's border with Iran.

What Next?

After the war for Karabakh came to an end, many questions over what comes next have risen to the surface, with no clear answers and even fewer certainties. For example, after 44 days of fighting, the Second Karabakh War halted abruptly on 10 November 2020 when Armenia announced that it had accepted the terms of a Russian-imposed agreement—an agreement that both ended the hostilities and effectively ceded territory to Azerbaijan.

While this agreement did salvage remnants of territory in the warzone and save the remaining Karabakh Armenian population from advancing Azerbaijani forces, the situation remains dangerously unclear and undefined, raising questions over status, sovereignty, and legal standing, amongst other issues. And although seemingly

deferred, these outstanding issues are just that—outstanding. They are far from resolved.

Beyond the unclear perspective of the status issue, there is also justifiable concern over what the agreement does not stipulate or stress, as related to matters of security. For example, there is no clarity with respect to the security of those parts of the former NKAO that are beyond the Russian peacekeeping zone. In addition, earlier negotiation processes seem to be ad acta, and nothing has been said regarding demilitarization or withdrawal. And with a number of other complications and issues related to postwar security, there is an obvious need for direct negotiations and further agreements.

Armenia's Pressing Priorities

But beyond the immediate political challenge, the current Pashinyan government will also have to manage a set of looming policy priorities. In a broader sense, the outcome of the election and the fresh mandate for the government brought about only a temporary respite. Unprecedented domestic challenges, ranging from pronounced postwar insecurity to the lingering impact of COVID-19,

demand immediate political attention and urgent policy initiatives. And more narrowly, as important as was the June 2021 election, it was not enough to address the deeper deficiencies in governance in Armenia, such as a lack of institutional checks and balances and the perilous state of the reform program.

In terms of public policy, three main imperatives are clear. First, postwar insecurity demands a new Armenian diplomatic strategy, based on the inclusion of a more innovative and flexible adoption of diplomatic tactics in pursuit of defined national interests and in defense of “end state” objectives. The second imperative stems from postwar uncertainty and is rooted in the need for a new direction in defense reform, incorporating “after action” assessments and military “lessons learned” based on a critical review of the unexpected severity of the losses incurred in the Second Karabakh War. Each of these two imperatives require a coherent strategic vision that has been lacking to date.

While there has been dangerously little real progress in either area, the third imperative is equally significant. While this policy imperative predates the onset of the Second Karabakh War, it involves

a different kind of war: the public health war against the COVID-19 pandemic. And in this regard, the government must confront the impact of the health crisis and the distressingly low level of vaccination in the country, but also plan for the essential economic recovery to come.

The Risk of “Self-Inflicted Wounds”

At the same time, Armenia faces a further danger, which stems neither from the political opposition nor from pressing policy challenges. This risk originates in the government itself, as demonstrated by the risk of “self-inflicted wounds.” To be more direct, it is Pashinyan himself who poses the most serious risk to his standing, given his record of impulsive and often reckless leadership. This is a risk derived from the temptation to pursue vendetta politics—i.e., engaging in political retribution and personal revenge—that may undermine his own legitimate government and unravel the hard-fought democratic gains in governance since the Velvet Revolution.

And as important and legitimizing as were the 2018 and the 2021 free and fair elections, in and of themselves they are not enough

to resolve the deeper deficiencies and shortcomings impeding the system of governance in Armenia. For one, political polarization is likely to linger: parliament has become the new arena for confrontation between the small opposition parties and the government. Sometimes these sessions have even involved fisticuffs and other forms of physical altercation. Thus, despite the notable affirmation of Armenia’s democratic resilience, further steps need to be taken on the much more daunting and difficult path to achieve sustainable postwar stability and entrench the institutional durability of democracy, along which no amount of wishful thinking or misplaced exceptionalism can effectively manage or mitigate.

The Potential for Regional Cooperation

With respect to the question of regional cooperation, the focus now seems to be on restoring regional trade and transport routes, as per the terms of the 10 November 2020 agreement that ended the Second Karabakh War. The tripartite working group on regional trade and transport has reportedly achieved a breakthrough. After the Armenian side suspended the process in response

to Azerbaijani border incursions in May 2021, Armenian Deputy Prime Minister Mher Grigoryan has of late reported significant progress in these talks.

More specifically, the working group’s negotiations resulted in an important preliminary agreement that reiterated and reaffirmed Armenian sovereignty over any and all road and railway links between Azerbaijan and its Nakhchivan exclave through southern Armenia. It also confirmed Russian control and supervision of road and rail traffic, including legal provisions for customs control and access. The successful agreement over the restoration of regional trade and transport is limited to the links between mainland Azerbaijan and Nakhchivan as the first stage, however, with the planned reconstruction of the Soviet-era railway link and the construction of a highway.

The broader second stage of regional trade and transport encompasses a more expansive (and significantly more expensive) strategy that includes the reopening of the closed border between Turkey and Armenia, the restoration of the Soviet-era railway line between Kars and Gyumri, and the eventual extension of Azerbaijani railway

network to enable Armenian rolling stock from southern Armenia to make its way in a northeastern direction through to Baku and on to southern Russia.

