

Conflict Studies Research Centre

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The Impact Of Baku Oil On Nagornyy Karabakh  
Waxing Western Influence: Waning Russian Power  
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Introduction

"Azerbaijan has the oil, but Karabakh has the diaspora".

Arkadiy Gukasyan 1

The present lack of settlement on the Nagornyy Karabakh issue continues to pose certain threats to the stability of the region ". . . since the situation in the region is changing not by the day but by the hour" 2, but also because minor players have the potential to attract major power interest, either on account of their hydrocarbon and mineral deposits or due to the location and suitability of their territory for the transportation of oil. The belief that whoever secures the major share of oil pipeline transit will gain enhanced influence not only throughout the Caucasus and Central Asia but also on a global political scale, raises questions about the future stability of the region, as further evidence is beginning to accumulate on the waning of Russian influence in the Caucasus and Caspian Basin, raising the spectre of a repetition of the immediate post-Soviet chaos.

This paper surveys Caspian oil pipelines in general, notes Western preferences for a southern pipeline route and examines in depth: the issues surrounding Nagornyy Karabakh (NK); the position of states with regard to NK; the failure to achieve a political solution on NK's status, which remains an obstacle to realising the full potential of any southern oil pipeline; the growth of US and Western influence which, as a result of a preference for Baku oil to use the southern route, may force a settlement on Nagornyy Karabakh at the expense of Russia, whose power, influence and ability to control, manipulate and shape events seems to be dwindling.

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1. NG- Stsenarii, No 9 13 August 1997 page 1 "Nagornyy Karabakh: Proklyartiye ili Nadezhda Rossiyskogo Gosudarstva? - Nasha diplomatiya ne vidit ili ne khochet videt' vozmozhnostey dlya protivodeystviya namereniyam Azerbajana i Zapada" (directed by Konstantin Zatulin and Andranik Migranyan, prepared by experts of the Institute of Problems of the Diaspora and Integration (Institute of the Countries of the CIS), page 2. Gukasyan is now President of 'unrecognised' Nagornyy Karabakh Republic since 1 September 1997, having previously occupied the post of Foreign Minister.

2. Nezavisimaya Gazeta No 170 (1495) of 11 September 1997 page 3 "Baky delayet stavku na Stambyl - Geidar Aliyev otdayet prednochteniyu Turetskomy marshrutu transportirovka hefti" by Asya Gadzhizade.

From Caspian Oil Deposit To World Market

An earlier paper, "The Caspian: A Sea of Troubles"<sup>3</sup> amongst other subjects paid attention to the main methods and variations involved in the transportation of oil from the Kazakh oil deposits situated in the north and east of the Caspian Sea, the Turkmen Caspian fields in the southeastern parts and the oil deposits located in the area of the Azerbaijan shelf in the Caspian's south western areas. Map 1 below provides geographical orientation.

Map 1 - Summary of Oil Transportation Routes from Caspian Basin 4

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3. C. W Blandy "The Caspian: A Sea of Troubles" CSRC S31 September 1997. See also "Oil is not the Only Stake" CSRC S28 February 1997 and "The Caspian: A Catastrophe in the Making" CSRC S32 October 1997.

4. Modified from "Die Zeit" of 18 July 1997 "Kaukasisches Roulette" by Michael Thumann.

#### North Caspian (Kazakh) Deposits

Box 1 below outlines the transfer of oil from deposits situated in Kazakhstan, north of the Caspian, with Box 2 supplying the detail for the options open to Russia for the onward transit of oil from Novorossiysk to world markets.

Box 1 - Transfer of Oil from North Caspian (Kazakh) Fields 5

#### Current Methods

Route 1: Pipeline Tengiz to Atyray - Zam'yany - Komsomol'skoye - Groznyy - Novorossiysk.

Route 2: Pipeline Tengiz to Atyray - Tanker to Dyubendi - pipeline to Ali-Bayramly (near Baku) - rail to Batumi (Georgia) on Black Sea coast.

Route 3: Pipeline Tengiz to Atyray and then pipeline to Samara.

Route 4: Pipeline Tengiz to Atyray - Tanker to Iran.

#### Shortcomings

Route 1: Subject to whims of Russian Federation government, preventing transit or increasing price due to high sulphur content, could encounter problems related to Chechen conflict.

Route 2: Complicated, time consuming and low rail movement capacity.

#### Possible Future Construction and Developments

Route 1: New 990 km pipeline to Novorossiysk.

Route 2: Underwater oil pipeline under Caspian to 3 Azerbaijan fields operated by AIOC.

Route 4: Possible pipeline Caspian (East) Aqtay/Zhangoezen via Turkmenistan to Iran, then Kharg Island to world markets by tanker.

#### East Caspian (Kazakh) Deposits

Box 2 contains an outline of pipeline and tanker detail.

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5. Blandy, op cit, Box 15.

#### Box 2 - Methods of Transportation from East Caspian (Kazakh) Deposits<sup>6</sup>

1. Within the Caspian East on Kazakh territory, there are pipelines centred on Aqtay, a tanker port and terminal and the centre further inland of Zhangoezen, which are connected to each other by 20 in pipeline with 160,000 barrels per day capacity and 40 in pipeline from Zhangoezen to Beyney going north to Kul'sary, operating at 620,000 barrels per day. 2. This area would benefit from installation of an underwater pipeline in conjunction with Tengiz. Arguments and future possibilities the same as in Box 1 above.

#### SouthEast Caspian (Turkmen) Deposits

Box 3 below has details of tanker routes and future pipeline possibilities.

#### Box 3 - Methods of Transportation from SouthEast Caspian (Turkmen) Deposits<sup>7</sup>

1. In this instance, oil is taken by tanker from either Turkmenbashi or Ekarem across the Caspian to Baku or elsewhere in the Caspian. Turkmenbashi is connected to Ashkhabat by rail, but there is no oil pipeline to Ashkhabat. The

whole oil operation is centred on Turkmenbashi where there is also a refinery. 2. Ekarem is a separate operation and is not joined by pipeline to the Turkmenbashi complex, so tanker operations across the Caspian or to the refinery at Turkmenbashi are the rule. 3. A future pipeline originating in Kazakhstan passing through Turkmenistan to Iran could include the Turkmen oil and either be used in northern Iran or piped south to Kharg Island.

#### SouthWest (Azerbaijan) Deposits

Oil transportation from the southwest Caspian is probably the most complicated of all the methods and routes of transferring Caspian oil, exacerbated by the very real hazards encountered in the movement of oil from Baku along whatever route is selected, together with the fact that one possible option has been vetoed by the United States and by other Western countries due to political considerations<sup>8</sup>.

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6. Ibid, page 32.

7. Ibid.

8. At the present time any route to the south through Iran to the Gulf. Transportation of 'Early' Baku Oil The 'early' Baku oil transit routes to be used are: first, Baku-Novorossiysk (Russian Federation) via Groznyy by pipeline, known as the "northern route"(details in Box 4 below); second, the "southern route", Baku-Supsa (Georgia) (details in Box 5 below), and thence by tanker to Turkey and pipeline to a Turkish Mediterranean oil terminal.

#### Box 4 - Transit of 'Early' Baku Oil via Northern Route

Baku (AzR) - Novorossiysk (RF) via Groznyy (ChR)

Present Pipeline: Baku - Groznyy - Tikhoretsk - Novorossiysk, but possibility of bypassing Chechnya to east of Khasavyurt joining Atyray-Novorossiysk pipeline at Komsomol'skiy.

#### Problems:

Daghestan - Azerbaijan: The Lezghin people straddle the border area. Possibility of conflict exists as a result of desire for their own autonomous Lezghin state.

Chechen Transit: In Chechnya the 150 km stretch of pipeline required repair . Pipeline now repaired, but Baku has reservations about Chechen transit, refusing to consider Chechnya as an equal third partner with herself and Russia. Comment:

1. The Chechen conflict has often been cited as giving this route a degree of uncertainty and lack of security. It is very much in the interests of the Chechens from an economic viewpoint that Russia is able to use this route, remembering it is the only route under present circumstances which gives Russia any control over Baku oil and influence in Caspian.

2. Nevertheless, this route is regarded from the point of view of expenditure as being one of intermediate status in comparison with Baku-Supsa (US \$ 1.1 milliard) and Baku-Ceyhan (US \$ 3.3 milliard)<sup>9</sup>.

#### Box 5 - Transit of 'Early' Baku Oil via Southern Route

Baku (AzR) - Supsa (GR)

Current Method: Pipeline - rail tanker wagon to west of Tbilisi - pipeline to Supsa - oil tanker from Supsa to Samsun (Turkey) or to Odessa (Ukraine). Oil pumped via two old pipelines and by rail. Capacity is infinitesimal and whole concept is complicated and time consuming <sup>10</sup>.

Future Method: By pipeline from Baku - Tbilisi - Supsa, but not ready until the end of 1998.

Investment: Required US \$ 1.1 milliard (1,100,000,000) <sup>11</sup>.

Comment: Regarded by Baku and the West as best option from aspect of expense.

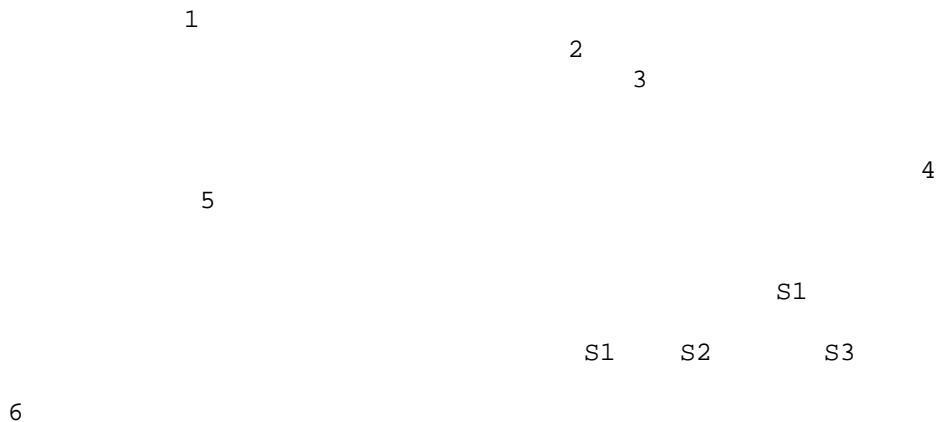
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9. Nezavisimaya Gazeta No 108 (1433) 17 June 1997 page 3 "Syr'ye poydet po trem marshrutam" by Gul'nara Achilova.

10. Nezavisimaya Gazeta No 101 (1426) 4 June 1997, page 5, "Vo chto oboydetsa kaspiyskaya

Planned Improvements Following the building of the Baku-Supsa pipeline, it is planned to have a second one leading from the Baku-Supsa pipeline west of

Tbilisi into Turkey. A settlement of the NK conflict would permit the construction of a further oil pipeline over NK territory and Armenia, providing a more direct route to Turkey. Box 6 summarises the three possible improvements of the southern routes with orientation being provided by Map 2.  
 Map 2 - Variants of Transportation of Baku Oil 12



Key to Map:

1. Eventual pipeline from Batumi (Supsa) to Odessa (Ukraine/Europe) on bed of Black Sea.
2. By tanker to Volga for refining.
3. Existing Baku-Novorossiysk oil pipeline.
4. Oil pipeline bypassing Chechnya at a cost of US \$ 150-200 million.
5. Oil pipeline bypassing Bosphorous closed by Turkey for passage of tankers.
6. Through Iran to Persian Gulf.

Baku Oil - Southern Route Pipeline Routes

- S1 - Baku early oil route, pipeline/rail/pipeline and Improvement 1. See box 5. Map has omitted tanker route to Samsun.  
 S2 - Improvement 2 with pipeline from Georgia to Turkish pipeline to Ceyhan.  
 S3 - Improvement 3 with pipeline traversing NK and Armenia.

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Neft' - put' k realizatsii dogovorennosti mozhet okazat'sya ves 'ma slozhnim" by Karine Gevorgyan.

11. Achilova, Op cit.
12. "Pravda" 10 September 1997 p1, "Kavkazskiy tranzit - delo tonkoye" by Vladimir Statskiy.

Box 6 - Baku Oil Southern Transit Route Improvements 13

First Improvement (S1): See box 5 for details.

Second Improvement (S2): Pipeline from Baku - Tbilisi - through Georgian territory to Turkey Erzerum - Ceyhan. Investment required: US \$ 3.3 milliard (3,300,000,000) 14.

Third Improvement (S3): Pipeline from Baku - Nagornyy-Karabakh- Armenia - Nakhichevan - Erzerum - Ceyhan. Cost: US \$ 6 mlrd (60,000,000,000) 15 .

Problems: 1. NK conflict and possible action by Armenian terrorist organisations over oil pipeline. 2. Problem of Kurds and Kurdish nationalism. 3. Additional engineering costs for transiting mountainous terrain.

It should be noted that whilst there are fewer negative security considerations initially than with the northern route, construction work is required for all the pipelines and costs are therefore high.

Box 7 - Southern Route - Factors

1. Visible politico-ethnic problems arising for the southern route are negligible for Baku - Supsa which provides a secure route traversing the Transcaucasus.
2. No change under Improvement S1, with pipeline over the whole route from Baku to Supsa.
3. With improvement S2 there is a remote possibility of Kurdish action.
4. Improvement S3, the optimum variant, is dependent on

settlement of NK dispute; threat of Armenian and Kurdish terrorist actions could become factors.

In the words of President Geydar Aliyev of Azerbaijan, "The Azerbaijan International Operating Company offers four possible variants for the route of the main pipeline, and each route has its own advantages, but we would like the main bulk of Azerbaijani oil to

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13 Nezavisimaya Gazeta No 171 (1496) of 12 September 1997 page 3 "Neft' potechet cherez Kavkaz" by Sergey Kozlov. There is one additional factor which will tend to give greater impetus to the southern routes from Baku. The Kazakh President, Nursultan Nazarbayev, stated recently that he would give greater priority to the transportation of Kazakh oil through Baku, initially by tanker and then by pipeline under the Caspian to Baku, than the northern route under the Caspian Pipeline Consortium through to Novorossiysk. Within 17 months the port of Aktau would be capable of exporting 6 to 10 million tonnes of oil per year.

14 Achilova, op cit, Ibid.

15 Izvestiya 15 June 1995, page 1, "A Stake greater than Oil - The Balkan Pipeline guarantees Russia control over the "Black Gold" of Central Asia and the Transcaucasus" by El'mar Guseinov and Gennadiy Charodeyev.

Nagornyy Karabakh

Map 3 - Location of Nagornyy Karabakh in the Transcaucasus 17

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16. Gadzhizade, Op cit, on the occasion of a visit by the Turkish Foreign Minister, Ismail Dzhem, to Baku on 7/8 September 1997.

17. Atlas Zheleznikh Dorog SSSR, passazhirskiye soobshcheniye Moskva 1988, pages 90-91. It should be noted that the former NKAO did not embrace the whole of the Karabakh region.

#### Box 8 - Geographical Background

From the point of view of physical geography Nagornyy Karabakh (NK)<sup>18</sup>, an oblast' of historical significance, is a mountainous territory which embraces the ranges, highlands and system of the foothills of the Lesser Caucasus. The territory is enclosed by the Armenian highlands from the north west to the south east toward the Iranian border, gradually closing up to the area of the River Araks, but not actually to the Araks itself. In the eastern part of its territory, Karabakh extends into a wide valley which is the watershed of the two deepest rivers of the Transcaucasus. This area is sometimes known as 'Lowland Karabakh', a title not so commonly known or in such general usage as 'Mountainous Karabakh'.<sup>19</sup>

Basic Details as at 1 January 1987<sup>20</sup>

Oblast' Centre: Stepanakert Date formed: 7 July 1923

Territorial area: 440,000 sq km. Population: 180,000 with 87,000 urban and 93,000 rural.

Distances from Stepanakert to: Moscow - 2816 km; Baku - 392 km. Administrative-territorial entities: Rayony - 5; Rayony centres - 3; Urban settlements - 4; Village soviets - 76.

Rayon	Rayon Centre	Dist. to Stepanakert	
Askeranskiy	Urban type settlement - Askeran		14 km

Gadrutskiy	Urban type settlement - Gadrut	95 km	
Mardakertskiy	Town - Mardakert	62 km	
Martuninskiy	Town - Martun		41
km			
Shushinskiy	Town - Shusha	11 km	

Nagorny Karabakh Republic " . . . proclaimed in 1991 and created on the territory of NKAO and Shaymyanovskiy rayon" 21 - de facto not de jure.

