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The Centrality of Karabakh in Caucasus Geopolitics

Svante E. Cornell

Azerbaijan's ability to reassert its territorial integrity in the 2020 war with Armenia was a major event in the modern history of the Caucasus. This war, commonly called the Second Karabakh War, showed the continued centrality of Karabakh in the geopolitics of the Caucasus. Even more specifically, the citadel of Shusha is the center of the Caucasus: the capital of the former Karabakh Khanate, Shusha lies at the center of this conflict and thus of the region's geopolitics.

Surprisingly, very few scholars have underlined this critical point; in fact, only two studies spring immediately to mind. The first is by Elchin Amirbayov, who in 2001 wrote a report for the Harvard Kennedy School's Belfer Center on Shusha's "pivotal role" in any future Karabakh settlement; the second is by Farid Shafiyev, who in 2021 contributed a chapter on the "paramount

significance" of Shusha in a book co-edited for ADA University Press by the Co-Editors of *Baku Dialogues*. (Amirbayov is presently an adviser to the First Vice President of Azerbaijan; Shafiyev is presently the chairman of the Center of Analysis of International Relations. Both are former Azerbaijani ambassadors.)

To reiterate: Shusha has been—in military and symbolic terms—the center of the Armenia-Azerbaijan conflict, with wide implications that have gone beyond that. For example, it was the loss of Shusha in May 1992 that spelled the end of the first post-Soviet government of Azerbaijan. Conversely, it was the occupation of Shusha that same year that sealed the Armenia-Russia alliance, which formed one of the major geopolitical axes of the post-Soviet Caucasus. But it was also Azerbaijan's retaking of Shusha that ended the Second Karabakh War.

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On a deeper level, the Armenia-Azerbaijan conflict (which centered on but was not limited to Karabakh) formed the main dividing line in the Caucasus. This conflict ensured that the Caucasus was composed of states that were suspicious of each other or in conflict with each other, instead of developing statehood and sovereignty and cooperation together.

This is not limited to Armenia and Azerbaijan, but includes Georgia as well. Armenian secessionism in the late 1980s laid the ground for the spread of similar sentiments in Abkhazia and South Ossetia, which were immediately manipulated by influential forces in Moscow. It showed to leaders in Russia that secessionism was a useful tool to reduce the independence and limit the sovereignty of the Caucasus countries.

And it inspired entrepreneurs of separatism based in parts of those states. This logic can be stretched all the way to the Russian use of secessionist entities in eastern Ukraine today.

In this sense, Azerbaijan's success in single-handedly achieving the implementation of four UN Security Council resolutions

on the conflict—and, in turn, the return of occupied territories to Baku's control—is a key turning point in the modern history of the Caucasus. It symbolizes the reversal of a trend: the reversal of the *centrifugal* tendencies that had dominated the region since the late 1980s; and perhaps, the beginning of an era of *centripetal* tendencies.

Instead of division, the arrangements that arise from the outcome of the Second Karabakh War foresee a future of cooperation based on strong sovereign states. Certainly, states enjoying good relations with their big neighbors; but sovereign states first and foremost. Of course, there is a long way to go before such a rosy scenario becomes reality. But the geopolitical logic of the arrangements de-

riving from the end of the Second Karabakh War unmistakably point in that direction. This is likely to be further cemented should the EU prevail in its present efforts to facilitate the formal normalization of relations between Armenia and Azerbaijan—and it may be the case even if Russia is able to reassert a primary mediation role in

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this ongoing process (a scenario that is highly dependent on the rapidity and terms of the end of the war in Ukraine).

Following the Leader?

Azerbaijan has been a leader in the region in building sovereignty and true independence. It has relied on its own resources and rejected dependence on any outside power while forging friendly relations with all outside powers that respect Azerbaijan's independence. This has been possible for two reasons: Azerbaijan's economic strength, and its stable leadership.

Every regional power has had an opportunity in the past two decades to appreciate the fact that it cannot control Azerbaijan, but that it can befriend Azerbaijan. Russia has consistently put pressure on Azerbaijan, but on many occasions, Baku has pushed back at times when it felt Moscow was siding too closely with Armenia in the conflict over Karabakh. Iran, similarly, has found that efforts to exert pressure

on Baku, such as regarding its relations to Israel, have backfired. The U.S. efforts to pressure Azerbaijan in the mid-2010s similarly failed to achieve their desired result; and even Türkiye, Azerbaijan's closest partner, found in 2009-2010 that its short-lived attempt to ignore Azerbaijan's interests in the context of an attempt to normalize ties with Armenia generated a domestic blowback when Azerbaijan refused to cooperate.

Conversely, all four regional powers have experienced the fact that when they have taken Azerbaijan's interests into account, Baku has proven willing to cooperate, in turn taking into account the interests of regional powers when devising its independent foreign policy.

Will this approach spread to other nations of the Silk Road region in general, and the Caucasus in particular? After all, in Central Asia, Kazakhstan two decades ago adopted a policy of "multi-vector" foreign policy (it was conceived and largely executed by the country's current president, Kassym-Jomart

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Tokayev), which all other Central Asian states subsequently adopted, in modified form.

