

**An irresistible force meets an immovable object:
*The Minsk Group negotiations
on the status of Nagorno Karabakh***

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Between 1991 and 1994, Armenians and Azerbaijanis fought bitterly for the control of Nagorno Karabakh- a small territory populated mainly by Armenians, but situated within Azerbaijan. Since the worst of the fighting ended in 1994, Nagorno Karabakh has been the subject of intensive diplomatic activity, as the opposing parties and a number of other governments with interests in the region have devoted considerable effort to securing a permanent peace. This Case Study recounts the main features of the negotiations over this period, focusing on the options facing the Armenian leadership in late 1997.

Part A

May 1994- September 1997

Armenia was among the first Soviet Republics to take advantage of the freedom granted by Gorbachev's Perestroika. In 1988, a newly formed 'Karabakh Committee' took to the streets to demand the transfer to Armenian authority of the autonomous Republic of Nagorno Karabakh- a territory inside Azerbaijan populated mainly by Armenians. One of the Committee's leaders was a scholar named Levon Ter Petrossian.

By 1989, under the new name of "Armenian National Movement," the Committee won the first free general elections in the Soviet Armenian Republic, and in 1991, Ter

Petrosian was elected President. His most challenging tasks as President would be to end the war over Karabakh, which erupted soon after he took office.

Even in 1988, the problem of Nagorno Karabakh (NK) was no news to Soviet leaders. The pre-Soviet years of 1918-1921 had seen much fighting in the area, and Lenin's decision to place the Territory under Azerbaijani⁺ jurisdiction caused recurrent Armenian protests throughout the Soviet era. 1988 was different however. Placing its faith in a new openness in the Kremlin, the City Council of Stepanakert, the capital of Karabakh, called upon the Supreme Soviet of the USSR to transfer political control over the autonomous Republic to Armenia. The call was to initiate a chain of events leading to war, and to one of the most intractable conflicts of the Caucasus.

Karabakh's request was supported by mass rallies in Armenia, but it sparked anti-Armenian killings in Azerbaijan. Moscow tried, and failed, to assert its authority and the conflict gradually slid towards violence. When Armenia and Azerbaijan declared their independence in September 1991, and shortly before the Soviet Union itself collapsed, Karabakh declared its own independence, Azerbaijan sought to thwart the move by deporting villages, and the conflict further escalated.

By now Karabakhi and Azerbaijani militias, and soon improvised armies, sought to gain control over the territory using whatever equipment they could salvage from the decomposing Red Army. Russian soldiers were even seen fighting on both sides. After a series of setbacks, Karabakhi troops managed to take control of most of the territory of NK and each Azerbaijani counteroffensive led to greater territorial gains for NK. When the dust eventually settled after more than two years of fighting, NK forces were in

⁺ In the text, the adjective Azeri has been used to designate the ethnic group, while Azerbaijani qualifies anything relating to the state of Azerbaijan- including its citizens, most of whom are Azeris.

control of a total territory about double the size of NK itself. By that time, the self-styled republic had established a state apparatus capable of controlling the territory and of driving the war machine.¹

Supply lines were of vital importance for the isolated enclave, and the first preoccupation of NK forces after the start of the war had been to establish a corridor with Armenia in the region of Lachin. From then on, NK could count on supplies of fuel and equipment, though not on overt military assistance: Armenia officially stayed out of the war.

More help was on its way. From 1992 onwards, NK could also count on increasing levels of support from Russia. Military setbacks had led to a coup in Azerbaijan by a strongly pro-Turkish leader, Abulfaz Elchibey. Moscow reacted by taking sides with NK.²

The same year, when former Soviet Republics joined the CSCE, the organization set about to broker a peace. The initial idea, a peace conference in Minsk, Belarus, proved infeasible, and instead the CSCE³ created the Minsk Group, whose membership reflected the degree of international interest in the conflict; apart from Armenia, Azerbaijan and NK, Minsk Group members included Belarus, the Czech Republic, France, Germany, Italy, the Russian Federation, Sweden, Turkey and the United States.⁴

The Group sought to carry out three parallel sets of negotiations: on the group's mandate, on the future status of NK (the NK "problem"), and on the question of land, security guarantees and the return of refugees (the "conflict"). However, Russia saw the growing

¹ Libaridian, 1999. Walker, 1998.