18. Known in Soviet times as the Nagorno-Karabakh Autonomous Oblast' (NKAO).

19. Zatulin and Migranyan, Op cit.

20. "USSR Administrativno-Territorial'noye Deleniye Soyuznik Respublik na Yanvariya 1987", Izdatel'stvo Izvestiya Moskva 1987, page 465. The population figures were made from a calculation of changes which had taken place since 1 January 1983. The figures contained in the Population Census of 1989 are obviously more accurate.

21. Zatvlin and Migranyan, Op cit.

Brief Historical Background

Box 9 - Historical Background<sup>22</sup>

End of Russian Imperialism

'The causes of the Nagorno-Karabakh conflict to a great extent lie in past history which created the conditions for the sudden explosion into violent protest and war in 1988. Springing up in 1918 after the fall of the Russian Empire, the three Transcaucasus states of Armenia, Georgia and Azerbaijan immediately became involved in bitter territorial disputes. Azerbaijan presented claims on a whole series of oblasts, including Nagorno-Karabakh which historically and ethnically had been tied to Armenia. The situation developed into war, during the course of which every fifth inhabitant of the territory was killed, and one of the largest towns in the Transcaucasus, Shusha, populated mainly by Armenians, was completely destroyed by troops of Musavite Azerbaijan and Turkish detachments'.

The Period of Soviet Power

'With the arrival of Soviet power in July 1921, Nagorno-Karabakh was included in the Azerbaijan SSR (AzSSR) and given the rights to considerable autonomy with the capital in Shusha<sup>23</sup>. In 1923, on part of the territory of Karabakh, Nagorno-Karabakh Autonomous Oblast' (NKAO) was formed<sup>24</sup>. The remaining areas of Nagorny Karabakh were included as administrative rayony directly into the structure of the AzSSR. Only Shaymyanovskiy rayon was to remain intact as a rayon, but the other Armenian populated territories were repeatedly cut up<sup>25</sup>. In 1988 their mountainous and foothill areas were included within the structures of Khanlarskiy, Dashkesanskiy, Shamkhorskiy and Kedabekskiy rayony of the AzSSR'.

22. Ibid.

23. The Treaty of Kars of October 1921.

24. See C W Blandy "A Short History of Armenia " SHAPE Technical Centre Consultant Report 98, The Hague, September 1992, page 8, "Thus the region which was designated as "Autonomous" only contained part of the Armenian population". Red Kurdistan oblast' based on Lachin, formed in 1923, peopled by Kurds, embraced the rayony of Kel'badzhar, Kubatly, Kurdazhy, Muradkhanli and Kara Keshlagh, but in 1929 "the district of Kurdistan was abolished, with a subsequent forcible deportation of Kurds to Kazakhstan and Turkmenistan".

25. Suzanne Goldenberg in "Pride of Small Nations - The Caucasus and Post-Soviet Disorder" Zed Books, London, 1994, page 160 writes "It was not until 7 July 1923 that the Baku authorities published the decree establishing the Autonomous Region of Nagorno-Karabakh inside the then Transcaucasian Republic. The boundaries were contentious, omitting the northern districts Shaumian (Gulistan) and the western areas of Lachin and Kel'badzhar, which Armenians had considered as an inalienable part of Karabakh. The difficulties the Bol'sheviks encountered in deciding the fate of Karabakh applied to other regions too.

Zangezur and Nakhichevan were the two main disputed areas, but there were dozens of contentious little pockets along the Armenian-Azerbaijani frontier".

Box 10 - NKAO Population Figures from USSR 1989 Population Census 26

NKAO total population: 189,000 Armenians: 146,000 (77%) Azerbaijanis: 43,000 (21.5%)

Shaymyanovskiy Rayon: 21,000 Armenians: 17,000 (80%) Azerbaijanis: 3,150 (15%)

Conflict and Subsequent Stalemate

The conflict falls into two distinct phases, Phase 1 (1988-1994) armed conflict, resulting in a ceasefire; Phase 2 (1994 to date)<sup>27</sup>, but with deep hostility and confrontation remaining at the present time. Since 1994, NK self-defence forces hold 85% of the territory of NK and 9% of Azerbaijan territory. Box 11 below provides a quick summary.

Box 11 - Territorial Balance following Ceasefire of 22 May 1994<sup>28</sup>

NK (Armenians) completely controls Azerbaijani rayony of Kel'badzhar, Lachin, Kubatliy, Zangedan, Dzhebrail', and partially control the rayony of Agdam and Fizuli.

Azerbaijan controls Shaymyanovskiy, and parts of Mardakertskiy and Martunovskiy rayony.

Table 1 - Correlation of Forces - Armenia and Azerbaijan as at 1 January 1997 <sup>29</sup>

Country	Azerbaijan	Armenia	
Tanks	270	102	
BTR/BMP	770	269	
Artillery	330	770	
MBRL	1265	179	
Mortars	350		82
Aircraft	53		6
Attack helicopters	37		8
Small Arms	150k	36k	

26. Zatulin and Migranyan, Op cit.

27. Since the ceasefire on 12 May 1994 the military positions of the sides on the ground have remained unchanged.

28. Zatulin and Migranyan, Op cit.

29. Ibid. According to the data on 1 January 1997, the Commission on the Inspection of Arms OSCE was carried out in Armenia and Azerbaijan by 28 inspectors of whom 8 were Turks.

The illegal supply of armour, heavy equipment and missiles to Armenia by Russia no doubt contributed to these figures <sup>30</sup>.

Settlement Negotiations On 23 September 1997 the Russian co-chairman of the OSCE Minsk group announced that Armenia had accepted the OSCE proposals for the phased implementation of a peace plan for the settlement and normalisation of the Karabakh conflict. These proposals had been presented to the opposing sides by the the three co-chairmen of the group, Yuriy Yukalov (Russia), Lynn Pascoe (US) and Georges Vosgien (France), for the settlement of the Karabakh conflict some three months earlier in June. On 24 September 1997 there were indications from the President of Azerbaijan and other Azerbaijani officials that the implementation of this peace plan had now become possible. Box 12 provides a brief outline of the proposals.

Box 12 - Outline of OSCE Proposals for Two Phase Plan

for Settlement of Nagornyy Karabakh Conflict <sup>31</sup>

Phase 1

1. NK forces to withdraw from occupied Azerbaijani rayony of Kel'badzhar, Agdam, Fizuli, Dzhebrail', Zangelan and Kubatly. 2. Restoration of links between Armenia and Azerbaijan.

3. Return of refugees to original dwelling places. 4. OSCE peacekeeping contingent responsible for boundaries and buffer zones.

Phase 2

5. Liberation of Shusha and Lachin from Karabakh Armenians

Other Points

6. Armenia to be involved as permanent observer at talks between NK and Azerbaijan. 7. Retention of NK forces under OSCE control. 8. NK Defence Forces eventually to become police force. 9. OSCE responsible for maintaining link between NK and Armenia. 10. Construction of new road by-passing Lachin.

30. The question of past arms supplies to Armenia and Azerbaijan involves the original hardware legacy of the FSU, in particular to Azerbaijan. Furthermore it includes the amount of weaponry that Azerbaijan has received since the raspad of the USSR, in particular, first, the seizure of CIS equipment between 1 January and 11 March 1992 (On this point see Blandy "Short History of Armenia" Annex D page 37); second, weapon supplies between 1991-1996; third, details of training assistance from Turkey; fourth, the weaponry that Azerbaijan has arranged to receive from Ukraine. With regard to Armenia, the arms supplied from Russia between September 1994 until February 1996.

31. InsideCentral Asia BBC Monitoring Issue 191 22 Sep-28 Sep 97 pages 1 and 6 "Azerbaijan-Armenian Leader says Karabakh independence 'unrealistic'".

Position Of States Over Nagornyy Karabakh

The positions of all interested parties, not just the two hostile parties of Azerbaijan and NK Armenians, but also the concerns of the Armenian Republic, the interests of Turkey, Iran, Georgia, the United States and Western countries, Ukraine and finally those of Russia need to be analysed and discussed. Whilst it is possible to state that in a very general sense, there are two groups of loosely defined political alliances, on the one hand Russia, Armenia and Iran forming one group and on the other hand the United States, Azerbaijan and Turkey forming the other group, other strains exist. Not only are there pressures, antagonisms and uncertainties between the two groupings, as exemplified by the attitude of the United States to Iran<sup>32</sup> or the attitude of the Russian government towards the activities of the other regional power, Turkey, but within each of these groups there are conflicting aspirations and pressures, such as those between the business community in Turkey, anxious to develop trade links across the border with Armenia, the "as yet undecided and unannounced" attitude of the Turkish government to this, the reaction of the President Aliyev against such a move<sup>33</sup>, or his irritation with the seeming passivity of the Turkish representative in the Minsk group OSCE<sup>34</sup>. Another example is the possibility of a divergence between Yerevan and Stepanakert over NK's demands for independent status with the awareness of President Ter-Petrosyan that the international community "would not allow the current indefinite status quo in the NK conflict to continue for much longer"<sup>35</sup>.

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32. "Iran really does not figure in our thinking, except to the extent that any Iranian participation in oil and gas projects in the Caspian region is not desirable. US law requires that we vote against any Iranian request for an international development bank loan. We believe that the lack of such IFI support makes financing any large project that passes through Iran a long shot at the best". Glen Rase at the international conference on Oil and Caviar in the Caspian: A Balance of Power and a Balance of Interests 23-24 February 1995, "A Washington Perspective on Caspian Oil and the Pipeline Options". Conference booklet released by Menas Associates; September 1995, page 54.

33. " Gadzhizade, op cit. ". . . several Turkish business circles are insisting on opening the [Turkish-Armenian] border for trade, meanwhile the Turkish government has not taken such a decision as yet". In stating the position of Azerbaijan, President Aliyev expressed the view that ". . . Azerbaijan would never agree to Turkey opening her borders whilst they [Armenians] had not released occupied Azerbaijan territory".

34. Ibid.

35. Inside Central Asia Issue 191 of 22- 28 Sep 97 page 1 and 4 "Armenian President Levon Ter-Petrosyan said last week that the continued demands for the independence of the breakaway Azerbaijani region Nagornyy Karabakh are

unrealistic and that the current stalemate cannot continue indefinitely. Speaking at a news conference in Yerevan on Friday 26 September 1997, Ter-Petrosyan said that 'at the current time the demands to give full independence to Nagornyy Karabakh or for it to unite with Armenia, just like any attempt to make Azerbaijan capitulate are not realistic' ".

Republic of Azerbaijan  
Official Position

Azerbaijan's official position is based on the fact that the conflict which began in 1988, started as a result of military action by Armenia against Azerbaijan with the objective of seizing parts of Azerbaijan territory, Nagornyy Karabakh, and annexing it to Armenia. The result of the conflict, according to the opinion of Azerbaijani politicians, is that Azerbaijan has lost 20% of its territory and there are now about one million refugees.

However, the amount of territory that Azerbaijan has actually lost is open to debate; see Box 13 below.

Box 1336

Query 1 - Percentage of Captured Territory

"According to our data, actually 7 Azerbaijani rayony have been captured with an overall territorial area of 8.8 thousand sq km. If the fact is taken into account that two out of these rayony (Agdamskiy and Fisulinskiy) have only been partially captured then the overall seizure of territory amounts to 7.5 thousand sq km, that is only 9% of Azerbaijani territory. If the number of occupied territories were strictly to include the territory of the former NKAO with the exception of parts of Martinskiy and Mardakertskiy rayony captured in their turn by the Azerbaijanis, then the overall territory of the Azerbaijan Republic under Armenian control amounts to 15%".

Query 2 - Number of Azerbaijani Refugees

"As regards the number of refugees, the population of the captured territories amounted to 450,000 people, the Azerbaijani population of NK numbered 40,000 people and 170,000 Azerbaijanis live in Armenia. The refugee total cannot exceed 600,000 people".

Considering Armenian aggression as the cause of the conflict, Azerbaijan has demanded first and foremost the withdrawal of all Armenian armed formations from the occupied territories and furthermore the return of Azerbaijani refugees to their original dwelling places. It was also announced by the Azerbaijan authorities that a wide degree of self-government would be granted to Nagornyy Karabakh, but it would remain within the structure and composition of the Azerbaijan state. However, the Azerbaijan delegation has refused discussion on questions concerning the status of Nagornyy Karabakh. Azerbaijan's position is summarised below.

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36. Zatulín and Migyryan, op cit.

Box 14 - The Azerbaijani Position on Nagornyy Karabakh<sup>37</sup>

1. Before any talks on status of NK, Azerbaijan has demanded the prior:
  - a. Withdrawal of Armenian armed formations from Azerbaijani territory.
  - b. Return of Azerbaijani refugees to their original dwelling places.
2. A wide degree of self-government would be offered to NK but it would remain within the structure and composition of Azerbaijan.
3. To date Azerbaijan has refused any discussion on NK's status.

Securing Western Support in Negotiating Process

In the negotiation process the Azerbaijan side has consistently sought to obtain much wider Western interest and involvement, calculating not so much on the traditional, anti-separatist rhetoric of international conferences, but much more on the real active interests of Western countries in Azerbaijan, namely, its oil deposits both ashore and beneath the sea bed, mineral deposits found in Azerbaijan and the Nakhichevan Autonomous Republic<sup>38</sup> and through its relationship with Turkey, likened to "one single nation"<sup>39</sup>, where "even deeper reasons determine the strategic partnership of Azerbaijan and Turkey"<sup>40</sup>. In particular, Azerbaijan has obtained the nomination of a US representative as a

co-chairman of the Minsk Group OSCE. Since that time, and indeed prior to the OSCE meeting of the heads of state, aided by leading American newspapers<sup>41</sup>, relations between Azerbaijan and the United States have improved still further, appearing to have positively blossomed as a result of President Aliyev's visit to Washington in

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37. Ibid.

38. El'mar Guseynov, Izvestiya No 152 14 August 1997 "Aliyev otkryvayet zolotiye kladoviye Azerbaidzhana dlya Amerikantsev" "Immediately following American oil companies, US gold mining corporations are appearing on Azerbaijan territory. This event is one of the important outcomes of the extremely fruitful visit, as it turns out, of Geydar Aliyev's visit to America. It is a matter of nine deposits of polymetals situated in the Nakhichevan Autonomous Republic and in four other regions of Azerbaijan. All together they contain 270 tonnes of gold, 2075 tonnes of silver and around 1.5 million tonnes of copper. It is envisaged that the Americans will obtain 49% share of the participation in the mining projects. Azerbaijan retains 51% for itself".

39. Arsen Melik-Shakhnazarov, Nezavisimaya Gazeta No 111 (1436) of 20 June 1997 page 3 "Bumazhnaya artpodgotovka - territorial'niye spory Baku i Yerevana ne ogranichivayetsya Karabakhom," on President Aliyev's visit to Turkey in May 1997. See also Bakinskiy Rabochiy 15.05.97.

40. Zatulin and Migranyan, Op cit.

41. "Leading US newspapers express an opinion about the dangerous consequences of a Russian victory in the struggle for geo-political influence in the Caspian Basin and its domination over prospective energy sources. The publications referred to, point out the danger of activating Russia and Iran in the region, they criticise Armenia for military cooperation with Moscow and August 1997, according to some Turkish information sources, to the extent that: "For example, if earlier Azerbaijan had several questions to solve with the USA [which required] the assistance of Turkey, then it is now succeeding in becoming closer to the USA than Turkey itself " 42.

Furthermore, "Oil and gold are a good fee for these giants [American corporations and companies] so that they become lobbyists for the interests of the Caucasus republic in the power structures of the USA" with the result that "Judging as a whole, the solution of the very painful Karabakh problem for the Caucasus begins to depend more and more on the Americans" 43.

#### Azerbaijani-Russian Relations

Concerning the role of Russia, President Geydar Aliyev of Azerbaijan recently said: "Unfortunately, Russia is not using all its capabilities. Russia has great influence on Armenia and Azerbaijan. Russia can itself, without the Minsk group, in one instant solve this problem. But some forces in Russia are hindering this" 44. The secretary of the Central Committee of the Azerbaijan Communist Party, Gennadiy Tret'yakov expressed a similar opposition view on Russia: "Her policy in the Transcaucasus needs to be strictly balanced, orientated towards the quickest normalisation of opposition, the establishment of friendly links not with one but with all regional states" 45.

