



The Die is Cast: The South Caucasus on the Brink of a Geopolitical Reshuffle?

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From January 1st 2024, the Nagorno Karabakh Republic officially dissolved itself in an act that reflects the reality that the territory it used to hold is now fully controlled by the government of Azerbaijan. This dramatic event marks the end of a three-decade long status quo in the region and foretells a major geopolitical reshuffle in the region. The transformation of Russia's invasion of Ukraine into a lengthy war of attrition has created an opportunity for Azerbaijan to seize the moment and resolve its dispute with Armenia and Ethnic-Armenian separatists by military means. As the details of the peace treaty between Yerevan and Baku are still to be agreed upon, the full consequences remain to be seen. Nonetheless, there are some indications of how the future for the region is going to look. Azerbaijan and Turkey have successfully gained influence over the geopolitics of the region, making peace plans proposed from the outside almost impossible (Hedlund 2023). This dramatic reshuffle poses major challenges to Armenia as Yerevan will need to reconsider its decades-long security and foreign policy priorities that were largely tied to security guarantees from Russia. This might imply Armenia improving relations with Turkey and Azerbaijan and this could point towards the potential future security dynamics of the region. Therefore, this policy memo examines some of the key elements that made Baku's swift success possible as well as some of the potential implications of the new geopolitical realities for the regional security architecture.

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The South Caucasus after Russia's invasion of Ukraine

The security architecture that was put in place after the Second Nagorno-Karabakh War of 2020 left many issues and grievances unresolved. Despite the fact that the ceasefire agreement that ended the 44-day war gave Azerbaijan considerable territorial gains and advantages over Armenia, Baku was determined to force Yerevan to renounce any Armenian claim on Karabakh, demarcate the border, and open the Zangezur Corridor² (De Waal 2022). Those matters paved the way for further escalation that manifested itself after February 2022. The Russian invasion of Ukraine sent the region into flux and opened a Pandora's box of decades-long unresolved territorial disputes. Already in the summer of 2023, the Armenian government sent warning signals that there was a likelihood of yet another war in Nagorno-Karabakh (RFE/RL 2023), but Baku's military operation still came as a surprise to many. The President of the European Council, who was personally involved in the mediation between the parties, called it "shocking" as the process of negotiation was still underway (Lory 2023). There are several factors that have enabled developments to take such a turn and that influenced Azerbaijan's decision to opt for a military solution.

Russia's prolonged and stalled military campaign in Ukraine

As the international community's full focus was on Ukraine, in September 2022, Armenia and Azerbaijan engaged in what is known as the Two-Day War which resulted in the death of almost 300 people on both sides (News Wire 2022). However, what made the 2022 clashes stand out from previous incidents is that fighting took place not only in Nagorno Karabakh but in Armenian territory. This means that Russia, as a fellow member of the Collective Security Treaty Organization (CSTO), and also as a signatory of a bilateral defense treaty with Yerevan, was obliged to assist the latter (De Waal 2022). This is especially the case considering the well-established assumption that Russia's main goal in the South Caucasus was to maintain the status quo, which it could still have done by increasing arms exports to Armenia or engaging more aggressively through diplomatic means (Atasuntsev 2023). This was one of the first major signs that the war of attrition ongoing in Ukraine had taken so much of Russia's resources and focus that CSTO member Armenia was left to be crushed by Azerbaijan while Turkey was allowed to take a more prominent role in the South Caucasus.

² The transport corridor that would run through parts of Armenia and connect Azerbaijan to the exclave of Nakhchivan

Soured relationship between the current Armenian leadership and the Kremlin

Azerbaijan's advances and Russia's inability to defend a fellow CSTO member created a major rift between the current Armenian leadership and the Kremlin. The relationship between the two escalated to a point that Yerevan, for the first time since start of the full-scale Russian invasion in Ukraine, sent humanitarian aid to Ukraine in September 2023. To further make its disappointment with the Kremlin's policy even more clear, Prime Minister Pashinyan's wife traveled to Ukraine for the *Summit of First Ladies and Gentlemen*, and even met with the President of Ukraine (JAMnews 2023). Armenia also hosted joint military drills with the United States. However, perhaps the biggest slap in the face to Russia, was Armenia's decision to join the Rome Statute of the International Criminal Court (ICC) in October 2023. Although, this idea was discussed after the September 2022 clashes, for use as a lever against Azerbaijan, it was postponed, probably due to the arrest warrant issued for Putin by the ICC (Atasuntesv 2023). Thus, ratification in October, was a clear challenge and a response to Russia's inability or unwillingness to defend its fellow CSTO member.

Importance of Azerbaijan's geographical location for the European Union

Another major factor that made Azerbaijan's quick victory possible with no major international consequences, is the importance of Baku for the European Union in the current crisis. More specifically, because the European Union has set as a goal of breaking its reliance on Russian gas, Azerbaijan has become a seemingly irreplaceable partner. This puts Brussels in a peculiar position as it faces a dilemma – natural gas or moral purity (Sabadus 2023). With its plan to double Azeri gas imports by 2027, it is less likely that the European Union will take a strong stance against Baku's actions, and it will not go beyond the European Parliament's resolution.³ But a lot will also depend on whether President Aliyev is willing to go even further. Opening the Zangezur Corridor by force would mean a military operation on the territory of Armenia proper, which would cause harsher reactions from the international community and considerably increase the moral burden on the West.