² Croissant, July 1, 1997.

³ The Conference for Cooperation and Security in Europe (CSCE) became the Organization for Cooperation and Security in Europe (OSCE) in 1992.

⁴ Walker, February 1998.

role of the OSCE in its “Near Abroad”- and particularly the increasing Turkish and American presence- with mixed feelings, and sought to undermine the Minsk Group, which consequently made little progress.⁵

1994 and the Cease Fire

By early 1994, the military situation had changed. The Azerbaijani army was in disarray and feared further enemy penetration into its territory, while the NK army for its part was overextended. With the combatants thus deadlocked, Russia successfully brokered a cease-fire in May 1994, which was signed in Bishkek, Kyrgyzstan. That is as much as Russian unilateral diplomacy would achieve in the way of peacemaking however. Moscow’s hopes of deploying a peacekeeping force were never realized, in the face of Azerbaijani fears of Russian-induced destabilization, should they allow Russian soldiers into the country.

The war left 25-50 000 dead and 50 000 wounded, 1 million refugees (most of them Azerbaijanis), economies devastated by the collapse of the Soviet Union and, in the case of Armenia, by a blockade imposed by Azerbaijan and Turkey. Azerbaijan further underwent two military takeovers, caused largely by military defeats, and staggered under the weight of its refugees and displaced person.⁶

The December 1994 OSCE Summit gave a newly assertive Russia an enhanced role by appointing it as permanent co-chair of the Minsk Group. The Group took advantage of the cease-fire to step up its shuttle diplomacy, hoping for rapid progress before the cease-fire broke down.

⁵ Walker, February 1998.

⁶ Croissant, April 1, 1998.

The Minsk Group's hopes proved unfounded. In the following two years, the negotiations wore on and made little progress.

A first major obstacle concerned the participation of NK itself in the negotiations. Azerbaijan refused to negotiate directly with the territory's delegation, on the grounds that this would amount to the recognition of its independence. Azerbaijan therefore took the position that the war was an act of aggression and chose to negotiate with the designated aggressor, Armenia. In practice however, Armenia obtained that a Karabakhi delegation would be allowed to attend negotiations, providing it refrained from taking an active part in the negotiations.

Baku further insisted that no discussion on NK's future status could take place before its enemy withdrew from the occupied territories- a position it has consistently held to ever since. NK in turn refused to give away land it regarded as an essential buffer zone without ironclad guarantees as to the territory's continued security. But the best security guarantee the OSCE had to offer, the deployment of a peacekeeping force (PKF) was in turn seriously compromised by irreconcilable differences: Azerbaijan's refusal to accept more than 30% Russian troops in any OSCE-led PKF; Armenia's refusal to accept any Turkish participation in such a force; and even the OSCE's refusal to sponsor a PKF without a prior agreement on force separation and repatriation.⁷

By December 1996, the group had little progress to show the Lisbon Summit of the OSCE. Unable to submit a consensus document, the Chairman-in-office put forward three principles intended to serve as the basis for a negotiated settlement:

⁷ Walker, February 1998.

- The territorial integrity of Azerbaijan.
- The 'highest' degree of self-determination of NK within Azerbaijan.
- Guarantees for the security of NK and for compliance with the agreement.

The statement was put forward under strong protest from the Armenian side, which objected to excluding the prospect of NK independence from the outset.

The Great Game

In the two years after the fighting was suspended, the nature of the Karabakh conflict changed considerably. By 1996, what had once been a local war in the southern Soviet Union had become a token in an international game of power politics, the stakes of which involved millions of barrels of Caspian oil. The US State Department thus estimated that the entire Caspian Sea reserves could rise to a potential level of 178 billion barrels or more, an amount equivalent to thirty times the Alaskan North Slope reserves. The "deal of the Century," signed in September 1994 for the exploitation of Azerbaijani oil, marked the beginning of an era of increased interest by the outside world in the Karabakh conflict.