But of course those remarks and concerns mask something of a deeper nature. Until the present time, the Nagornyy Karabakh conflict and the present stalemate in that region could have provided Russia with one of the best means of securing the transportation of Baku oil through the northern route to Novorossiysk had it not been for the worsening situation in Chechnya, resulting in the latest round of armed conflict between Russia and Chechnya from 11 December 1994 to 31 August 1996. There is a curious similarity in the circumstances surrounding the northern and southern routes, in that the Chechen conflict has provided an additional boost for the southern options of transporting Baku oil, whilst the situation in Nagornyy Karabakh has tended to delay the most efficient, economic and secure option of the southern variants. There was also more than an early suspicion that the problems associated with Nagornyy Karabakh had been engineered by one of the security agencies within the complex of power-wielding

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in a counterpoint to this extol Azerbaijan for its pro-Western orientation, simultaneously advancing Turkey in the category of the champion of American interests in regional policy". Raffi Hovanisian in *Nezavisimaya Gazeta* No 103 (1428) of 6 June 1997 page 3. "Vozmozhno obostreniye situatsii - Politika SshA v Kavkaz'ye zamedlyayet osushchestvleniye neftyanykh proyektov". Hovanisian was the first minister for foreign affairs of an independent Armenia and is now the Director of the Armenian Centre of Strategic and National Research.

42. Gadzhizde, op cit.

43. Guseynov, Op cit.

44. Zatulin and Migranyan, Op cit.

45. Ibid.

structures in Moscow, in much the same way that President El'chibey was forced out of office in 1993<sup>46</sup> and in the second insurrection at Gyandzha the following year<sup>47</sup>. It was clear then that Moscow held the balance over Nagornyy Karabakh and that resolution of the conflict would be on the initiative of Moscow rather than the result of outside mediation. There is reason to believe that this is no longer the case.

#### Internal Factors

It is important to note the strength of feeling by the Azeri population on the subject of Nagornyy Karabakh. Quoting again from Tret'yakov, "But in one sense we are always united: in the approaches to the settlement of the Karabakh conflict."

#### Box 15 - Strength of Pan-Azerbaijani Unity on the Karabakh Question

Within Azerbaijan amongst Azeris, there is a pan-national consensus, predetermining the process of establishing a mono-ethnic, national Azerbaijani state, where the strategic unity of power and the opposition is centred on supporting the "Return of Nagornyy Karabakh" to Azerbaijan. All the forces which held sway in Azerbaijan after the proclamation of independence, attained power through manipulating and using the following levers "the problem of Nagornyy Karabakh, anti-Armenian rhetoric and the idea of revanche"<sup>48</sup>.

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46. Instabilities in Post-Communist Europe S11 CSRC, January 1995, "The Caucasus" by C W Blandy, page 4 "The government of Abulfaz El'chibey collapsed in June 1993 after some eight months of unsuccessful counter-offensives and subsequent extensive losses of Azerbaijani territory. There is no doubt that both covert action by the Iranians in the supply of arms and equipment to the Armenians helped not only to render any Azerbaijani military action impotent, but also to accelerate the precipitation of the coup led by the renegade Azeri military commander in Gyandzha, Surat Guseinov. Having seized control of Gyandzha through Russian material support if not direct combat support, Guseinov advocated the return to power of Azerbaijan's former Brezhnev-era KGB and Communist Party Chief, Geydar Aliyev". Russia had come to regard El'chibey as one of the most nationalistic of Azeris with the concept of a "Great Turan" allied to the state of Turkey; his course of oil agreements with the West were not to the liking of Russia; third, there was a suggestion of a connection between his departure and his refusal to allow Russian troops on Azerbaijani territory. Furthermore, "In early August 1993, Aliyev announced that he would conclude the contract with the Western oil consortium in late September. During the month of August there were two significant events. First, Karabakh Armenian forces launched a new series of offensives against Azeri forces which resulted in the seizure of territory close to the Iranian border . . . (Ibid)."

47. Perhaps it was the signing of the mammoth scale oil agreement with the Western consortium in September 1994 and the earlier attempts by Aliyev to repair his fences with Turkey that caused the second insurrection at Gyandzha, again with the involvement of Surat Guseinov.

48. Zatulin and Migranyan, Op cit. "For example, Geydar Aliyev in accusing President El'chibey of losing two rayony, promised that on coming to power this question would be rapidly resolved, but in truth after his accession to power, the Azerbaijan Army yielded a further five rayony to the enemy".

Lack of Democratic Government Not only is there a lack of democratic government in Azerbaijan, but in addition to problems of an ethnic nature, such as the

Lezghins' desire for autonomy<sup>49</sup>, accusations are also beginning to emerge concerning Geydar Aliyev and the 'cult of personality'.

Box 16 - Lack of Democratic Government in Azerbaijan

The absence of opposition participation in the political process removes any form or semblance of responsibility. In Azerbaijan there would not appear to be any real official political opposition. Opposition is repressed and to some extent the actions on the extradition of "political emigrants" such as Surat Guseinov from Russia provide evidence of this. Trouble concerning extradition or non-extradition of political opponents and the subsequent judgment of courts hanging over them brings rapidly to mind "a picture of violence in the style of the Asiatic Middle Ages rather than a battle with political opponents in a parliamentary republic"<sup>50</sup>.

For the Karabakhtsi, the very Baku government itself, even avoiding mention of events in Sumgait, Baku and other places, remains a convincing argument for not wishing to be included in the Azerbaijan Republic due to: "the anti-democratic character of the Azerbaijan state, in the bounds of which a minority, political or national, has no firm, genuine and permanent guarantee of security"<sup>51</sup>.

When analysing articles in the Russian press, it is interesting to note how some Russian newspapers have developed in a positive way since the demise of Communist power, particularly with regard to the fact that eulogies of leading political figures have tended to be replaced by objective comment and hard, frank criticism. However, in Baku, one has only to read newspapers such as Bakinskiy Rabochiy and realise that they have one priority and one main subject, the production of fawning praise of the President. From newspapers such as these it is difficult to find any objective reporting, as one Baku paper, Yeddi Gun on 9 October 1997 wrote, calling on the officials in charge of Azerbaijan's state run media "to give up their insincere praise of the President and concentrate instead on making constructive criticisms"<sup>52</sup>. Examples of other criticisms by "Yeddi Gun" are listed in Box 17.

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49. Analysis of the Lezghin problem as a result of their homelands straddling the Russo-Azerbaijan international border and their desire through 'Sadval' for a autonomous state are outside the scope of this paper.

50. Zatulin and Migranyan, Op cit.

51. Ibid. "The lash of contemporary political life in Azerbaijan - the so-called klanovost' does not allow this country to create an effective working state mechanism".

52. Inside Central Asia BBC Monitoring, Issue 193, 6 Oct - 12 Oct 1997 page 6 "Baku daily criticises personality cult around President Aliyev".

Box 17 - Cult of Personality in Baku

"There should not be praise, but demands on the agenda. . . It is obvious that any person with some experience of life understands that flatterers praise not the president, but the chair he occupies. . . President Geydar Aliyev has stated many times, both in his speeches on television and meetings, that he does not like praise or flattery. It is a pity that fawners have ignored the president's wish and do not want to give up their insincere praise of the president. . . Many of those who have praised and flattered the president since 1993 are either in prison or in exile. It is difficult to imagine what will be the fate of those who keep praising him at the present time. . . We expressed our attitude towards attacks on Geydar Aliyev before he was elected president. At the present time the territories of our country are still under occupation. Neither the material, nor moral requirements of Azerbaijani citizens are being satisfied at a suitable level. The nation's hopes have not become a reality".

One of the dangers of continual flattering eulogies and the creation of a cult of personality around a leading public figure is that whilst it may mask, mislead and cloak realities for a period of time, people will realise the inadequacies sooner or later and react. Azerbaijan lost the Karabakh war. The fact that a large percentage of Azerbaijan territory is still occupied by Karabakh Armenians is a blow and running sore to the national pride of all

Azeris. The Azerbaijani Army, certainly since 1991, has a history of ill-disciplined, mutinous and untrustworthy colonels. Geydar Aliyev, although a skilful and experienced politician, no longer has time on his side, not only in terms of his own age, but also on the question of Nagornyy Karabakh, the need for a settlement, resolution of status, an effective alleviation of the plight of Azeri refugees<sup>53</sup>, and finally, the construction of the southern pipeline, vital for the realisation of the long-awaited and hoped-for permanent up-lift in the Azerbaijan economy<sup>54</sup> in order to raise the standard of living and help make financial provision for countermeasures to combat the rising waters of the Caspian, relocation and rehousing of flood victims<sup>55</sup>. The pipeline is vital

53. Mekhman Gafarly, *Nezavisimaya Gazeta* No 167 (1492) 6 September 1997 "Sud'ba bezhentshev do sikh por neyasna - boleye milliona chelovek v respublike prozhivayt v palatochnikh gorodkakh" . "Today more than 1.2 million refugees from Nagornyy Karabakh and Kel'badzhar, Lachin, Kubatly, Zangelan, Dzhabrail', Fizuli and Agdam rayony are scattered throughout the whole republic. Tented camps have sprung up in practically all the rayony of the republic where living conditions are described as critical: not enough water, electricity supply is rarely sufficient, medicaments, telephonic communication are completely lacking, no form of public utilities are offered". See also, Zatulin and Migranyan, op cit: "It is difficult to determine the role of the diaspora in organising propaganda and formulating public opinion, but probably it has been effective from the Armenian standpoint in denying Azerbaijan, even with a large number of refugees, humanitarian aid (Amendment to Act 907 US Congress)".

54. Gafarly, Op cit. This may take time to materialise: "And the widely advertised fabulous gains from the realisation of oil contracts will not be forthcoming sooner than 10-15 years".

55. See Blandy "The Caspian: A Sea of Troubles" and "The Caspian: A Catastrophe in the Making"? CSRC, S31 and S32, August and September 97. now for the development of the Azerbaijan economy, even to the extent that President Aliyev has considered that from the "point of view of economic expediency"<sup>56</sup> a pipeline traversing Armenian soil might be considered in exchange for the return of occupied Azeri land.

#### Supply of Arms to Azerbaijan

Whilst the scandal concerning the supply of arms and equipment to Armenia will continue to reverberate for some time yet, it is important to remember that not only has it cost Armenia US \$ 1 mlrd (US \$ 1,000,000,000) for arms between 1993 and 1996, but as a result of the 'division' of Soviet Army equipment from the Transcaucasus Military District following the demise of the Soviet Union and Communist power, "Azerbaijan received 2.5 times more heavy armaments and 20 times more ammunition than Armenia"<sup>57</sup>, for during that period arms and ammunition were stored in Azerbaijan as the strategic reserve of Headquarters Southern Direction. Furthermore, Azerbaijan was also receiving considerable supplies of arms and ammunition between 1992 and 1996 as Table 2 shows.

Table 2 - Formations and Military Hardware obtained by Azerbaijan<sup>58</sup>

Remarks	Date	Formation	Wpns/Eqpt
	Post 91	4 Motor Rifle Divisions; 1 Airborne Division; 1 Special Brigade; 3 Air Defence Brigades, Caspian flotilla.	4 Air bases:, Gabalinskiy Radio locating station
Security	92 - 93	150 tanks,  10 aircraft	Violation of UN  Council and OSCE. CFE states informed.
Security	92 -93	150 T-55 Tanks;  Aircraft: MiG-24: 12, Su-27: 4, Su-25:2	Violation of UN  Council and OCSE. CFE states not informed

Apr 94	T-62 Tank spares
1995	Laser bombs and air to ground missiles.
1996	2,600 BM-21 rockets

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56. Inside Central Asia BBC Monitoring Service Issue 170 28 Apr - 4 May 97 page 1.

57. Zatulin and Migranyan, Op cit. See also Blandy "A Short History of Armenia" page 37, Annex D, Table D1 "Seizure of CIS equipment between 1 January and 11 March 1992", on the question of some 1014 freight cars loaded with ammunition.

58. Zatulin and Migranyan, Op cit. In addition to the detail in the table, "foreign specialists work in the tank factory in Baku and at the helicopter engine factory, organising the production of ground to ground missiles and aircraft turbo-jet engines. At this time about 1,000 servicemen are undergoing instruction and training in Turkey".

Nagornyy Karabakh Republic  
Official Position

The position of Nagornyy Karabakh is based on the fact that Azerbaijan, no matter under what government or leadership, has conducted over a substantial period of time, a policy of genocide in its relations with Armenians in general and with the Karabakhtsi in particular. Serving to illustrate this are the pogroms in Sumgait, Kirovabad (Ghyandzha), Shamkhor<sup>59</sup>, Shemakh, Baku and other places, together with combat operations directed at the destruction and expulsion of the NK Armenian civilian population, such as Operation "Kol'tso" in 1991, which included shooting, strafing, bombing and bombarding NK towns and villages, together with other acts against the peaceful population between 1991-1994. In support of this line, the Armenian majority in NK and the leadership of Nagornyy Karabakh consider that it is no longer possible for NK to remain part of the structure of the Azerbaijan Republic. At the negotiations, representatives of NK referred to the 1991 proclamation of the creation of the Nagornyy Karabakh Republic which then complied fully with the legislature of the USSR and International Law. They consider that the burdensome Azerbaijani war was a defensive one and one which had been foisted on them. The present breathing space is the result of a changed correlation of forces and balance of military power during the course of the war in which the restrictive factors of manpower and economic potential of NKR were compensated for by a favourable line of defence and internal communications, which allowed an effective defence of the republic with minimum forces.

From the point of view of NK, status is the question central to achieving normalisation and settlement of the conflict: NK exists de facto, although not de jure. It is unlikely that its people will ever willingly agree to anything less than actual independence. The leaders of NK cannot deviate from their course of seeking independence. This, perhaps, stems more from the fact that an independent republic was not such a large step as embarking on complete unification with Armenia.

With regard to the problem of status, the leaders of NK declared that they recognise the necessity of achieving a peaceful settlement and are prepared to go further in discussing the different variants of possible status concerning the special relationship between NK and Azerbaijan. Settlement must be built on the basic principles contained in Box 18 b.

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59. Shamkhor rayon enjoys great prestige amongst the Armenians from the days of WWII, being the home of two highly decorated and successful Soviet Armenian Army officers, Marshal of Tank Troops A Kh Babadzhanyan and Marshal of the Soviet Union I Kh Bagramyan (References: Levon Chorbajian, Patrick Donebedian and Claude Mutafian "The Caucasian Knot", page 148, and "Bol'shaya Sovetskaya Entsiklopediya" Third Edition 1970 Moscow pages 498 and 513.)

Box 18 - Principles set by NKR for Settlement of Nagornyy Karabakh Conflict 60

1. The impossibility of subordinating one side to the other.
2. The impossibility of NK existing as an enclave.
3. Guarantees and the level of security must be determined by the people of NK themselves.
4. Necessity to envisage and establish clear international security guarantees, backed up by sanctions against violations.
5. Mutual restoration of territory occupied by the sides.
6. Return of Azerbaijani refugees to NK and Armenian refugees situated in the north of NK under the control of the Azerbaijan Republic must be solved in parallel.

A striking factor, as amongst Azeris on the return of Karabakh, is the unanimity of feeling amongst the Karabakh Armenians.

Further Insights into Karabakhtsi Opinion

Boxes 19 and 20 provide brief insights into Nagornyy Karabakh, including the characteristics of the people, some aspects of life in Karabakh and their views on Russia.

Box 19 - Characteristics of The Karabakh Armenians

The Karabakh Armenians are an exceptionally consolidated people. Not only by dialect but they are also conscious of being different from the fellow Armenian countrymen for "the decades of oppression, the resistance to an alien culture and religion, the striving for education in their own national language and finally the threat of physical annihilation have moulded them into the present day fighter". The local inhabitants are people of few words, but very frank, decisive and at times headstrong, possessing an acute sense of honour. For those "who would not believe in the solidarity of the Karabakhtsi, they politely rejoin that they only have themselves"<sup>61</sup>.

60. Zatulin and Migranyan, Op cit.

61. Igor Lenskiy 'Nagornyy Karabakh wants to be the southern border of Russia,' Pravda No 34 (333) 12-19 September 1997 page 3.

"A Normal Life"?