What about in the Caucasus? Will Armenia and Georgia similarly follow Azerbaijan's example? In the time ahead, this seems probable, although it is unlikely to happen immediately.

Under presidents Eduard Shevardnadze and Mikheil Saakashvili, Georgia aimed to build its sovereignty and independence in a similar way to Azerbaijan. Much was achieved during this period: Shevardnadze presided over Georgia's opening to the West and Saakashvili sought with some success to reform the Georgian state to make it efficient and functioning. However, neither Saakashvili nor Georgia's Western partners accurately gauged the full scale of Russia's willingness to use force to prevent the attempt at a successful Western integration of former Soviet states belonging to the Silk Road region. As a result, the Russian invasion of 2008 took place, which marked Saakashvili's tenure in power and ushered in a

period of intense political polarization that led to his downfall in 2012. Ultimately, Georgia has stagnated in recent years, with considerable instability in its domestic and foreign policies.

Most alarmingly, the country continues to be highly dependent on the West, but meanwhile the current Georgian government has done a very poor job at maintaining constructive relations with its Western partners. While the Georgian government has pursued an accommodationist policy with Russia, which has increased Georgia's economic dependence on Moscow once again, it has engaged in battles with European politicians expressing criticism of Georgian domestic policies. In other words, there has been a lack of strategic thinking in Georgia in the past decade.

Georgia, of course, lacks the significant economic resources that Azerbaijan possesses; but mostly, it has lacked stable, predictable leadership. That said, the current political balance in Georgia appears unsustainable in the

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long run, and the present vacuum of leadership is likely to be filled eventually by a new political force that better reflects the aspirations of the Georgian people. At that point, Georgia is likely to resume the process of building state institutions and developing its role in the region.

Armenia is in an even worse position than Georgia, with a society remaining in shock following its defeat in the Second Karabakh War. Armenia now has no choice but to rethink its entire national idea since independence, which had been based on the imperative of securing long-term control over the territories it had conquered in the First Karabakh War.

This objective had informed all of Armenia's major decisions since independence—above all, its ever-deepening dependence on Russia for security. At this point, Armenia needs to accept the need to work together with its neighbors rather than somehow re-securing control over Karabakh.

The reason for Armenia's dependence on Russia was always purely related to Karabakh. There is no longer a rationale for this policy; Armenia is now left only with the downside of dependence, without the upside of territorial control.

If Armenia does this, it will realize that it no longer needs to depend on foreign powers—whether they be Russia, the European Union, Iran, or anyone else. The reason for Armenia's dependence on Russia was always purely related to Karabakh. There is no longer a rationale for this policy; Armenia is now left only with the downside of dependence, without the upside of territorial control.

A debate in Armenia has existed for a long time between those advocating for territorial expansion at all costs, and those proposing a more sustainable approach. The latter have not yet come out on top—and they are not likely to do so tomorrow. Still, there is no question that the Second Karabakh War, as tragic as it was for Armenia, accelerated the process of shifting from an expansionist policy to a more conciliatory one—if only because it showed the unsustainability of an approach focused on the expansion of irredentist territorial control.

Similar Approaches to Ukraine

In this context, it is notable that the three states of the South Caucasus have adopted fairly similar approaches to the war in Ukraine. Armenia adopted a policy that sought some distance from Russia; while Georgia adopted one that sought some distance from the West. Both countries would likely have hewn more closely to their outside protectors a decade ago; but both appear to have concluded that they must seek a more balanced approach. Azerbaijan's decision to do the same, while maintaining a clear policy of support for Ukraine's territorial integrity, is much less surprising.

Thus, in a sense, both Georgia and Armenia have adopted an approach reminiscent of the Azerbaijani one regarding the Russian-Ukrainian war. It is far too early to determine if such an approximation of the foreign policies of the three states will be lasting, and there are many challenges: Armenia remains wedded to Russia-led integration schemes, while Tbilisi is looking for Brussels

to formalize Georgia's aspiration for EU membership. Still, in this regard, the similarity of the three states' approach to the most serious regional crisis in thirty years is an interesting fact.

It is also important to consider what a weakened Russia will mean for the South Caucasus, because it appears clear at this point that the war in Ukraine will inevitably accelerate Russia's decline as a great power in the Silk Road region. There is, in fact, a precedent: when Russia lost the First Chechen War in 1996, it led to rapid movement on the part of Azerbaijan and

Georgia to create distance between them and Russia and move to develop linkages to the West and Türkiye. Indeed, this is what made the construction of the Baku-Tbilisi-Ceyhan pipeline possible. Furthermore, Armenia also made moves in this direction, as the U.S. got more involved in efforts to resolve the Armenia-Azerbaijan conflict.