After an initial period of hesitation, Russia worked to maintain its presence in the Caucasian 'Near Abroad' with renewed determination. Its primary objectives were to obtain a share of the Caspian Sea oil proceeds and to maintain its control over the only pipeline route out of Azerbaijan, which runs north through Russia. In one significant development, stridently anti-Russian Azerbaijani President Elchibey, who had excluded Russia from the Caspian Sea oil deal, was overthrown. His successor, Heidar Aliiev,

wisely let Russia into the oil consortium.⁸

There was more to it than oil though. Russia also viewed the region as essential to its security, and sought to maintain a military presence as close as possible to the former Soviet borders. Armenia allowed Russian troops to remain on its Turkish border in 1993, and even Aliev was soon prevailed upon to join the CIS. It proved more difficult to push Turkey and the USA out of the Caucasus, both countries having made considerable headway in the region since 1991, but Russia took every opportunity to minimize their influence.⁹

Its interests, and a brief spell of strident anti-Russian government in Baku, led Russia to side with Karabakh. Russian pressure and tactics contributed to Azerbaijan's chronic instability. It soon became clear that no oil dollars would flow until investors could be confident that the region was safe enough for business. For that, Moscow wanted Aliev to know that he was dependent on Moscow.¹⁰

Turkey sought to increase its own presence in the region, which it regarded as part of its natural sphere of influence. It sided with Azerbaijan, largely on account of the two countries' ethno-linguistic and religious ties- Azeris are Muslim, and speak a language very close to Turkish. The Turkish Republic therefore provided military and diplomatic support to Azerbaijan, imposed a complete blockade on Armenia and refused to establish diplomatic relations with Yerevan until it gave up NK.¹¹

Turkey even threatened to intervene in the war, following the advance of NK troops in

⁸ Joseph, January 1999.

⁹ Blank, April 1, 1998.

¹⁰ Croissant, April 1, 1998.

¹¹ Blank, April 1, 1998.

Kelbadjar and skirmishes in the Azerbaijani enclave of Nakhitchevan, which borders Turkey. On each occasion, Russia protested bluntly, and Yeltsin even threatened to use nuclear weapons if Turkey intervened in the Caucasus. Turkey found further reason for restraint in the importance of its trade with Russia, worth 3 to 4 billion dollars.¹²

The United States, too, had high stakes in the region. Closely associated with Turkey, their prime objective was to open up the fabled Caspian oil reserves to the world, preferably under the control of US companies. To transport the oil out of the area, the US favored the construction of one- or better still, several- new pipelines outside Russian or Iranian control. The USA courted the Azerbaijani government intensively in pursuit of these objectives, and agreed in return to provide diplomatic support in the Minsk group negotiations.¹³

The USA favored the increased influence of its Turkish associate in the region, but it also had a general interest in the region's stability and in the resolution of the NK conflict, a precondition to the exploitation of Caspian oil and to the stabilization of Azerbaijan. Accordingly, the USA sought to restrain all participants, including Turkey, and refrained from contributing to an escalation of the conflict.¹⁴

The US Congress further complicated the task of US diplomats by voting a budgetary amendment under pressure from the Armenian lobby, section 907, which blocked all US aid to Azerbaijan until that country lifted its blockade on Armenia. Section 907, along with the Armenian lobby in general, arguably constrained the administration's ability to take sides in the conflict.

¹² Cornell, 1998.

¹³ Blank, April 1, 1998.

¹⁴ Laitin et al., October 1999.

Finally, Iran too has an interests in the crisis, mostly as Azerbaijan's neighbor and host to a large Azeri minority. At the height of the fighting, large numbers of Azerbaijani refugees fled towards the Iranian border, causing fears of destabilization in Iran's predominantly Azeri northwestern border region. In the event, the Iranian army stabilized the situation by establishing a buffer zone within Azerbaijan where it settled the refugees.¹⁵

Once the crisis was over, Iran's attention turned to limiting US and Turkish influence in the area, an objective which was mitigated by its keen awareness of its own vulnerability to destabilization. The country established good relations with Armenia, provided it with its only viable land route to the outside world, but sought to limit its own exposure to the conflict.

Thus, by the end of 1996, the Karabakh conflict had become one of the strategic pivots in a Great Game, involving a struggle for the control of territory, oil and pipelines, in an area whose oil production and strategic value were expected to match the Arabian peninsula's. In spite of Azerbaijan's and the Armenians' attempts to avoid dependence on any single power, quasi-alliances had formed: Azerbaijan, Turkey and the USA made common cause against Russia and Armenia.