To Russians it is truly difficult to imagine that "normal life" in Nagornyy Karabakh differs greatly from their normal life: without water, without gas, sometimes without light. When I am asked, why I didn't leave for Russia when combat operations began, I always reply: and where could I go if I have lived on the spot for a quarter of a century already, I have spent many years working as a teacher and a teacher cannot abandon her pupils when they are at the front<sup>62</sup>.

. . . Many have perished, others have returned as invalids, and we in the parliamentary commission are objectively engaged in helping the army (we have already transferred all the army from tents into barracks) and families.<sup>63</sup>  
Shortage of Funds

In Karabakh we have very many veterans of the Great Patriotic War who gave their youth and health in the battles for Belorussia, Ukraine, Moldaviya. . . Our population regards them with respect, the government does everything possible in the social security plan, but in the present economic position of Nagornyy Karabakh, of course, we are unable to help our own essential front line soldiers with anything.<sup>64</sup>

Box 20 - Views on Russia from Karabakh

Lidiya Iosifovna Sarkisyan-Arsent'yeva

"Yes, in general, Russia could do much more for us than at present. Karabakhtsi have to work, though at the present time especially here there is nowhere to work since many enterprises have been destroyed and there are no means to restore them. We Russians who have lived here for more than a decade do not separate ourselves from the local Karabakhtsi. . . We know that to live in Russia today is difficult. . . Russia today does a lot for stability in the Transcaucasus and we value very much her peacekeeping forces in the drawn out Azerbaijan - Armenian conflict, for the ordinary inhabitant of Karabakh,

including Russians, our economy, culture and links need to be actively developed".<sup>65</sup>

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62. Ibid. This dedication of a Russian teacher is reminiscent of the experience of Ruslan Khasbulatov during the deportations in Kazakhstan described by Abdulrahman Avtorkhanov in "The Chechens and The Ingush during the Soviet Period and Their Antecedents" from "The Caucasus Barrier" Hurst and Co, London, page 189 "My first teacher, Vera Vladimirovna, walked 5 kilometres every day to come to our house. Why did she do it for a boy from a 'criminal' family when she could have easily avoided it? Remembering her, I realise she was giving us a lesson in internationalism and kindness".

63. Nezavisimaya Gazeta No 104 (1429) 7 June 1997 page 3 "V Stepanakert prosyat o pomoshchi - Russkaya obshchina Karabakha obratilas' k meru Moskvu" by Lidiya Iosifovna Sarkisyan-Arsent'yeva, Chairman of the Parliamentary Commission of NK on Defence, Director of the "Russia - Karabakh" Friendship Society. Lidiya Iosifovna, who is Russian, wrote to Yuri Luzhkov, Mayor of Moscow, to inform him of the situation.

64. Ibid.

Major General Valeriy Khachatryan

A view put forward by Major General Valeriy Khachatryan recently was that Russia must actively manifest and project itself in the Caucasus: "It must declare this region to be a zone of its strategic interests, to enable a union of Karabakh and Armenia, arm them as follows, establish strategic rocket forces here, only by adopting this approach could Russia prevent the expansion of the Islamic world".<sup>66</sup>

Babkena Grigoryana

Much the same view was echoed by a chemistry and biology teacher in Araken secondary school, Babkena Grigoryana "Only Russia can save Karabakh and Armenia from the Turkish yoke. For us, peacemakers are the Russian Army. We will not allow others to come here"<sup>67</sup>.

From Box 20 a number of important points emerge. Addressing the statements by General Khachatryan and Babkena Grigoryana, their feelings of vulnerability and insecurity are evident. For them, only Russia and the Russian Army in its peacekeeping role can provide the necessary protection for Karabakh from Turkey and the Islamic world. Undoubtedly their remarks reflect the instinctive feelings of the Karabakhtsi and indeed Armenians for Russia as the traditional protector of Christendom in that part of the world. Lidiya Iosifovna Sarkisyan-Arsent'yeva underlines the Christian element in relations with Russia: "And if with time Armenia is joined to a Russian - Belorussian union we will be glad for this as a new formation not only of Slav but also of Christian peoples" <sup>68</sup>. Other aspects of life in Karabakh are contained in Box 21.

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65. Ibid.

66. Lenskiy, op cit.

67. Ibid.

68. Sarkisyan' Arsent-yeva, Op cit.

Box 21 - Lack of Crime and Sufficiency in Foodstuffs in Karabakh

Lack of Crime

The difference between other hot spots and Karabakh is that in Karabakh there are absolutely no instances of robbery or brigandage, as for instance in Abkhazia or Chechnya. The kidnapping of people or seizure of property for ransom that continuously seems to take place in Chechnya and occasionally in Abkhazia is simply unthinkable for the people of Karabakh, where "the discipline is such that sentries at their posts are unarmed".<sup>69</sup>

Self-Sufficiency in Foodstuffs

The local inhabitants are not well to-do. Until the Lachin corridor was created in 1992 breaking the blockade, supplies had to be flown in by helicopter. In the foothills crops are situated in separate areas amongst the woods. Out of the 150,000 hectares of foothill almost half is taken up with arable land, 40% is good pasture land, the remainder is devoted to orchards, vineyards and haymaking. Thus there is no problem with bread, wheat and barley, so much is grown that part is sold to Armenia. In Gadрут rayon, the most southerly in the republic, the harvest is expected to yield 20 tsentnery per hectare 70. In the 37 villages of the region about 11,000 peasants live, consolidated in 29 amalgamated kolkhozy. The authorities intend to privatise the land as quickly as possible, but people are not agreeable to this.

Assistance from Armenian Diaspora

"The village of Araken including 12 hamlets of Gadрут rayon were deported to Armenia in the spring of 1991. When this territory was liberated in 1993, refugees returned to a deserted place, they could only indentify their own fireplaces by the ruins of the destroyed church. Today, the village is being restored with the help of the Armenian diaspora: Argentinian society is helping the village of Kharamurt, Armenian society in Lyons (France) is aiding Araken. In turn it will be a long time before one walks as far as the villages of Staryy Taglar, Khatsabert, Spitakashen, Khanzadzor. People want to return, but they cannot - there are no houses, and to live in tents at such a height is impossible: in summer the heat is intense, in winter it is cold. The Armenian diaspora in the USA provided US \$ 11 million for the repair and reconstruction of the road through the Lachin corridor, which is being continually maintained by day and night."71

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69. Lenskiy, Op cit.

70. A 'tsentner' is 100 kg.

71. Lenskiy, Op cit.

Justification for Seizure of Territory during Conflict. Seen from the Karabakhtsi viewpoint, public opinion in the West at the beginning was favourably inclined towards them, but then it changed sharply when they occupied several Azerbaijani rayony outside NK's borders. The Karabakhtsi explain their actions on the grounds of military necessity, the creation of a line of defence which secured them from the threat of finding themselves in a cauldron completely surrounded on all sides72. However, it is interesting to note in that:

Box 22 - Karabakh Leaders Recognition of Need to Return Territory

"The leaders of Karabakh have already taken upon themselves the obligation to return the captured territories, as only a political solution of the conflict will suffice. We were able to witness that neither Ardham, nor Fizuli (Koryagino), nor Dzhebrail, nor Zangedan are populated by Armenians and the territory of these rayony has not been assimilated. Out of the [former] Azerbaijani populated centres only Lachin has been restored, rehabilitated and populated with Armenians, as it is through Lachin that the "Road of Life" passes, a steep serpentine, which links Karabakh with Armenia. Without this route Nagornyy Karabakh would not exist".73

Justification for Retention of Territory. Whilst the Karabakh leaders are prepared to return other rayony and towns, because the Lachin corridor is so vital to their survival, it is doubtful whether they would ever relinquish their hold on this important post without cast-iron guarantees. There is another matter of territory, close to and vital for the security of the Lachin corridor; this concerns Kel'badzhar rayon and the gold ore deposits there. Box 23 contains details.

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72. It is possible to maintain that "in spite of a certain military advantage, Karabakh was not interested in resuming combat operations in as much as its present day border is the optimum for its security: in the west the Karabakhtsy have gone up to the border with Armenia, in the south to the border with Iran,

in the north the natural border is the Murovdarskkiy ridge or range. In the east, further east of Agdam a system of powerful fortified defences have been created. Besides that the seizure of additional territory inevitably lengthens the line of contact, also it is necessary to take into account that holding a large amount of territory could be disadvantageous for Karabakh". Zatulin and Migranyan, op cit.

73. Lenskiy, Op cit.

Box 23 - Kel'badzhar Rayon 74

Statement by Geydar Aliyev, President of Azerbaijan<sup>75</sup>

"They say that the gold ore deposits in Kyal'badzhar rayon have no future and from the economic point of view development is not considered feasible. But you Kyal'badzhartsy well know that on that side of the mountain which separates Dzhermukskiy rayon of Armenia and our Kyal'badzhar rayon, Armenians for at least 50 years have been exploiting the Zod deposit, extracting gold there. Then having constructed a tunnel, they proceeded to extract gold from the Azerbaijani deposit, from our territories. This was approximately at the end of the 70s" .  
Extract from Izvestiya<sup>76</sup>

"The fact of the matter is that in Kel'badzhar rayon which has already been occupied by Armenian formations for several years, according to information from the Azerbaijan side, Armenia is trying to extract gold at this deposit with the participation of an American company, Global Gold Corporation. As a result Baku has repeatedly protested and complained to the world in general on this fact. Armenia naturally refutes the Azerbaijani allegation, considering it is a deposit which is traditionally theirs, called in Yerevan "Zodskiy". From 1970 "Armzoloto Yakoby" has been mining gold here."

Extract from Pravda<sup>77</sup>

"The fate of Kel'badzhar rayon, well known for its wildness, has not been decided. In the negotiations the NK delegation allowed the possibility over time of the return of the Kel'badzhartsy, however, the army commander in chief was against this."

It must not be forgotten that the stability of the Nagornyy Karabakh government relies on the favourable results attained during the war, the balance of forces, high mobilisation readiness and the unity of the population. The government and people of Karabakh are confident that Armenia and the Armenian diaspora would be unable to refuse support to NK, especially in their moment of need.

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74. There would appear to be two ways of spelling Kel'badzhar (Russian) and Kyal'badzhar (Azerbaijani).

75. Speech by President Aliyev who was addressing a meeting of Azerbaijani refugees from Kyal'badzhar rayon on 4 April 1997. According to Azerbaijani estimates there are 60,000 refugees from Kyal'badzhar rayon alone. Bakinskiy Rabochiy No 63 (22986) 5 April 1997 "Kyal'badzharskaya tragediya dolzhna stat' urokom - Prezident Azerbaidzhana Geydar Aliyev vstretilsya s kel'badzharskimi bezhentsami," Azertadzh.

76. Izvestiya No 152 14 August 1997

77. Lenskiy, Op cit.

Settlement of Conflict

The political talks within the framework of the OSCE Minsk group have not brought tangible results as yet. Experience has shown that progress can be achieved as a result of direct talks between the parties actually involved in a dispute. This has been demonstrated in other talks, most notably, the cessation of conflict between Russia and Chechnya with the Khasavyurt Accords in August 1996 through the efforts of General Aleksandr Lebed, the flexible commonsense of Aslan Maskhadov and his determination to keep 'plugging away' in subsequent protracted and difficult negotiations with the Russians, where words in the text of agreements can change between meetings, but for the moment the grokhot of artillery has been silenced. Other instances of the success of direct talks between opposing sides are those between Moldova and Pridnestrov'ye, Georgia

and Abkhazia. Azerbaijan meanwhile is evading direct contact with Nagornyy Karabakh, despite the fact that Karabakh Armenians have been recognised as a side in the conflict. Just now, the weight of all these problems lies on the shoulders of the newly-elected NK President, the 40 year-old Arkadiy Gukasyan<sup>78</sup>. Whilst President Gukasyan is against any form of direct vertical subordination to Baku, he does not exclude lateral links with Azerbaijan. Some insights into his thinking are summarised below.

#### Views of New President

First of all, the remarks made by Gukasyan during the election campaign for the Presidency are revealing. However, it is interesting to note that all three candidates were united on the fact that there should be no vertical subordination to Baku. The views of Yerevan and Stepanakert coincided on the point that there must be direct talks between Baku and NK. Neither Azerbaijan, nor any member country of the OSCE Minsk group on NK, nor the three co-chairmen of the Minsk group welcomed the holding of the NK elections. However both Yerevan and Stepanakert believed that the elections would assist in obtaining a settlement by opening up, widening and activating the process of normalisation, paving the way to settlement of the conflict. The potential President would then have a recent, effective mandate from the people of Nagornyy Karabakh.

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78. Nezavisimaya Gazeta No 169 (1494) of 10 September 1997 "Stepanakert protiv podchineniya Baku" by Petr Pliyev provides the following details on Arkadiy Arshavirovich Gukasyan: "born on 21 June 1957 in the town of Stepanakert. On completion secondary education in 1974 he entered the philological faculty of Yerevan State University. From 1979 he was a newspaper correspondent and from 1981 assistant to the Editor in Chief of the Russian publication Sovetskiy Karabakh. Starting from 1988 he became an active participant in the "Karabakh" movement. In August 1992 he was nominated as Presidential adviser on political questions for the NK state defence council. From June 1993 he was minister for foreign affairs of NK. From September 1992 he was permanent head of the Nagornyy Karabakh negotiation delegation for normalising the conflict. In 1992-1995 deputy of the NK Supreme Soviet first convocation. Married with one daughter. At the presidential elections on 1 September 1997 elected President NK with an overwhelming majority (89%)". According to Lenskiy, op cit, "Arkadiy Gukasyan by education is a philologist, as journalist he worked on the newspaper Sovetskiy Karabakh. For his graphic publicist actions against the Armenian programs in Baku and Sumgait he was arrested and sent to Rostov prison. From 1992 he was adviser to the recognised leader of the Karabakh Armenians, Robert Kocharyan, then he became the NK minister for foreign affairs. An important diplomatic success for him was at the Budapest meeting of the OSCE when the Karabakhtsi were accepted as a side in the conflict. The Presidential vacancy came about as a result of Robert Kocharyan being nominated as Premier of Armenia in the spring of this year".

Box 24

#### Views of Arkadiy Gukasyan, Successful Presidential Candidate 79

1. He would continue to participate for a settlement on Karabakh through OSCE, seeking direct talks with Azerbaijan.
2. International guarantees were required from Armenia.
3. He considered it necessary to raise the level of combat effectiveness of the army through re-equipping with modern weapons and raising the professionalism of cadre personnel.

#### Internal Political Sphere

4. In the internal political sphere, there was a need to speed up work on the constitution, with a complete clear cut demarcation of authority of the republic's local power organs.
5. To implement a special state programme which would enable the active return of the many refugees.
6. To aid economic revitalisation and development, he proposed a high level of social security for the population, in particular a general provision for up to 60% of the budget expenditure.
7. Great attention to relations with Armenian diaspora abroad, even granting NK citizenship if they so wished.

At the Presidential elections on 1 September 1997, more than 76,000 people voted, (84.4% of the population) with Arkadiy Gukasyan obtaining almost 66,000 votes (89.3% of votes cast); his rivals Boris Arushanyan and Artur Tovmasyan got slightly more than 5% of the votes 80. It was quite clear that Karabakh supported Gukasyan completely. Gukasyan's announcement following election was that Stepanakert was open for direct talks with Azerbaijan. However, he considered that Baku at the present time was not displaying readiness for this, but:

"We will neither start on unilateral compromises, nor on the question of status, nor on the question of the temporary occupation of territory by the Karabakh Army, nor on the question of refugees. Negotiations on normalisation and settlements of conflicts between Russia and Chechnya, Georgia and Abkhazia, even though they had not been completed were of great interest to the Karabakhtsi" 81.

A few days later he highlighted some of the internal difficulties which NK faced, but in the first place it was a case of which problem had first priority when they all appeared to be of paramount importance and urgency. Whilst undoubtedly the main task was settlement of the Karabakh conflict, there were questions concerning the privatisation of land and capital investment, where the latter was adversely affected by the continual problem of propaganda from Azerbaijan and Turkey. With regard to land privatisation, they had already worked out a programme of implementation, but there was a major problem in that people had been negatively affected by 70 years of Soviet life which had deadened any spirit of enterprise.

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79. Nezavisimaya Gazeta No 162 (1487) of 30 August 1997 page 3 "Na post prezidenta Nagornovo-Karabakha pretenduyet tri cheloveka" by Armen Khanbabayan.