³ On the 5th of October 2023, the European Parliament adopted a resolution, condemning Azerbaijan's violent seizure of Nagorno-Karabakh and calling for sanctions against those responsible. The resolution is available at: <https://www.europarl.europa.eu/news/en/press-room/20230929IPR06132/nagorno-karabakh-meets-demand-review-of-eu-relations-with-azerbaijan>

What the future holds for the South Caucasus?

The capture of Nagorno Karabakh by Azerbaijan in September 2023 revealed the fragility of relying on Russia as a security guarantor and the latter's incapability or unwillingness to take on this role in the region. This challenge to the existing status quo foreshadows major geopolitical changes in the region. Yet, while some outlines of these changes are already on the horizon, concrete outcomes will depend on several factors.

The first factor is whether Armenia and Azerbaijan manage to sign a peace treaty and recognize and demarcate their common borders. Although Yerevan declared its intentions of signing such a treaty with Baku and even reopening road and railway connections between the two neighbors that have been blocked for decades (Politico 2023) there are a lot of details that still need to be worked out. This includes the Zangezur Corridor, border demarcation and the mutual recognition of territorial integrity. There are already some indications that Baku's terms for a peace deal would include opening the Zangezur Corridor without checkpoints or Armenian control, as well as amendments to the constitution of Armenia that would renounce any future claims on Nagorno Karabakh (Migineishvili 2024).

The second factor on which will the future of the region depends is how long the war in Ukraine lasts and what Russia's defeat looks like. If the Kremlin manages to achieve a ceasefire or strategic pause in Ukraine, President Putin might get more actively involved in Armenian domestic politics through hybrid methods and attempt to undermine Pashinyan's government. Yet, if the war drags on, that will increase pressure on Yerevan to pivot more towards the West as well as towards normalizing relations with both Baku and Ankara. It also needs to be noted that there are already signs that Russia's protracted military campaign in Ukraine has allowed the European Union to increase its engagement with the region (Urciuolo 2022). In the long-term perspective this might imply a new security dynamic in the region, which reduces the role of Russia as an arbiter and allows Turkey to have more say in regional security matters.

Interestingly, Georgia as an EU candidate country and the most formally pro-Western political actor in the region, can play an important role in the future trajectory of Armenian foreign policy. The agreement about strategic partnership between the two countries signed in the beginning of this year, could be an early indication of this trend. If Yerevan distances further from the Russian sphere of influence, Georgian experience, access to the Black Sea,

and other transport corridors will be of major importance for Pashinyan's government in the years to come.

The case of Nagorno-Karabakh also sets an important precedent for South Ossetia and Abkhazia. Although, unlike the latter two, Nagorno-Karabakh was never recognized by Russia as an independent state, Russia's inability to defend its allies and to live up to its security commitments, should have rung the bells of alarm in the occupied territories of Georgia. It is true that Tbilisi remains committed to reintegrating these breakway territories by peaceful means, but as Russia gets more entangled in the war in Ukraine, Moscow's financial and economic support for South Ossetia and Abkhazia will continue to diminish (Komakhia 2023). This may force the Abkhazian and South Ossetian de facto authorities to seek new opportunities and channels of economic cooperation with Tbilisi.

Conclusion

Since the full-scale Russian invasion of Ukraine, the geopolitical importance of the South Caucasus for the European Union dramatically increased. Hence, Brussels started actively engaging with both Baku and Yerevan to find a resolution and normalize their long-lasting territorial dispute over Nagorno-Karabakh. However, the Azerbaijani government used the momentum of Russia's blunder in Ukraine as well as the rift between Yerevan and Moscow, to successfully recapture the de-facto state by force. These developments, that took many by surprise, are going to be consequential for the region for decades to come. The South Caucasus might find itself with a new security architecture dominated by Turkey which will pressure Armenia to reevaluate its decades-long policies and seek closer ties with the West. There are already some signs that Yerevan is considering slowly detaching from its dependence on the Russian military and seeking closer cooperation with NATO.

The case of Nagorno-Karabakh, in addition to the geopolitical reshuffle discussed above, sets a precedent for the two other de-facto states in the region. For de-facto governments in Abkhazia and South Ossetia, Russia's complete incapability of defending its ally, raises questions as to what extent the Kremlin will remain loyal to its commitments towards those entities. These challenges for the occupied territories will be amplified by potential dramatic cuts in economic aid from the Kremlin, which might force them to look for some level of rapprochement with Tbilisi. Nonetheless, what the future shape of the regional security architecture in the South Caucasus will be shall largely depend on the outcome of the war in

Ukraine. If the war of attrition continues, rapprochement between Georgia and its breakaway regions is more likely, while a freezing of the conflict or a Russian strategic victory implies further instability and vulnerabilities for the South Caucasus.

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