The powerful outsiders- Russia, Turkey, Iran and the USA- also had also much in common however. None sought to escalate the conflict to the point of direct confrontation between NATO and Russia and all had an interest in the region's stability. Furthermore, Turkey, Russia and Iran all had their own troublesome minorities, so that none of them

¹⁵ Blank, April 1, 1998.

was prepared to support challenges to the integrity of international borders.

Digging in: Armenia, Karabakh and Azerbaijan in early 1997

Armenia had suffered tremendously since the heady days of Perestroika. Caucasian winters are bitterly cold, and the country was left without heating for two years in a row. The economy, cut off from the world, collapsed to 20% of its former level, causing poverty, unemployment, and even starvation at times. The security of Armenia proper became an issue, when Turkish leaders began to think aloud of the possibility of direct Turkish intervention in the conflict.

Ter Petrossian emerged from his reelection contest in April 1996 weakened by allegations of electoral fraud, and he had to send tanks into the street to prevent his opponents from storming the Parliament in protest.

Yet in spite of the difficulties of daily life, it seems that public support for the cause of Karabakh remained undiminished. In a poll carried out early in 1996 by the Armenian Academy of Sciences, nearly three quarters of those questioned favored the recognition of Karabakh as an independent republic, the other quarter calling for unification with Armenia¹⁶. The fact is that the conflict is rooted in a deep-seated fear of “Turks”, with whom Azeris are assimilated, an old fear revived by the 1989-1991 killings of Armenians in different Azerbaijani localities. In the consciousness of most Armenians, the struggle for Karabakh is inseparable from the struggle for the Armenian Republic’s own survival, sandwiched as it is between two hostile neighbors.

¹⁶ Laitin, October 1999

Fear is fertile ground for nationalist politics, and Ter Petrossian found it increasingly difficult to promote his own more compromising line in the face of opposition from many parliamentary parties, and even from members of his own cabinet, such as regime strongmen Serzh Sarkissian, Vasken Sarkissian and Robert Kotcharian, who was to become Prime Minister in 1997.

Furthermore, public feelings about the conflict gave the Karabakh Republic's leadership considerable leverage inside the Armenian political system. The republic was run by an elected and collegial leadership that had been considerably strengthened by its military successes. NK's direct experience of deportations and killings in the early years of the conflict and its newfound sense of strength did not incline it to compromise. Unlike Armenia, NK had no economic incentive to yield to pressure: an economically abandoned and primarily agricultural part of Azerbaijan under the Soviet regime, it suffered comparatively less from the collapse of industry and expected no economic rewards should it return to the Azeri fold.¹⁷

NK regarded the land it gained in battle at best as a bargaining chip to be exchanged for a status- ideally independence-, strong security guarantees against any attempted reconquest by Azerbaijan and the maintenance of road communications with Armenia through the Lachin corridor. In the meantime, the self-styled republic built road links to Armenia and repaired its infrastructure: the longer the truce, the harder it would be to challenge the status quo which Karabakh lost no time to consolidate.

Karabakhi determination was illustrated in an anecdote that circulated in the early days of the peace process. The Armenians from Karabakh had been taken to the Aaland Islands,

¹⁷ Rieff, March/April 1999

which are autonomously run by their Swedish inhabitants within the political boundaries of Finland. When asked whether such autonomy would be acceptable to them, the Armenian delegation responded positively. “Are you sure you would accept such autonomy?” insisted the hosts. “Oh yes,” said the Armenians, “but only within Finland!”¹⁸

Back in Yerevan, an uncompromising public opinion was further angered by Ter Petrossian’s attempts, and failure, in the early years of independence, to court the Turkish Republic. Avoiding provocation, he refused to recognize the independence of NK or to mention the 1915 genocide of Armenians in the Ottoman Empire in his dealings with Turkey. In spite of his overtures however, Turkey closed its border with Armenia, refused to open an Embassy in Yerevan, and undertook a hostile policy towards Armenia. Having thus failed to diversify his alliances, Ter Petrossian had no choice but to return to the Russian fold.