80. Ibid.

81. Ibid.

With regard to the question of capital investment in Nagornyy Karabakh being a risky business despite a ceasefire, he replied:

"I think about this continually. . . We managed to win in an uneven war and defend our motherland. Now another war is beginning - a political and economic one where our capabilities are restricted. In the future with an unrecognised state not having the opportunity to influence public opinion through SMI 82, with difficulty we are able to counter Azerbaijan and Turkish propaganda which to a large degree is listened to by the world community" 83.

At a later interview he answered questions regarding the position of Russia and Azerbaijani proposals for settling the conflict.

Box 25 - Further Insights from Interview with Arkadiy Gukasyan<sup>84</sup>

Position of Russia

"At the start of the negotiating process the position of Russia in parallel with the OSCE line was very active. Now that position of Russia is no more. She appears in the category of a co-chairman together with the USA and France. What the USA says is law for the Russian side. Nevertheless on the questions of the ceasefire, in arranging the truce Russian diplomats played a decisive role. . . I consider that Russia carries responsibility for what takes place in the region as the legal successor of the former Soviet Union".

Azerbaijani Proposals

"Baku is proposing that we withdraw our troops from all the territories in one fell swoop. But then by leaving Ardam, Kel'badzhar, Lachin and even Shusha we really are subordinating Nagornyy Karabakh to Azerbaijan. Baku is planning to divide us into two parts. A Cypriot solution to the problem is envisaged, in order that there are two administrations. . . it also does not solve the whole problem of the 500,000 Armenian refugees from Azerbaijan".

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82. SMI in full "sredstva massovogo informatsii" - mass media.

83. Arsen Melik-Shakhnazarov, Op cit, provides a series of examples of Turkish and Azerbaijani propaganda: "Having lost the war in Nagornyy Karabakh, Azerbaijan in recent years is striving by political means to fulfil those tasks which it could not resolve on the battle field". Further examples: Bakinskiy

Rabochiy 20 May 97 - President Aliyev during his May visit to Turkey "NK is Azerbaijani land. Now Armenian armed detachments simply occupy it. But it is Azerbaijani land and must remain so". The newspaper Panorama 31 May 97 - Bafa Gulizadye, assistant to Aliyev on political questions "Armenia with the undoubted support of Russia, occupied NK and seven adjacent territories, that is 20% of the territory of the independent Azerbaijan state. Bakinskiy Rabochiy 22 May 97 - Istanbul on 7 May "President Aliyev announced the major part of the territory of present day Armenia in the past belonged to Azerbaijan". Panorama 14 May 97 - "The Zodskoye deposit was situated on the territory of Kel'badzhar rayon of Azerbaijan which is now occupied by Armenian armed formations". This article was of particular interest because it mentioned an All-Turkish meeting in April 1997 in Istanbul, where the importance of recognising the Turkish Republic of North Cyprus was stressed. (Turkish troops are occupying the territory of the sovereign Cypriot state). The continued holding by Turkish troops of Republic of Cyprus sovereign territory and the creation of Turkish Republic of North Cyprus, must, however, weaken the Turkish argument in support of territory having to be returned to Azerbaijan.

84. Pliyev, Op cit.

On the subject of relations with Baku he again declared that vertical subordination to Baku was unacceptable, but confirmed a willingness to explore lateral links.

Box 26 - Further Insights from Interview with Arkadiy Gukasyan  
Unacceptability of Vertical Subordination to Baku 85

"It can be something more like a confederation. That is the creation of some form of organisation which could coordinate our actions, for example a joint parliament. But in this, we would live according to our own laws. The other matter consists of the importance of defining our mutual relations: together we decide, let us assume, ecological problems, questions of energy supply, communication means or we hand over these functions to Azerbaijan. Financial and economic questions could be included here. But nevertheless each nation lives, I repeat, as it wishes. We, for example, do not elect the President of Azerbaijan, Baku does not interfere in our internal affairs. The main idea of lateral links is after all the recognition of NK as a subject of International Law".

Reaction to OSCE Proposals

As mentioned above, the latest OSCE proposals, for the settlement of the conflict and normalisation of the political situation, emerged on 24 September 1997. The proposals provide for the withdrawal of the Karabakh armed forces to within the confines of the borders of 1988. It is also envisaged that the OSCE will create a buffer zone round these borders; the scale and parameters have yet to be decided. Additionally the Lachin corridor is to be leased by the OSCE which will also determine its boundaries and be responsible for the link between Armenia and Karabakh. Lachin rayon is to be handed back to Azerbaijani jurisdiction. Moreover, a new road is to be built which bypasses Lachin. Later in time, Nagornyy Karabakh is to be declared a free zone with the right to use any currency and to also be recognised as a multi-ethnic entity. Possible reaction to the OSCE proposals is in Table 3.

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85. Ibid.

Table 3 - Possible NK Reaction to OSCE Proposals

Phase I Proposals		Possible Reaction of NK
Serial	Outline Proposal	
Government		
1.	NK forces to leave six Azerbaijani rayony.	a. Possible objection. b. Probably require mini-phases
within		



The official position of Armenia lies in obtaining agreement on the question of self-determination through the principles and solutions of a political settlement. NK and Azerbaijan are the two main sides involved in the conflict. The Republic of Armenia does not acknowledge NK as part of the territory of the Azerbaijan Republic, but also it has not recognised NK officially so as not to pre-empt the conclusions of the OSCE Minsk Conference on NK. The Armenian leadership believes that Armenia must be one of the guarantors of NK's security. It will not stand aside if Azerbaijan initiates hostilities against NK with the purpose of destroying or expelling the Karabakh Armenian population. The Armenian leadership considers that any negotiations or contacts on the settlement of the conflict cannot take place without the direct participation of NK representatives<sup>90</sup>. Armenia considers that the question of NK's status is the basic problem.

Kocharyan as Armenian Prime Minister

According to the US State Department's Special Consultant on the Caucasus, Paul Goble, "the nomination of the President of NK on 20 March 1997, Robert Kocharyan to the post of Armenian Prime Minister was a new zigzag in the constantly complicated political

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89. See box 12 above.

90. Zatulin and Migranyan, Op cit. "Not long ago, Armenia stopped making direct contacts outside the OSCE Minsk group with meetings between the Presidential advisers of Armenia and Azerbaijan, having announced as a result of pressure from NK that a resumption of direct contacts was possible only with the participation of NK representatives".

process in the Transcaucasus" 91. Armenia found herself in a position of international isolation at the Lisbon meeting of the OSCE, where the participants clearly accepted the Azerbaijani case for the resolution of the Nagornyy Karabakh conflict. Paul Goble considered that in equal degree the step of Levon Ter-Petrosyan, in bringing in Kocharyan to the most senior post in the Armenian government after the Presidency, could bring both a strengthening of stability, in as much as the Armenian President himself had left the Karabakh movement leaderless, but it also provided a reinforcement or strengthening of his position should further confrontation, internal or external, arise in the near future.

"In Baku, this event was considered as a certain Armenian-Russian initiative directed towards a resumption of hostilities and combat operations. Georgia regarded it in a similar manner, perceiving in the nomination of Kocharyan the fruition of Moscow's aspirations through Armenian hands in establishing Russian control over the Azerbaijani-Georgian pipeline" 92.

Indeed the nomination of Robert Kocharyan was for the ruling bloc in the Armenian Parliament a necessary internal political measure in an attempt to clear away adverse political attention after the elections of September 1996<sup>93</sup>. The attitude of Armenian opposition toward the problem of Nagornyy Karabakh, the divergence between opposition and government, is possibly only one of a tactical nature, as in Azerbaijan. It is concerned also with the united opposition coalition (Dashnik Bloc) which includes the "Dashnaktsutiun". The "Dashnaktsutiun" occupies a much more radical position than the official opposition; the leaders of this party have repeatedly demanded de jure recognition of NK. The serious concessions on the part of the Armenian government in the process of a Karabakh settlement and normalisation have inevitably led to a degree of political destabilisation in Armenia and to the weakening of its position in the region. The elevation of Kocharyan to a senior post in the Armenian Republic government tends to dismiss the view that Armenia would not support the Karabakh Armenians, particularly as at the present time there would appear to be definite results from a course of reconciliation with the opposition, especially with the "Dashnaktsutiun" party 94.

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91. Gadzhizade, Op cit.

92. Zatulin and Migranyan, Op cit.

93. Ter-Petrosyan's personal standing and authority suffered a severe blow as a result of condemnation by international observers over a flawed election for the presidency in September 1996, when it was discovered that there was a disparity of some 22,013 between voters and the number of coupons registered.

94. Nezavisimaya Gazeta No 160 (1485) of 28 August 1997 "Boris Yel'tsin vstretitsya s Levonom Ter-Petrosyan" by Armen Khababyan and "Armeniya priglyadyvayetsya k slavyanskomu soyuzu" by Saak Sarkisyan. Not without regret one of the local opposition newspapers noted "The new Armenian-Russian Treaty considerably strengthens the position of the Armenian government in as much that it has taken the ground from under the feet of the opponents of the regime, in the first place the left wing forces, which blamed the ruling circles in the breakdown of industry".

#### Russo-Armenian Treaty of Friendship

On 29 August 1997, a Treaty of Friendship, Cooperation and Mutual Assistance was signed in the Yekaterinskiy Hall in the Great Kremlin by President Yel'tsin and President Ter-Petrosyan<sup>95</sup>, where the latter said that the importance of the signed treaty was a "realisation which permitted the level of a relationship of allies, a strategic partnership in his view is the full coincidence of views on regional and global questions".

Furthermore, Ter-Petrosyan reckoned that: "Today trade with Russia is 200-250 million US \$ per year, the figure could rise to several times more in the next 2-3 months if all that had been agreed in the Moscow agreements was fulfilled"<sup>96</sup>. In the words of Ter-Petrosyan the agreement might herald the appearance of new economic blocs - Turkmeniya - Armenia - Iran, or Greece - Iran - Armenia in which he believed Russia would also be a participant. Whilst the economic part of this agreement, if it lives up to the expectations of Ter-Petrosyan, will provide a much-needed boost for the Armenian economy, in all probability it will not match the gains to be made should the pipeline be routed through Armenia.

The Need for Compromise on the Karabakh Question Ter-Petrosyan believes that Karabakh independence is unrealistic; the stalemate cannot continue indefinitely; the Armenian public had to be ready for compromise and furthermore there will be no improvement in their lives or standard of living until a settlement is reached over Nagornyy Karabakh. "Be bold enough to face up to the fact and make everyone aware that we will never live well until the Karabakh conflict is settled and the blockade of Armenia is lifted"<sup>97</sup>.

In a way, a similarity of approach exists between Ter-Petrosyan and Aslan Maskhadov of Chechnya on the basis that there is an alternative to continuing a conflict, and maintaining a certain posture which in itself may be inflicting greater long-term damage on people than possibly the original problem did in the first place. At a certain stage in conflict or in a tortuous negotiating process, there is a view that there must be a degree of flexibility so as not to lose momentum and impact, especially when there are certain

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95. Nezavisimaya Gazeta No 162 (1487) of 30 August 1997 page 3 "Yel'tsin I Ter-Petrosyan podpisali dogovor o druzhbe" by Natal'ya Ayrapetova and Armen Saakyan. "In comparing the document that was signed yesterday with a comparable document in 1991 even though the word "security" had disappeared [replaced by "mutual assistance"] it indirectly testifies to the fact that for Armenia, Russia was and remains the main guarantor".

96. Ibid.

97. Inside Central Asia Issue 191 of 22- 28 Sep 97 pages 1 and 4. Phil Reeves in The Independent (27 July 1997 "How Armenia won the war but lost the oil") said, "Ter-Petrosyan's position is not easy. Without a settlement, this nation risks missing out on the regional benefits of Caspian oil and its sense of being history's whipping boy will deepen". C W Blandy "A Short History of Armenia" page 21: " The actual cost of the conflict and aid to the Karabakh can only add further strain to the weak economic situation in Armenia; not only are personal jewellery, gold, and silver being collected from Armenians in Armenia to help sustain the effort against Azeri forces but also appeals have been made from Armenia to Armenian's worldwide". Both Ter-Petrosyan and Maskhadov have the

hard task of convincing extreme elements in their countries that peaceful means have to be used to achieve objectives, even though the thought of compromise is anathema: compromise with Baku will undoubtedly result in a backlash in Armenia. guarantees from an international organisation, such as the OSCE or perhaps more importantly, the existence of a treaty with Russia. The Armenian President's views on the latest OSCE peace proposals for a settlement of the Nagorny Karabakh conflict were to proceed along the lines of a phased option: "For Karabakh it was necessary to find a compromise. The problem consists of the fact that Azerbaijan until now had not recognised Karabakh as a side in the conflict"<sup>98</sup>.

The Position of Turkey

From a Russian view point<sup>99</sup>, Turkish interest in a settlement of Karabakh is connected to the Turkish drive for political, economic and cultural expansion. It is a question of the ideas of Pan-Turkism, the "Great Turan", a Turkic space or even a united sovereign Turkic state, under the aegis of Turkey, with a continual transition to a tighter form of state cooperation. In the course of this tendency for expansion, Turkey does not formally encourage separatism in Russia itself, which clearly showed through during the Chechen war. Ethnically close<sup>100</sup>, Azerbaijan is the key to the Caspian and the gates to Central Asia for Turkey. Despite the different nuances of Azerbaijani cooperation with Turkey under different Azerbaijani leaders, Baku relies on and actively uses the capabilities of Ankara.

After the fall of the USSR, which opened new opportunities for the penetration of Turkey into Azerbaijan and Central Asia, where Ankara is striving to become the most active partner of Alma-Ata<sup>101</sup>, Turkey continues to support the position and actions of Azerbaijan in the Nagorno-Karabakh conflict. Turkey offers diplomatic and political assistance to Azerbaijan in the United Nations, in the Islamic Conference Organisation, in NATO and at meetings of the OSCE Minsk group, accompanying but not participating in the dispute. Turkey supports, facilitates and secures for Azerbaijan contacts with the USA and other Western powers by using their interest in Caspian oil, by ousting Russian domination and presence from the post-Soviet states and by establishing influence over the whole

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98. Ayrapetova and Sarkisyan, Op cit.

99. Zatulin and Migranyan, Op cit.

100. Melik-Shakhnazarov, Op cit.

101. Kozlov, op cit. For example, some six years later in Kazakhstan "Mesut Ulymaz Prime Minister of Turkey was head of a delegation of 150 Turkish businessmen to Kazakhstan. Between Turkey and Kazakhstan 56 agreements in different fields and at very different levels have been concluded. Today there 300 Turkish companies and 20 of them on 40 projects are investing in the Kazakh economy about US \$2 mlrd (2,000,000,000). There are already two Turkish universities. Turkey not only supports fully the position of Kazakhstan on the question of the status of the Caspian Sea but signed three documents on agreements with Kazakhstan on 10 September 1997 concerning - declaration of deepening all embracing collaboration, agreement on trade-economic and technical collaboration and even on cooperation in the sphere of public health". region through control of transport communications<sup>102</sup>. Besides that, Turkey herself is interested in Caspian oil and its transportation across Turkish territory. Turkey has been successful in being included in the project, with the realisation of releasing Turkey from dependence on Iran and other Arab states for oil. In conformity with this logic, Turkey supports Azerbaijan not only on the question concerning the status of NK as part of Azerbaijan, but also with regard to the conditions for re-creating Shusha and Shushinskiy rayon as an Azerbaijani community, which in turn would very much follow the very same role as the Turks in northern Cyprus.

Turkish moves in trying to establish control over the region through control of transport communication links have achieved a considerable boost not only through its contacts and recent agreements with Kazakhstan over the transportation of oil from Shevchenko - Baku - Batumi - Samsun, but also through

the energy needs of Ukraine, which at the moment is dependent on Russian oil and gas.

Turkey and Ukraine "after three years of negotiations have decided to enter into the construction of an oil pipeline which would link the Mediterranean coast with the Black Sea coast of Asia Minor"<sup>103</sup>. Map 4 provides geographical orientation, with the outline of the agreement in Box 27.

Map 4 - New Proposals for Oil Transportation Routes via the Caspian and Turkey  
104

Box 27 - Turkish - Ukraine Proposed Oil Pipeline<sup>105</sup>

Route: Ceyhan to Samsun by pipeline; Samsun to Ukraine by tanker. Length: 564 km. Capacity: 1st pipeline - 40 mln tonne per year, 2nd pipeline - 30 mln tonne per year. Cost: US \$ 650 mln and US \$ 1mln for 2nd pipeline. Concept: It is planned to transfer oil from Africa and the Middle East and later to Western Europe. It is envisaged that the realisation of this project will completely satisfy Ukraine's needs for crude oil, 95% of which today is supplied by Russian oil. Benefits: Turkey estimates it will receive US \$ 225 mln just for the transportation of oil over its territory at, for example, US \$ 5 per tonne.