This decline of Russian influence was reversed with the rise of Vladimir Putin, however. But in the late 1990s, the three states

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were incomparably weaker than they are today. This means that a clear decline in Russian influence as a result of the war in Ukraine could lead to new opportunities for the states of the South

Caucasus to work toward common approaches to international affairs, beginning with a lasting peace agreement between Armenia and Azerbaijan, and moving on toward a greater level of coordination on relations with major powers. This would make the South Caucasus a more secure region, and weaken the ability of outside powers to maximize influence in the region through the classic policy of divide and rule.

What Can Baku Do?

What can Azerbaijan do to facilitate greater convergence on the regional level, and to promote a more peaceful and stable South Caucasus? Three particular factors come to mind.

First, Azerbaijan should continue to hold out its hand to Armenia to produce a long-term

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peace. This is an achievable albeit difficult proposition. Peace between Baku and Yerevan is certain to be laborious and take time, as Armenia must accept the fallacy of three decades of expansionism be-

fore a peace deal can be finalized. Changing a nation's mind is not done overnight; this will require strategic patience. And it will also require a combination of showing Armenia the benefits of peace, while simultaneously making it crystal clear that Azerbaijan is willing and able to move ahead on regional initiatives without Armenia—if needed.

For example, as Baku expects Yerevan to apply the final provision of the 10 November 2020 tripartite statement and open up transit between mainland Azerbaijan and its Nakhichevan enclave (and onward to Türkiye), it is not sitting idly waiting for this to happen. Instead, it is working actively with Iran to develop an alternate route that circumvents Armenia, thus reducing Armenia's leverage and putting pressure on Yerevan to cooperate or be left behind.

Second, Azerbaijan should present its vision as being even bigger than just peace between the two countries; rather, it should put forward a regional vision or partnership for the South Caucasus as a whole. This would include the establishment of regional instruments, including financial ones, such as a Caucasus Development Fund, proposed by the Central Asia-Caucasus Institute's chairman S. Frederick Starr.

Such a Fund, which would be led by a Caucasus Development Bank that would need to be established, would operate on the basis of capital provided by all three regional states, but also be a regional entity cooperating with both international financial institutions and international aid agencies. Its mission would be to foster economic and social development in all three participating countries—especially in their underdeveloped mountain areas—and to promote harmonious and constructive interaction in the spheres of economic and social development among citizens of the participating countries. While

there exist many international development institutions, a self-managed development program focused exclusively on the distinctive requirements of the three Caucasus countries remains an urgent and, to now, unmet need.

Such a bank would offer funding to public, non-governmental and private bodies in the three participating states to carry out development projects on their separate territories and in the region as a whole. To hold and invest the funds it receives, the Bank could establish a foundation in New York, London, or elsewhere.

The only figure with the credibility to initiate this type of a structure is President Ilham Aliyev of Azerbaijan. Only Azerbaijan has the economic wherewithal to provide the seed investment for this

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bank; furthermore, Azerbaijan is the only country with the political stability and strategic approach needed to make such an initiative possible. Moreover, the president of Azerbaijan has experience in managing large economic projects and guiding

the State Oil Fund of Azerbaijan, thus providing a clear track record for outside investors and, in turn, much-needed legitimacy to a new regional development bank.

Third and finally, Azerbaijan should look east. Central Asia has changed considerably in recent years, driven by the change in Uzbekistan since Shavkat Mirziyoyev took over the country's presidency upon the death of his predecessor in late 2016, as well as the emergence of new leaders in Kazakhstan, Kyrgyzstan, and also Turkmenistan. For the past five years, the leaders of the five core Central Asian states have been involved in a steady process that may soon culminate in a formal treaty defining the terms of regional economic connectivity.

There is no good reason why Azerbaijan and the other two Caucasus states could not be drawn into some form of closer trans-Caspian collaboration—especially in light of the tragic war in Ukraine. This conflict has disrupted the established modes of east-west trade, given that transportation routes

across Russia toward Europe have become inoperable (and routes traversing Iran remain too fraught with peril to be considered viable alternatives). Thus, Azerbaijan is already playing a central role in helping Central Asia to maintain its linkages to world markets across the Caspian. A greater Azerbaijani opening to Central Asia, which is beginning to happen, would also benefit both Georgia and,

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through the foreseen corridor to Nakhchivan, Armenia as well. The rapid growth of trade across the South Caucasus would benefit the economies of both countries (as well as Georgia), while also concretely developing the interdependence between them, thus contributing to a more cooperative approach to economic development. And as such, it would help the Caucasus develop more cooperative and forward-looking institutions.

A Different Vision

The three states of the South Caucasus find themselves in a world where norms and rules matter less, while strength and

power matters more than in the recent past. There is understandable fear that the war in Ukraine will lead to increasing anarchy and confrontation in the world. This must not be the case, however, particularly in the South Caucasus. Here, the divisions of the past could easily lead the region to new calamities if the ap-

proaches that have dominated the past thirty years continue. But there is a vision for a different South Caucasus, where three sovereign states work in coordination and cooperation with one another, and do not allow outside powers to pit them against each other. Azerbaijan can and should be the driver in this process. **BD**

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