The President’s conciliatory tone towards Turkey did little to improve his international image however. The events of April 1996 and the banning of a political party caused the country to “lose some of its democratic patina,” and Western sympathy dwindled¹⁹. By the end of 1996, it was clear that an increasingly impatient international Community would not accept to change Azerbaijan’s borders, and that the oil dollars soon to pour over Baku would dramatically worsen the terms of the bargain from Armenia’s point of view. Torn between internal and international politics, Ter Petrossian personally inclined towards a compromise over Karabakh if it could end the stifling blockade and bring peace.

Paradoxically, Ter Petrossian’s counterpart in Baku was in an equally unenviable

¹⁸ Laitin et al., 1999.

¹⁹ Laitin et al., 1999.

position. No other than Heidar Aliev, former Communist party boss, could have survived the humiliating defeat and occupation of nearly a third of his country by NK forces.

Azerbaijan remained dangerously vulnerable to Russian interference and pressure, and above all, to the enormous political pressure exerted by more than 800 000 refugees, most of them still living in temporary camps. Expelled from their homes as a result of Kharabakhi conquests, they reciprocated the feelings of fear and hatred of the Karabakhi Armenians towards Azeris. By contrast, much of Azeri opinion probably held a slightly more indifferent view of the conflict- after all, Karabakh is a remote, mountainous and backward part of Azerbaijan which even before the war was populated mostly by Armenians.

Furthermore, Azerbaijan was a recently formed and exceedingly fragile post-Soviet state, whose security is remained uncertain. Further military defeats could not only threaten Baku itself, but could trigger ethnic unrest and destabilization in other parts of the country.

These daunting threats help explain why Aliev agreed to stop the fighting in 1994. His main asset was Caspian oil, whose revenue was expected, in time, to strengthen the country's institutions and economy, providing it with the resources to mount a decisive offensive on Karabakh if necessary. Oil reserves also provided Azerbaijan's leader with leverage to obtain diplomatic support from the USA and other western powers and to discourage Russian interference. Oil exploitation and oil diplomacy could only really pay off if the country was allowed a period of peace however.

Aliev also needed time to improve his image, and he partly succeeded in doing so. An old

fashioned dictator, the formerly communist strong man of an oil republic, he came to be seen more favorably by Westerners, while his country earned fame as the site of the next oil boom and a friend of the West.

In Aliev's calculation, time was on his side and against Armenia: his strategy of isolating Armenia economically and diplomatically was a success, and his rival's desire to compromise should grow with time. Driven in part by the refugees' thirst for revenge and in part by the expectation of the benefits of oil, he conducted a maximalist strategy in the negotiations and bided his time.²⁰

The Minsk Group's May 1997 initiative

After three years without fighting and pressed by the powers to settle the conflict, the Minsk Group once again took the initiative. The past had shown that Nagorno Karabakh was not prepared to accept a step-by-step approach to peace, which would force it to give up land before negotiating its future status- autonomy or independence. Karabakh insisted on a package approach instead, in which both the territory's status, and security and territorial matters would be negotiated simultaneously.

In May 1997, the Minsk Group's American, Russian and French co-chairs, including US Deputy Secretary of State Strobe Talbott, proposed a new framework to serve as a basis for renewed negotiations.

The main features of the plan included:

²⁰ Croissant, July 1, 1997, *Economist*, November 1, 1997.

1. The withdrawal of NK troops from occupied territories, including the Lachin corridor.
2. The deployment of a peacekeeping force to patrol the buffer zone between the two armies, under a one-year renewable mandate.
3. The leasing of the Lachin corridor by Azerbaijan to the OSCE, who in turn would lease it to NK.
4. The repatriation of Azeri displaced persons (DPs) in the occupied districts
5. An end to the blockade on Armenia and NK (a commitment to which Turkey later subscribed as well).
6. Finally, the provision that Azerbaijan's territorial integrity would be formerly preserved, but that NK would be effectively self-governing, including a "national guard" at the minimum necessary level.

Even though the plan was presented as a mere 'basis' for further negotiations, it was met with considerable skepticism by all parties. Azerbaijan accepted it, but formulated "such reservations that its acceptance amounted to a rejection" in the words of Armenian President's former advisor Gerard Libaridian.²¹ NK, which had all but become a party to the negotiations, rejected the proposal flat out, and Armenia accepted it with important reservations.