The Position of Iran

With regard to the Caucasus and Caspian Basin, within the dimensions of security, Iran attaches "great importance to the establishment, to the safeguarding and continuation of peace and stability in the region"<sup>106</sup>. Iran has good reason for wishing to tread carefully, particularly as there is a close cultural-ethnic macedoine of peoples living in the border areas of northern Iran and southern Azerbaijan, such as Azeris, and again between northern Iran and Turkmenistan<sup>107</sup>, where instability could spill over and spread from these states into Iran. Security and stability in Central Asia will obviously increase economic potential, subsequently enhancing Iran's nodal role in the sphere of communications by road, rail, air and pipeline.

Zatulin and Migranyan<sup>108</sup> maintain that Iran in the first place lays claim to the role of being a regional super-power. From 1991 the leadership of this country in all sorts of ways has striven to use for the development of its own interests the consequences of the demise of the Soviet Union. Iran considers Armenia and Karabakh as outposts against the growth of a "Turkic space" which stretches from Turkey across Iranian Azerbaijan into Azerbaijan and beyond to Central Asia. Simultaneously Iran believes in hindering and obstructing Western influence in the region. According to the authors, it is significant

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105. Ibid.

106. "The Iranian Journal of International Affairs" Vol VII No.4, Winter 1996, Institute for Political and International Studies (IPIS), Tehran, page 845 "Iran's Relations with Central Asia and the Caucasus" by Mehrdad Mohsenin, a senior research fellow at the Center for the Study of Central Asia and the Caucasus at IPIS.

107. See C W Blandy "The Caspian: A Sea of Troubles" CSRC August 1997. There is also another factor to be considered from the economic sphere: "It must not be forgotten too, that Turkmenistan is also indispensable to Iran in the supply of energy to northern Iran. Similarly, Iran from a geographical standpoint is in an ideal position to provide access to the outside world for Turkmenistan's oil and gas products".

108. Zatulin and Migranyan, Op cit.

that an examination of the Nagorno-Karabakh conflict within the framework of the OSCE, reveals that "the exclusion of Iran is pursued by the Minsk group as one of the aims in the process of political settlement" <sup>109</sup>.

Iran has attempted to become firmly established in Azerbaijan, having pursued a policy of friendship, in offering multi-planned assistance, the provision of credits, the supply of arms and ammunition, and political support to the Azerbaijan leadership, including support on the Karabakh question. In that period, acknowledging the special role of Russia, Teheran has twice come forward with initiatives concerning mediation in settlement of the Nagorno-Karabakh conflict<sup>110</sup>, However, it has turned out that "having been squeezed out of the framework of Azerbaijan oil projects by Turkey"<sup>111</sup>, acting in support of the

West, Iran has undertaken steps for a rapprochement with Russia and Armenia, but the words of Iranian Oil Minister Golyam Reza Aga-Zadye, in December 1995 at the International Conference on "The Perspectives of Exploiting the Caspian Sea's Oil and Gas Deposits" in Teheran, should also be remembered:

"Iran will be guided in accordance with economic expediency, and not by the political situation in the solution of problems of its participation in projects exploiting the oil and gas deposits of the Caspian" 112. This means that Iran will be guided by conditions which suit Iran. It may come to the point where she may revise her stance with Russia on the question of the Caspian's status. In practical terms the Shah-Deniz contract could also be construed as giving recognition to the division of the Caspian Sea according to extended national territorial waters, national slices or sectors. The previously united position with regard to the status of the Caspian between Russia and Iran, perhaps may no longer be regarded as sacrosanct, but the position with regard to Armenia may be regarded differently. Iranian interest has been to try and preserve the present balance of power in the region and with this aim in mind provided a transit corridor for Armenia. If in earlier relations with Karabakh, hard announcements emanated from Teheran with demands for the Karabakh Armenians to withdraw their troops from captured Azerbaijani territory and to allow refugees to return, Teheran is now striving to 'develop' Armenia economically. It is also significant that on the 132 km sector of the former Azerbaijani border with Iran, which is under the control of NK troops, there have been no incidents.

109. Ibid.

110. Mohsenin, Op cit. "Hence the Islamic Republic of Iran, along with its non-intervention policy in the domestic affairs of the CIS countries, has in practice proven its goodwill by taking measures as well as engaging in honest brokerage during regional crises such as the Azerbaijan-Armenian conflict over Karabakh or the civil wars in Tajikistan" .

111. Zatulin and Migranyan, Op cit. But it should be noted that whilst the Iranian Oil Industries, Engineering and Construction (OIEC) does not have a stake in the "Contract of the Century" signed on 20 September 1994 for the Azeri, Chirag and deepwater part of the Guneshli oil deposits, Iran through OIEC has a 10% stake in the "Shahdeniz" contract situated in the Azerbaijan sector which was signed on 4 June 1996. See also C W Blandy "The Caspian: A Sea of Troubles" CSRC August 1997.

112. Nezavisimaya Gazeta No 101(1426) 4 June 1997, article by Kamilzhan Kalandarov.

#### The Position of Georgia

The position of Georgia to a large degree is determined by its own problems, both internal and external. This country has practically the same complex of political and economic problems which are found in Azerbaijan, as illustrated by Table 4.

Table 4 - Similarity of Georgian Problems with Those of Azerbaijan.

Problem	Azerbaijan	
Georgia		
Separatism and armed	Nagornyy Karabakh,	
Abkhazia, South		
conflict	Episodes at Gyandzha	Osetia
and Mingrelia		
Weak subordination to	Talish and Lezghin	Adzharia
central government	problems	
de facto autonomies	Nagornyy Karabakh	Dzhavetia,
Borchalo		
Smouldering ethnic conflict	Lezghins	Western
Georgia		

Without doubt these internal problems directly impact on Georgia's external policies. From one side, Georgian politics have an anti-Russian rhetoric, and furthermore they miss no opportunity in lobbying for 'the western route'. As in

the past, Georgia lies uncomfortably between the Christian and Muslim worlds, where 'outwardly' neither Russia nor Turkey are regarded as an enemy or a threat to Georgian national security or stability. However, Georgians recognise that Russia in keeping with a long historical geo-political strategy perceives the need for the creation of a Transcaucasian buffer zone, resulting in the presence of a strong Russian military presence in the Republic. Georgians realise that they cannot survive without Russia<sup>113</sup>, but at the same time they do not want to be under Russian control and domination<sup>114</sup>. Therefore, Georgia has to follow a pragmatic policy which is tailored to cater for Russian foreign policy requirements. But their main hope is for economic regeneration, political and national consolidation. The political class of Georgia is linked to the arrival of the West in the region. This fully coincides with the priorities of their external policy toward Azerbaijan, which in a way is helped by the scandal of Russian arms supply to Armenia. Whilst Georgia does not wish to embark on a course of deteriorating relations with Armenia, there is the thought that:

"Who can be trusted concerning their relative neutrality on the Karabakh question, if the planned route of the oil pipeline is on the map and connected with it are guarantees of the indivisibility and independence of Georgia?" <sup>115</sup>

113. Shevardnadze is reported to have said once "Solntse dlya Gruzii voskhodit na sever" (For Georgia the sun rises in the north). Another facet was Russian involvement in Abkhazia, forcing Georgia to join the CIS.

114. In many ways this bears a close resemblance to the situation at the beginning of the 19th Century, when Russia afforded protection for Georgia against the Muslim world of invading Turks, Persians and marauding Muslim mountain men from Daghestan, as witnessed by the establishment of the Lezghin line. Whilst it countered the Muslim threat, it was indeed a burden and not exactly an absolute blessing for Georgians.

115. Zatulin and Migranyan, Op cit.

#### Ukraine and the Supply of Oil

Ukraine is dependent on energy supplied from Russia. On 25 March 1997, President Geidar Aliyev and President Leonid Kuchma signed an agreement concerning the supply of Azerbaijani oil to Ukraine, by-passing Russia through Georgia, an arrangement to which Eduard Shevardnadze has expressed his agreement. The oil would be transported through two old pipelines and by rail. As noted above, the through-put capacity of this line is infinitesimal and the system of transportation is complicated: Caspian Sea (Baku) - pipeline - rail to Tbilisi - pipeline to Batumi - tanker to the terminal in Odessa which requires a rebuild.<sup>116</sup>

In the opinion of Zatulin and Migranyan<sup>117</sup>, a curious situation is developing, for with the reduction in oil extraction, Azerbaijan at the moment buys in Russian oil, playing the role of a benefactor to Ukraine. If this "Western pipeline" (Baku - Poti) is going to be constructed, then this will only be completed at the end of 1998. Meanwhile it appears that this action can hardly in all seriousness in the short term improve the economies of these three countries, namely Azerbaijan, Georgia and Ukraine. The fact of the matter is that Azerbaijan, having lowered the level of oil extraction, could hardly be able to raise it in a short time frame. Besides taking account of the problems of a financial and technical character, there is another serious problem concerning the actual availability of properly trained and qualified cadres <sup>118</sup>. Thus the striving of Azerbaijan to attract Georgia and Ukraine into its orbit of external policy heralds not so much a deliverance from its own problems but deliverance from Russia. The arrangement for Ukraine to receive Azerbaijani oil also included the supply of arms to Azerbaijan from Ukraine over the next two years.

Table 5 - Supply of Military Weapons to Azerbaijan from Ukraine<sup>119</sup>

Tanks	BMP	MiG-25	Smerch	Uragan	122mm	152mm
		System	System	2S-1	2S-3	
			Gvozdika	Akatsiya		
150	150	5	4	4	15	20

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116. Inside Central Asia, BBC Monitoring Issue 169 21 Apr - 27 Apr 1997.

117. Op cit.

118. Ibid. "A large part of these cadres in the years of instability left the republic and at the present time are working in the Russian oil industry or doing something completely different".

119. Ibid. See also "Janes Armour and Artillery 1990-97" for full designations on: 220 mm BM-22 (16 - round) Multiple Rocket System (sometimes referred to in the West as M1977) commonly known as Uragan (Hurricane); Max range 40,000 m, Min range 5,000 m. 300 mm Multiple Rocket System (referred to in NATO as MRL M1983) commonly known as Smerch (Tornado). 122 mm self-propelled howitzer M-1974 (2S1), commonly known as Gvozdika (Carnation). Max rate of fire 5-8 rds/min. Max range with HE projectile 15,300 m and with HE/RAP 21,900 m. Other ammunition used: HEAT-FS (will penetrate 460 mm of armour at 1,000 m), Illumination, smoke, flechette and chemical projectiles. 152 mm self-propelled gun/howitzer M-1973 (2S3), commonly known as Akatsiya (Acacia); Max range 18,500 m with HE projectile; HE/RAP 24,000 m.

As well as the proposed pipeline agreement with Turkey, it is important to note the role of Ukraine in receiving the benefit of the right to passage for her vessels through the Bosphorous and Dardenelles.

USA and Western Policy in the Transcaucasus

A single united position of the West of course does not exist. The different geographical position of Western states, their proximity to the region, the specifics of their relationships with different countries in the region and even the presence or absence of an Armenian diaspora lead to significant divergences in their positions. This is most vividly manifest in the rather quiet unpublicised special approach of such countries as France and Greece. However, the uni-polar character of the contemporary world tends to predetermine the closeness or otherwise of the official stance of Western countries to the Karabakh conflict and the Armenian Republic through their alignment and relationship with the USA. Zatulin and Migranyan believe that the position of the USA is formed by a unique situation. Operating in the Transcaucasus as a powerful super-power, the USA without doubt has interests in the Transcaucasus<sup>120</sup>, although Zatulin and Migranyan believe this is linked to an attempt to form a new geopolitical construct in the Near and Middle East. Moreover, they go on to say: "However, it must be taken into account that not being present historically and geographically, the United States does not share those same risks, the consequences of which could be paid by the countries of the region and even Europe". Doubtless, this point will continue to be made from a Russian view point in and around the Caspian Basin, particularly if 'oil deposit greed' develops into conflict or serious deprivation results from the destruction of the unique Caspian eco-system.

"Leaning on its two strategic companions, Turkey and Israel, the USA conducts a policy of irreconcilability towards Iran"<sup>121</sup>. This in turn tends to fuel competition between Iran and Turkey which exacerbates their antagonisms.

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120. Op cit. "At the beginning of this year Madeleine Albright, the new secretary of state, recommended to Congress the removal of restrictions on non-military aid to Azerbaijan with the aim of increasing [US] influence. Considering the fact that the Transcaucasus has been announced "a zone of active interest of the USA . . . "

121. Ibid.

Box 28

Turkish-Iranian Antagonism

1. The Turkish-Iranian muted hostility as represented by their present political strategies, in one way can be described as "harbouring the same regional ambitions and pursuing competing courses of action" <sup>122</sup>.

2. From an ideological and philosophical standpoint, "The ideological distance between Kemalism and the Islamism of Iran, however, place Turkey and Iran in different strategic camps in the loosely defined antagonism between the philosophies of liberal democracy and Islamist liberationism"<sup>123</sup>.

American irreconcilability to Iran impacts on the problematic dichotomy of East - West relations, particularly when this model of Iranian-Turkish hostility is transferred to the Transcaucasus, where Azerbaijan is clearly perceived in a pro-Western role, whilst the role of the fractious East is set aside for Armenia. Zatulin and Migranyan consider that stemming from a policy of alliances in the Near and Middle East, "the USA in the years of President Clinton is striving to find solutions to the problems of Nagorno-Karabakh, which in the first place would satisfy Azerbaijan"<sup>124</sup>. To some extent this view is echoed in Yerevan where: "Lately, official political circles in the USA announce the importance, in the interests of US security, of a much closer cooperation with Baku and simultaneously a revision of the volume of American aid to Armenia"<sup>125</sup>.

The Position of Russia

Contradictions in Russian Policy

The position of Russia in relation to both the warring sides in the Karabakh conflict was never simple. In the main, it could be said that the driving motivation and desire of Russia was to preserve its influence with both Armenia and Azerbaijan and to demonstrate, as the legal successor of the Soviet Union, its own ability to achieve the settlement of conflicts on the territory of the FSU. The initial chaos and contradictions

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122. Mr Cuco, Rapporteur, Parliamentary Assembly of the Council of Europe, Document No. 1465 by WEU Defence Committee to NATO Sub Committee on Southern Region Paper.

123. Claire Spencer, "Turkey between Europe and Asia", Wilton Park Paper 72, May 1993, page 23.

124. Op cit. The reference also stated that not only criticism of such an approach from influential Armenian society in the USA itself, but also a series of congressional decisions have restricted the opportunities of the administration in conducting a frankly pro-Azerbaijani line.

125. Hovanisian, Op cit.

in the formation of Russian external policy in general and in the Transcaucasus in particular were certainly reflected in the Karabakh conflict<sup>126</sup>. Divergences between ministries, inconsistencies in policy and contravention of the 1992 Tashkent Treaty on Collective Security have recently been revealed<sup>127</sup>, showing that in the matter of Armenia and Nagornyy Karabakh "the resources and capabilities of the RF Ministry of Defence played a more important role, with the former [Defence Minister] Pavel Grachev as a much more important instrument of Russian policy than the Ministry of Foreign Affairs" <sup>128</sup>. An outline of Russian moves to bring about a ceasefire are at Appendix 1. However, as a result of the actuality of the Caspian oil project and the centralisation of the decision making process on external matters, the Russian position and direction on this matter were "all the more visible" in the corridors of government departments and the political establishment concerned with raw materials and resources. This in turn has been instrumental in bringing the Russian line closer to that of the other co-chairmen of the OSCE Minsk group on Nagornyy Karabakh, the USA and other Western states. Against expectation, the arrival of Yevgeniy Primakov in the Russian Ministry of Foreign Affairs did not change this approach but made this official policy and furthermore:

"The Ministry of Foreign Affairs lapsed into silence on the theme concerning the non-regulation of the status of the Caspian and abandoned making warnings about the

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126. Following the collapse of the USSR, a period of shock and uncertainty ensued with debate concerning policy in the Caucasus. Variant 1 considered a Russian withdrawal from the Caucasus and establishment of frontiers with the

North Caucasus republics which would not only lead to a decline in Russian influence but would leave Christian Armenia and Georgia surrounded by an 'Islamic Sea'. This would reverse Russia's traditional geo-strategic policy in the region which sought to retain a Transcaucasus buffer zone. Variant 2 was a continuation of the age-old policy of 'divide and rule' which in turn could accelerate the growth of national movements and the eradication of the present regimes in the Caucasus. Variant 3 envisaged that the only way Russia could maintain her influence in the Caucasus was to conduct relations as an equal and not as "Big Brother".