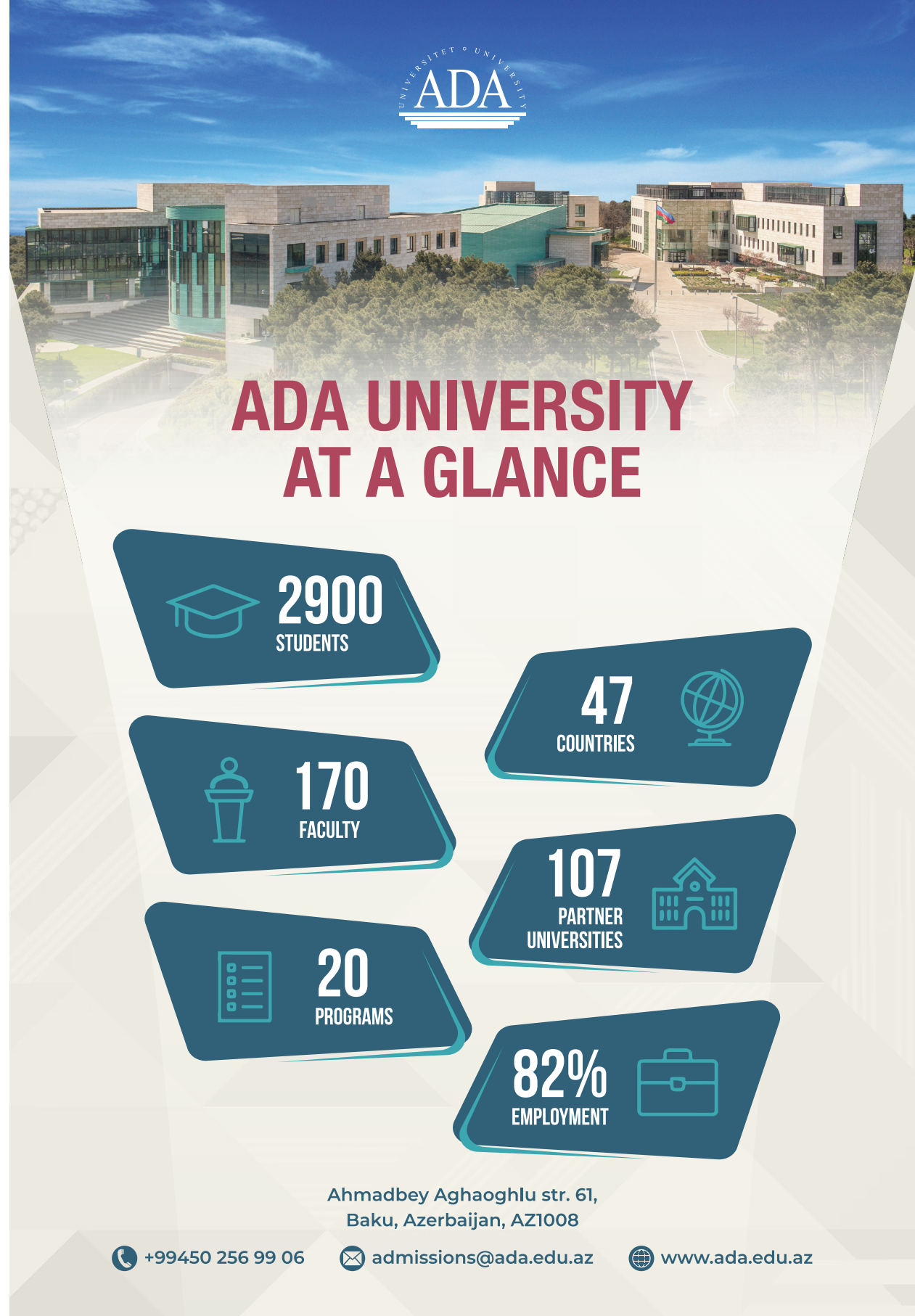
Discussions in the tripartite working group have also involved a Russian pledge to provide a new gas pipeline “spur,” running through Azerbaijan, which would deliver Russian natural gas to Armenia, as a partial alternative to Armenian dependence on the sole gas pipeline from Russia through Georgia.

Thus, the issue of the restoration of regional trade and transport is significant for two main reasons. First, it is, for now, the only clear example of a “win-win” scenario for postwar stability. These and similar economic and trade opportunities are important for Yerevan, Baku, and Moscow. For Armenia, they are important because they will help the country

overcome its economic isolation; for Azerbaijan, because they will enable it to develop its regained districts beyond the confines of Karabakh; and for Russia, because their implementation will entrench the country’s power to direct and manage the process of regional reintegration.

Second, this is the one area of positive diplomatic negotiations between Armenia and Azerbaijan, with the aforementioned working group offering some hopeful signs for confidence-building between Yerevan and Baku. Consequently, economic incentives and trade opportunities have been elevated to a new and unprecedented degree of importance—a component that until now has not been prioritized in negotiations not just about the conflict over Karabakh but, more broadly, in any talks between Armenia and Azerbaijan. **BD**

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