127. Nezavisimaya Gazeta No 116 (1441) of 27 June 1997 page 1 "Noviye fakty nostavok oruzhiya v Armeniyu" by Il'ya Maksakov. " . . .They were all directives of the General Staff of the Armed Forces RF signed by the Chief of the General Staff Mikhail Kolesnikov at different periods between September 1994 and February 1996. Reporting on the results of his investigation at a sitting of the Gosduma on 2 April [1997], Lev Rokhlin announced that no one could make a significant step in the Ministry of Defence without the authority of Pavel Grachev. In the facts which had been uncovered earlier the talk was about the transfer of weapons belonging to the Russian group of forces in the Transcaucasus and further concerning the transportation by air of arms and ammunition from military bases in Mozdok [North Osetia] and Akhtyubinsk [Kazakhstan]. Information was also forthcoming about the transportation of ammunition from Mozdok through Novorossiysk and Batumi by sailings of naval vessels. However, the delivery routes were varied. Thus in September 1995 in addition to Directive No 316/3/0220Sh of 18 August the very same year, the Chief of Staff ordered the transportation by rail of 50 T-72 tanks from the Siberian Steppe Military District (SSVO) military base to the port of Novorossiysk. Further transportation was undertaken by the navy from Novorossiysk to the port of Poti. And finally, the transportation of 50 tanks from Poti together with 5 tanks from the Tbilisi military base to the Georgian station of Akhalitsye for the handover of the load to the consignee representatives". The whole deal cost US \$ 1 mlrd (US \$ 1,000,000,000).

128. Zatulin and Migranyan, Op cit.

vagueness of the international legal basis of oil deposit ownership. At the same time efforts were undertaken and continue to be undertaken by the Ministry of Foreign Affairs for the speediest resolution of the Nagorno-Karabakh conflict on conditions and terms close to those of Azerbaijan"129.

In particular, Russia did not support Armenia at the OSCE Minsk group meeting in Lisbon, a point which clearly demonstrated Armenia's isolation over the OSCE's adoption of the Azerbaijan formula for the settlement of the Karabakh conflict. After the Lisbon meeting the Russian representatives in the negotiation process acted closely with the West, for in the course of their visit to the Transcaucasus in July, the co-chairmen of the Minsk group agreed a settlement plan based on the principles of the status quo ante which required the return of Shusha and Lachin to Azerbaijan.

The weakening of the independent role of Russia, the perceived squeezing out of Russia from the negotiating process, is linked not only with the general weakness of the Russian state emphasised by the failure of the Chechen war, but also with the Karabakh conflict being regarded with almost complete indifference by the main political forces, including the official opposition, in Russia. The Communist opposition cannot forgive the offences of the Armenian anti-Communist government. Even the citizens of Russia have become more preoccupied in the last few years with their own heavy losses, destruction and ruination than to the crisis of Russian influence in the Transcaucasus. No-one with the exception of a small group of deputies in the State Duma and General Lebed, besides the specialists, has sounded the alarm about the "blind alley development" of the Karabakh settlement and the de facto division of the Caspian into sectors. In essence, Azerbaijan presents two alternatives to Russia: either to support the Azerbaijan position directly on the Karabakh question, or to refrain from participating in the mediation and division of the Caspian Sea. "The present day diplomats of Russia do not see, do not wish or are not able to see the

possibilities of countering the combined intentions of Azerbaijan and the West" 130.

Following on from this, there is a Russian view that not only is Azerbaijan confident that the Karabakh conflict will be resolved in Azerbaijan's favour by using the international oil lobby, assisted by the effects of the complicated and inhibiting position facing Russia in the North Caucasus, but also through Russia's own weakness, the problems of coordination<sup>131</sup>, the ill-defined areas of responsibility within Moscow itself and incompetence, as exemplified by the fact that "Azerbaijan taught Russia a narrow-minded lesson thanks to the gross incompetence of the Russian side having clashed with its ally Ashkhabad in the Caspian over the deposit of Kyapaz"<sup>132</sup>, and the results of the recent visit by President Geydar Aliyev to Moscow, when: "Purposeful activity in the Russian direction yields its own fruit, since on every occasion these definite fruits bring a degree

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129. Ibid.

130. Ibid.

131. According to Ivan Rybkin, Secretary of the Russian Security Council, in just dealing with the Chechen problem, there are some "39 ministries, departments and committees", doubtless each with its own lethargy of bureaucracy. BBC Summary of World Broadcasts, SU/2937 B/7 [13] 5 Jun 97.

132. Zatulin and Migranyan, op cit.

of blackmail linked to the supply of arms to Armenia, to oil pipeline routes and to the allotment of a sectorised exploitation of oil deposits in the Caspian"

133.

Box 29 - A Russian Perception of Scenarios involving NK, Armenia and Azerbaijan 134

United States Support for Azerbaijan

Baku, having obtained political support from the American President, strengthens its political propagandist pressure on its opponents. Not excluding the fact that the USA is extremely interested in strengthening its position in Azerbaijan, Washington starts making new concessions to Baku, with provision of economic aid, exerting pressure on Armenia using key economic levers. Everything is directed to an outcome where NK fails to be a real military-political force. In this context even the position of Armenia is sharply weakened with the result that she fails to play a role of a real military-political force in the Transcaucasus. The weight and influence of the USA grows in relation to the decrease in and reduction of Russian weight and influence in the region. It is evident as well that in the pro-Baku position of the USA, Russia risks losing her influence in Armenia with all the consequences which flow from it.

Escalation of Situation by Azerbaijan

However, it is possible to postulate a scenario in which Azerbaijan draws close to escalating the situation sometime in the not too distant future, although the Azerbaijani army, despite the provision of military expertise and training by people from outside Azerbaijan, will require more than a year to make it combat effective. Moreover, there could be a basis to suppose that the Azerbaijan government could attempt to escalate the situation using the oil map as a trump card, not excluding the use of disinformation about provocation on the Armenian border. There is little likelihood of resumption of combat operations by the Karabakhtsi.

After Achievement of a Settlement

Although the plan also envisages extensive self-government for NK, however, in no way does it take account of Azerbaijan's internal political realities which inevitably could advance preconditions for squeezing out the Armenian majority under the semblance of creating a multi-ethnic NK. If the plan starts to be implemented, then the question of NK's status may never be decided, in as much that after the return to Azerbaijan of all the territories occupied by the Armenians and Shusha, Azerbaijan loses all interest in the question of guaranteeing the status of NK and the security of its Armenian population. From a Russian perception, "the demand for Nagornyy Karabakh to approve such a plan

is akin to the demand for Israel to leave the Sinai peninsula without signing the Camp David agreements". The possibility of the situation destabilising in Azerbaijan after the departure of Geidar Aliyev from the political scene must also not be ignored.

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133. Ibid.

134. Ibid.

#### Weakening of Russian Influence

The tight knot of regional rivalries especially between Russia and Turkey is most clearly manifested in the competition for control of future oil and gas transportation routes from Azerbaijan and Central Asia to markets in the West. However, it was doubtful even at the time of the announcement by Baku on 9 October 1995 concerning the two pipeline routes for the transportation of oil from the Caspian to the West, that this would finally settle the matter or that it would stifle the efforts<sup>135</sup> of other competitors and interested parties in pursuit of their own national strategic interests or the rewards at corporate level. The key factor in this matter is that the eventual victor in what promises to be a long, twisting and protracted struggle with many variations<sup>136</sup>, will not only receive billions of dollars annually for the transit and pumping of liquid oil, but through control of the pipeline network will also gain an advantage in the struggle for geopolitical influence in the Transcaucasus and the Central Asian Republics<sup>137</sup>, or even on a wider, global scale, for "the question about which route the oil will be pumped along is not only a question of economics, but also of global geo-politics"<sup>138</sup>.

Almost at the same time as the Turkish-Ukrainian oil agreement was signed after three years of negotiation, in Alma-Ata on 10 June 1997 the leaders of two friendly Asiatic states, populated by indigenous Turkic peoples, signed a declaration. Part of this document was concerned with cooperation in the sphere of oil transportation to world markets. In this agreement it is planned to start transporting Kazakh oil by tanker across the Caspian to Baku, and in time build a pipeline from Kazakhstan to Apsheron in Azerbaijan. With uncertainties remaining about the oil pipeline from Baku through Daghestan and Chechnya to Novorossiysk or the oil pipeline bypass operation to the east and north of Chechnya<sup>139</sup>, momentum must perforce grow for an acceleration of the pipeline construction for the southern oil route and "it is becoming all the more clear that under these conditions the strategic routes for the supply of crude oil in the next century will outstrip our country expelled to the periphery not only of world economics but also world politics"<sup>140</sup>.

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135. "The decision concerning the pumping of Caspian oil by two pipelines simultaneously through Georgia to Batumi and through Russia to Novorossiysk is by no means final, but only an intermediate matter in a large-scale geopolitical drama". Azer Mursaliyev, *Moskovskiye Novosti*, No 71, 15 - 22 October 1995 "Dviye Truby na Odin Basseyn", page 4.

136. Kamilzhan Kalandarov, *Nezavisimaya Gazeta*, No 101(1426) 4 June 1997, page 5, "In reality the stakes in this game are high . . . Therefore Caspian oil is only the first step or constituent part of this big political objective which justifies any means".

137. Mursaliyev, *op cit.* " . . . not only future incomes from the transit of oil through their own territories, but also the political dividends, which are able to bring the energy links from the Caspian region under control".

138. Elmar Guseynov, *Izvestiya* No 113 (24966), 20 June 1997 page 2.

139. The bypass route also has its concerns too, for the Chechen government will not be happy with this arrangement because they will be deprived of oil transit fees and revenue. The second point is that the population in and around Khasavyurt (Daghestan) is mainly Chechen-Akhin. There is considerable unrest around Khasavyurt already. There has been some speculation about Chechen designs on incorporating the Chechen-Akhin and the area around Khasavyurt into the Chechen Republic of Ichkeria.

140. Guseynov, *Izvestiya* No 113 (24966), 20 June 1997 page 2.

From a Russian perception, the USA and Western powers "wish to obtain unrestricted access to the raw material resources of the whole of the post Soviet space" 141, and continue to undermine Russian influence, order and power in the Caspian coastal region, for, ". . . the West never abandons its own strategic objective of ousting Russia from the Caspian coastal region 142. Nevertheless, on the other hand quite simply, "Russia cannot lose its sphere of influence in the Caspian" 143.

The fact of NATO's eastward expansion in Central and Eastern Europe, as seen from Moscow, adds a further dimension and increased sharpness to Russian perceptions of an unwelcome increasing Western influence in the Transcaucasus and the Caspian which does little to diminish the views of the more extreme anti-Western protagonists in Moscow. These factors tend to further accentuate Russia's weakened position in the Caucasus region and maybe her inability to play an effective role in the resolution and settlement of the Karabakh conflict. Box 30 below provides a graphic illustration of the perceived encirclement and threat from NATO, remembering that Turkey, a member of NATO, Russia's historical rival and would-be architect of the "Great Turan", a Turkic space, lies immediately to the south.

Box 30144

1. NATO military structures penetrate 600 km to the east. 2. Border is up to post-Soviet space.
3. In essence it will be possible to support Ukraine and not only via the Black Sea. 4. NATO's land border with the Baltic states facilitates assistance in the event of a strike from Moscow. 5. The possible bridgehead of Russian troops in the Kaliningrad area will be isolated. 6. NATO has a northern bridgehead for peacekeeping operations in the unstable space of former Yugoslavia. 7. In the event of a transfer to the Russian side, Slovakia will be isolated. 8. The communication capabilities are increased for the transfer of troops to the east of Poland.

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141. Kamilzhan Kalandarov. Nezavisimaya Gazeta No 101(1426) 4 June 1997, page 5.

142. Ibid.

143. Ibid.

144. Nezavisimaya Gazeta No 122 (1447) of 5 July 1997 "Madridskiy sammit tozhe budet 'istoricheskim' - Vostochnaya Evropa predvkushayet rasprostraneniye vliyaniya Zapada do granits byvshevo USSR" by Yuliya Petrovskaya and Aleksandr Kuranov.

#### Summary of Positions

Table 6 below includes not only the interests of states but their relationship with other states.

Table 6 - Summary of Position and Interests of States

State	Position and Interest of State
Azerbaijan Return of NK and other territories to Azerbaijan. No negotiation grant wide autonomy close relations with and Ukraine. Needs south	on status until this is done. Prepared to within structure of Azerbaijan. Enjoys Turkey, USA, Kazakhstan, Georgia pipeline urgently.
Nagornyy Karabakh Baku,	Wants independence, refuses vertical subordination to but prepared to discuss lateral links.
Armenia	Supporter/guarantor of NK, but believes NK should agree settlement. Favours direct talks between NK and
Azerbaijan. If Regarded by Russia	no settlement could lose out economically. as her "Israel" in the Transcaucasus.
Turkey southern oil and military	Supports Azerbaijan over NK, return of Azeri territory , pipeline, provides political, economic, commercial assistance to Azerbaijan, courting

Kazakhstan, aid to Georgia, commercial ties with Ukraine, receives full US support. Traditional regional rival of Russia.

Iran Preserve balance in region. Provides measure of assistance to NK and Armenia. Sees USA with Turkey & Israel as threats to stability. Close to Russia (Caspian status) and Armenia. Traditional rival of Turkey and Russia. Productive relations with Turkmeniya.

Georgia Favourable geographical position for Baku pipeline. Pipeline could influence attitude of Georgia toward Armenia, NK and Russia. Georgia involved in Baku oil supply to Ukraine. Enjoys Turkish aid and assistance. Strong US commercial interest, busy Israeli presence.

Ukraine Close to Turkey and Azerbaijan commercially, potential provider of arms to Baku.

USA and West Exploit regional oil/gas/mineral wealth, develop commercial links with FSU republics, press for Karabakh settlement, reduce Russia's influence in the region. USA eschews Iran.

Russia Outmanoeuvred by international community (OSCE) over NK, losing ground over Caspian's status to Azerbaijan, Kazakhstan and Turkmenistan (to lesser extent), pipeline routes, hindered by government incompetence, lack of coordination and problems in North Caucasus. Regards Western, particularly US presence with suspicion. History of rivalry with Turkey and to lesser extent

#### Conclusions

Perhaps the Nagorno-Karabakh conflict can be regarded as the first in a sequence of inter-ethnic conflicts in the Caucasus connected with the waning dominion, subsequent collapse and demise of the Soviet Union and Communist power, perceived by many, especially in the older generation, of the Russian political elite "as a gross breakdown of order, as a 'lemon peel' on which the USSR slipped"<sup>145</sup>. However, the very fact that the problem of Nagorno-Karabakh has deep historical roots, stretching back to before and beyond Soviet times, allows one to consider and entertain the fact that the Nagorno-Karabakh settlement could be one of the means of preserving the influence of contemporary Russia in the region.

Certainly not every solution of the Nagorno-Karabakh problem will have favourable consequences for Russia, but there is a need to tread with caution in advancing the view that the removal or weakening of Russian power in the region is a "good thing", if only from two viewpoints. First, Russia has the option of using her wealth of experience in the region, being endowed with the knowledge and understanding of the antecedents and policies of present republican governments, conceived during and inherited from the Soviet period and furthermore possessing an awareness of the personal ambitions of the political elites now enjoying power, including their machinations to hold on to that power. This must prompt the questions, does the West want to be burdened with this role and furthermore does it possess the necessary experience, knowledge or wisdom to take over that role<sup>146</sup>? The answer to both these questions must be in the negative.

Secondly, in the future there may well be a need for a traditional Christian regional power, namely Russia, to provide, preserve and maintain the regional geo-strategic political balance, particularly in the case of furnishing the requisite level of protection and security for a small Christian nation, such as Armenia, which is not only surrounded by a "sea of Muslim peoples" but one whose own past suffering at the hands of Islamic peoples is acknowledged, well known and documented. Militant Islam could pose a threat to the stability of the region and Western interests. This threat could obtain greater effect if one state fails to join the European Union, causing that particular state to eschew the West and return to its Asiatic roots. Only a strong Russia can fulfil the immediacy of that protective role through her traditional, historical presence

in the Transcaucasus on the peripheries of Asia Minor. Despite Russia's problems in the North Caucasus and Western feelings of abhorrence over the conflict in Chechnya, it would be short-sighted of the West to forget the value of and need for an allied and continued Russian presence.

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145. Zatulin and Migranyan, *Op cit.*

146. Not least of these considerations must be the preservation of the unique eco-system of the Caspian Sea. It can certainly be argued that the most effective method for a regulated system of control throughout the Caspian must be the one of a shared condominium championed by Russia, Iran and Turkmenistan as opposed to a sectorised approach favoured and advanced by Azerbaijan and Kazakhstan.

Advantage lies with Azerbaijan

If the question of the regional political balance is under discussion then without doubt Azerbaijan has the advantage with regard to NK. The Nagornyy Karabakh Republic, as an unrecognised state, whilst it may exist *de facto*, does not possess the real possibilities, capabilities and requisite legal position on the world stage to influence the political process. Whilst considerable understanding and sympathy must accrue to the Karabakhtsi side as expressed in Galina Starovoytova's statement on 20 February 1992, it is a fact that Azerbaijan as a member of UNO, OSCE and CIS already possesses an undoubted advantage through the support of the majority of the world community, based on the principles of the sovereignty of states, territorial integrity and stability of frontiers<sup>147</sup>, although it could be argued that the decisions on the apportionment of territory through the Treaties of Moscow (16 March 1921) and Kars (13 October 1921) which have led to the present situation were somewhat curious.

Possible Impact of Russo-Chechen Treaty

It could well be that the status of Chechnya and its relationship with the Russian Federation could have an effect on the eventual outcome in relations between the NK government in Stepanakert and the Azerbaijan government in Baku, if the wording of a Russo-Chechen Treaty was actually worked out, accepted unreservedly by both sides and signed within a shorter rather than a longer time frame, certainly before the end of 2001. Should Russia agree to a treaty with the Chechens which goes much further than the Russian Federation-Tatarstan Treaty of 15 February 1994, such as the Bashlam Proposals,<sup>148</sup> in giving almost complete sovereignty to the Chechens, then it is possible that this could provide a suitable form of words which could perhaps influence both parties in the Nagornyy Karabakh dispute. It remains to be seen whether Stepanakert and Baku will take heed of such a solution<sup>149</sup>, although the new NK President did express his interest in the normalisation process of the Georgia-Abkhaz and Russo-Chechen conflicts shortly after his election in September this year.

Western Influence

Furthermore, a quick glance at Table 6 above shows that the economic interests of Azerbaijan, Turkey, Georgia, Ukraine<sup>150</sup>, the USA and the West all coincide on the basic need for a southern pipeline and a settlement of the NK conflict. Kazakhstan also

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147. BBC Summary of World Broadcasts, SU (1311) C3/1 22 February 1992. Galina Starovoytova was an adviser to President Yel'tsin on Nationalities Policy.

148. See C.W.Blandy "Chechen Connections: From Khasavyurt to Moscow - Insights into the Reactions to the Khasavyurt Accords, the Chechen Elections and Subsequent Events".

149. See CW Blandy "Chechen Connections, CSRC September 1997.

150. See *Nezavisimaya Gazeta* No 195 (1520) of 16 October 1997 page 3, "Aktiviziruyetsya kontakty Armenii i Azerbaidzhana - Chetyre byvshchiye soyuzniye respubliki formiruyut novyy blok" by Asya Gadzhizadye on the formation of new informal group of "Four" called "GUAM"

shares these interests. There is a strong possibility that it will be this economic and commercial interest which in the end forces a settlement<sup>151</sup>. Western commercial presence and the promise of future economic benefit is

appearing to be part of the process of limiting the effectiveness of Russian power in her own former sphere of influence. But it is not only Western influence which is causing an apparent diminution of Russia's role in the region. There are also the possible effects of an additional enlargement of NATO, the growth and unity of Turkic peoples through the establishment of a Great Turan, facilitated by a vast web of inter-connecting oil and gas pipelines linking Central Asia to world markets.

Whilst there are a number of factors indicating a possible catastrophic reduction in Russia's role, power and influence not only in the Caspian Basin and Caucasus region, but also at a global geostrategic political level, it is important to remember the age old paradox that "Russia is never as strong or as weak as it seems"<sup>152</sup>.

Need for Direct Talks between Baku and Stepanakert

There is a clear need for both sides directly involved in the dispute to participate in direct talks across the same table. Sooner or later the Baku government will have to recognise this point. When a substantial part of the population of a state no longer accepts the authority of central government, in this case the government in Baku, and whether the dissenting portion of the population have broken away or are classified as rebels or bandit formations, legitimate central government at some stage eventually has to acknowledge that a stalemate will continue until it is prepared to meet the other side and agree to take part in talks. Whilst of course there is no direct parallel, there is the recent example of the Khasavyurt Accords of 31 August 1997 which brought an official cessation of conflict between Chechen and Russian, even though wider and deeper issues on status have yet to be resolved. Each side must recognise the importance of talking and agreeing to talks without any preconditions. Conditions and procedures should follow after the talking has started. At the present state of affairs between the two protagonists this is unlikely, particularly

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consisting of Georgia, Ukraine, Azerbaijan and Moldova. See also Izvestiya No 196 of 15 October 1997 "Kiyev i Kishinev ishchut svoy nut' k Kavkazskoy nefti v obkhod Rossii", by El'mira Akhundova. The Azerbaijan foreign minister, Gasan Gasanov remarked " . . . Ukraine and Moldavia (Moldova) are experiencing increased interest in the Transcaucasus transportation corridor since by means of this corridor they can enter the line of communication with Central Asia". In short, other pipeline routes are not excluded. Ukraine is on the path of one of the variants of a future pipeline, "and also in connection with the interests of Romania - Moldova have become interested in in becoming partners. Thus Kishinev intends to elongate the axis of the growing strategic partnership between Baku, Tbilisi and Kiev".

151. It is said that "Zoloto ne govorit, da mnogo tvorit" [Gold does not speak yet it does much]. Even though there is gold in the Transcaucasus, oil, the black gold, has a mighty influence.

152. Instabilities in Post-Communist Europe, Conflict Studies Research Centre 1994, J.B.K.Lough The Russian Federation, Chapter 6 page 6 - 21.

with the recent return of Albufaz El'chibey, deposed former President of Azerbaijan, back into the political arena of Baku, after four years of 'exile' in Nakhichevan. He possesses the reputation of being the extreme hard-line champion of the Azeris and one of the driving forces behind the creation of the Great Turan. The presence of El'chibey in Baku politics on the side of the opposition parties will tend to decrease the Baku government's freedom of manoeuvre, increase opposition vociferousness and pressure on the present Baku government and President Aliyev, and possibly provide El'chibey with the necessary boost to re-enter the race for election as President in 1998.

The Question of Status and Territory

The status of NK is the all-important point for the Karabakh Armenians. They will not accept vertical subordination to Baku, but are prepared to explore avenues for communication with Baku along lateral links, noting that:

a. The Karabakh Armenians are an exceptionally consolidated people and that the decades of oppression, and the threat of physical annihilation have moulded them into the fighters of today.

b. The creation of a multi-ethnic society could have its dangers for the Karabakh Armenians.

c. The Karabakh Armenians fear that Baku plans to divide them into two parts, creating a Cypriot solution.

Baku will only accept giving NK a wide, as yet unspecified, autonomy within the composition and structure of the Republic of Azerbaijan, and only then, when the NK troops have returned captured Azerbaijani territory.

Quite clearly, the grounds for compromise seem scant. Movement might come if international guarantees were sufficiently firm, depending on the reliability of the OSCE Minsk group proposals of June 1997 and the Russo-Armenian Treaty of August 1997.

Having had to fight for their survival, it would be with the greatest of reluctance that the Karabakh Armenians would agree to relinquish key territory. Their present holding of territory provides them with the optimum of security through:

a. Defensive lines east of Agdam.

b. The present secure 'serpentine' of the Lachin corridor which is vital for the survival of NK and Karabakh Armenians.

c. The retention of Kel'badzhar rayon, which at present seems to be a vital factor for the security of the Lachin corridor.

The position of the other rayony do not appear to be so critical for the Karabakh Armenians, with the exception of the extension south to the Iranian border.

Implementation of the OSCE Minsk Group Proposals

Should the OSCE Minsk group peace proposals of June 1997 be acceptable to the two sides, then the military tasks required to implement the proposals as they stand at the moment, amount to the following:

Box 31 - Military Tasks for Implementation of OSCE Proposals

1. Implement, Control and Monitor Withdrawal of NK Forces

Phase 1. Withdrawal of NK armed forces from occupied Azerbaijani rayony of Kel'badzhar, Agdam, Fizuli, Dzhebrail', Zangelan and Kubatly to within the 1988 borders of NKAO.153

Phase 2. Evacuation and return to Azerbaijan of Lachin and Shusha.

Phases 1 and 2. Requirement for active patrolling of immediate area around territory of NKAO.

2. Creation of Buffer Zone It is also envisaged that the OSCE will create a buffer zone round these borders. The scale and parameters have yet to be decided.

3. Link between Armenia and Karabakh Additionally the Lachin corridor is to be leased by the OSCE, which will also determine its boundaries and be responsible for the link between Armenia and Karabakh.

4. Return of Lachin Rayon Lachin rayon is to be handed back to Azerbaijani jurisdiction. Moreover, a new road is to be built which bypasses Lachin.

It should be remembered that the two main reasons for the ability to implement and establish a ceasefire between the Azerbaijanis and the Karabakh Armenians were first, the fact that the Karabakhtsi had captured sufficient territory to ensure an effective defence; gaining any more territory would have stretched their meagre resources to the point of overstretch. Secondly, both sides were exhausted. Acting as observers ensconced monitoring the line and positions between the two sides under the circumstances mentioned above may well be much easier than implementing, controlling and enforcing the changeover of positions between sides that do not trust each other.

The requirements to enforce and monitor these proposals look like demanding a comparatively heavy bill in manpower, weapons and equipment in the worst case. Furthermore, the troops undertaking this task need to be experienced soldiers, well-trained and equipped. They also need to be effective, unbiassed and disciplined. There is one more factor to be taken into account and that is the

matter of time. This commitment could certainly be longer than one year, possibly two or three years or even more. There is the question, from where will these troops come? There are obviously debarments on account of past history of antagonisms and poor relations between certain peoples

153. Appendix 1, Serial 8 is a reminder too that the Karabakhtsi Armenians cannot be pushed around. and states, religious grounds, etc. At first sight it would appear to be a matter for the CIS states and Russia as the legal successor to the Soviet Union, but there could well be shortfalls caused by some of the restrictions mentioned above. It is also important to remember that Russia is also committed to restoring peace in Tajikistan. Maybe the countries which have companies participating in extracting hydrocarbon materials from the Caspian and minerals in the immediate region around Nagornyy Karabakh should also shoulder a degree of responsibility in the task of maintaining peace? It should be noted there is a similarity of tasks between those that would be needed for Nagornyy Karabakh and the current operations in Bosnia.

#### Increasing Importance of the Caucasus-Caspian Region to the West

The increasing importance of the Caucasus-Caspian region to the West cannot be overstated. Not only are there huge offshore deposits of hydrocarbons but also large onshore mineral deposits. Dangers of collision abound not only between regional powers and other minor regional players, but also between the three original regional players and their interests and new players coming from the West to exploit the riches located in the region. This region is not only a meeting place of East and West, but also of North and South. Whilst it is not in close proximity to the centres of influence and power in Europe, it possesses greater riches and dangers than the Balkans. The commitment of Western nations to the unravelling of conflict and maintaining peace, particularly in the Transcaucasus, may well require a greater effort than hitherto, in the shape of military peacekeeping forces and military assistance, as a result of a seeming wane of Russian power.

However, it must be emphasised that it will not be in Western interests in the longer term to promote one regional player at the expense of the other. In particular, the West should recognise that Russia cannot be excluded as a player; the reintegration of Germany into the international community after WWII provides a parallel.

#### APPENDIX 1

##### Russian Role In Implementing Ceasefire In Nagornny Karabakh<sup>154</sup>

Serial	Date	Event
1.	23 Sep 1991	Zheleznovodskoye communique for normalisation of NK conflict signed by Presidents of Russia, Kazakhstan, Azerbaijan and Armenia.
2	Feb-May 1992	On initiative of Russia, creation of mediating mission from RF Foreign Ministry under Vladimir Kazimirov to CSCE (OSCE Minsk group in 94).
3.	8 Aug 1992	Moscow meeting of Presidents of Azerbaijan and Armenia with Russian mediation. Draft agreement on ceasefire in northern sector of Armenia-Azerbaijan border. Azerbaijan avoided its revision.
4.	19 Sep	At Sochi, agreement signed by Defence Ministers of Azerbaijan and

1992 Armenia with participation by MODs of Russia and Georgia and  
RF Minister for Security, on ceasefire and moratorium  
on all military activity in the zone of conflict for a  
two month period.

5. 25 Sep Representatives from Azerbaijan and Armenian MODs at  
RF General

1992 Staff in Moscow to sign protocol on mechanism to withdraw  
armed forces in realisation of Sochi Agreement.

6. Oct Military Observers sent by RF General Staff to Armenia and  
Azerbaijan to 1992 monitor protocol, but withdrawn in Dec 92  
following violations of ceasefire and military  
acts in zone of conflict.

7. May At a trilateral meeting of representatives from Russia, USA &  
Turkey 1993 peace proposals were worked out and sent for  
consideration to the leaders of Armenia and Azerbaijan.

8. 24-25 In Moscow representatives of MODs of Azerbaijan and Armenia  
and Sep 1993 Karabakh self-defence force with RF MOD and  
Foreign Ministry mediation consider draft agreement on  
normalising conflict. Karabakh side disagreed with  
widening of authority of OSCE observers and to  
determined their own observation line.

9. End of Negotiations held in Moscow at expert level on the  
Russian draft Mar1994 Agreement for a ceasefire, where  
besides representatives of all conflicting parties,  
representatives of the Minsk Conference OSCE (Sweden)  
were also present.

10. 31 Mar - In the Transcaucasus a CIS inter-parliamentary  
delegation (Russia, 4 Apr 94 Belorussia and Kirgiziya)  
worked on finalising the situation and searching for  
a way to normalise the NKAO conflict.

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154. Zatulin and Migranyan, op cit.

11. 15 - 16 At a meeting of CIS state leaders in Moscow, the  
Azerbaijan side Apr 94 announced that a negotiating  
process on normalising Karabakh problem is only  
possible after liberation of Azerbaijan territory and  
removal of NK self defence forces to the former administrative border of  
NKAO.

12. 10 May In Baku, Azerbaijan signed the concluding protocol at  
the CIS inter- 1994 parliamentary assembly proposing talks on 5  
May in Bishkek. Nagornyy Karabakh recognised as one of  
the sides in the conflict.

13. 16 - 17 Meeting of Azeri and Armenian defence ministers,  
commander of NK self May 94 defence forces. RF MOD in  
mediation role. Understanding on protocol from 18 Feb 94  
was signed by Armenian, Azeri and Russian sides.

Azerbaijan requested postponement until 2 Jun 94. Ceasefire effective  
on 12 May 94, remaining to the present time.

be transported through the territory of Turkey" 16. For Baku, the optimisation  
of the southern route provides a solution, not only to solve economic problems,  
but economic growth would help to resolve political problems as well, leading  
to greater political and social stability internally. The dispute between

"unrecognised" NK and Baku is preventing the direct oil pipeline between Azerbaijan and Turkey from being realised. An irony exists in that the status of a Christian NK could be decided as a result of Muslim Baku oil being supported by the economic considerations of a Christian West.

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4

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Key:

Ceyhan

Samsun

Batumi

Shevchenko

1.

2.

3.

4.

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102. "Izvestiya" No 113 (24966) of 20 June 1997 page 1 "Noviye neftyaniye arterii vsye chashchye ogibayut territoriyu Rossii" by El'mar Guseynov. "Another two oil transportation routes are able to bypass Russian territory in the near future. Agreements signed in the last few days in the capitals of the two largest Asian states, Ankara and Alma-Aty, testify to this".

103. Ibid.

104. Ibid.