The Minsk Group soon returned with an amended version of its proposal. The new version had something to please the Armenians: recognition of Azerbaijani sovereignty was out of the package, as was the question of status, while the security guarantees offered were improved. The new plan even permitted Armenia to intervene directly in NK should Azerbaijan seek to take advantage of the withdrawal of NK troops to launch a

²¹ Libaridian, 1999, p. 57.

military offensive.

By September, the Minsk Group was waiting for an answer from the parties to the conflict. In Armenia, two different interpretations of the plan conflicted.

Those who thought the plan might be a good basis for negotiations emphasized that Armenia and NK had obtained as much as they would obtain: good security guarantees, an end to the blockade, the Lachin corridor. Outright recognition of NK's independence was clearly unthinkable, and the Lisbon Summit had shown that the world would side with Azerbaijan on that question. The best thing to do under such circumstances was to keep the issue open for later discussion. Furthermore, if the current plan did not correspond to the perfect solution, it could always be improved: that is what negotiations are for.

Supporters of the plan also argued that time would not favor the Armenian side: Azerbaijan was likely to benefit from oil dollars and diplomacy, while Armenia would continue to smart from the effects of the blockade. In sum: a reasonable deal now was preferable to the risk of a disastrous deal later on. The President compared NK's situation with that of the Bosnian Serbs: "It happened in Bosnia. The Serbs lost everything. I don't think that the maintenance of the status quo is a real option. We may persist for a year or two, but the international community will become exasperated and lose all its patience."²² Indeed, pressure was likely to mount until the area opened up for business, and whichever of the three protagonists was seen to stand in the way of peace would likely be forced to yield under pressure if he failed to compromise in time.

²² Laitin et al., October 1999

On the other side of the argument, a strong body of opinion in Armenia opposed the proposed basis for the negotiations. First of all, critics of the plan argued that the 'basis' in question was pretty much a fully fledged plan, and that once it had been accepted, there would be little scope for improvement. They also noted that in its attempts to circumvent the difficult issues, the Minks group had returned to the step-by-step approach, and postponed the discussion concerning the enclave's future status- an approach as unacceptable as excluding the prospect of independence from the outset. Knowing the inclination of all parties, once the military, territorial and other technical aspects of the conflict had been dealt with, NK would have nothing left to bargain in exchange for its independence or for a quasi-independent status.

Nor did the plan's critics put much faith in the promised security guarantees. The OSCE had an uncertain record, and was not considered capable of providing sufficient long-term security guarantees to NK. Armenia could hardly provide good security guarantees either, and the prospect of placing the region's security and future entirely at the mercy of Moscow's foreign policy interests was just as unattractive. Worse still, a withdrawal from all occupied territories would involve losing the direct route to Iran, NK's second strategic supply line.

The uncompromising 'party of Karabakh' believed that if concessions on the status of NK were not forthcoming, the best alternative was to maintain the status quo. After all, did the NK army not prove its worth in battle before? NK could further improve its position by consolidating its infrastructure and defenses. The enclave's President, Robert Kotcharian, argued in support of the status quo that the blockade was not as costly to Armenia as it was made out to be, and that a determined fight against corruption, and an effort to strengthen the state and the rule of law could do as much for the Armenian

economy as lifting the blockade. Did Ter Petrossian mean to put Kotcharian to the test when he appointed him as Prime Minister of Armenia proper in the spring of 1997?

In support of those who did not see the Armenian position as calling for urgent compromise, a Western diplomat in the Caucasus commented: “They [the Azeri leadership] seem to believe that Armenia and Karabakh are on their knees and about to cave in. But it plainly is not so.”²³

The options open to the Armenian side were articulated by President Ter Petrossian at one of his rare press conferences on September 26, 1997.²⁴

1. To maintain the status quo- no peace and, hopefully, no resumption of hostilities. Little prospect of recognition of NK however, and continued instability caused by an uncertain status, refugees, and the impatience of the international community.
2. To have Armenia recognize NK as an independent state or annex NK to Armenia. This might change the terms of the negotiation, but was also likely to be perceived as an ultimatum to Azerbaijan and to the world- and ultimately backfire.
3. To renew the war to force a settlement on Baku. However, short of seizing the capital, there were no conquests within Karabakh’s reach which could conceivably advance its cause.
4. To return to the “package” approach-- i.e., to negotiate status and land and

²³ The Economist, November 1, 1997.

²⁴ Laitin, October 1999.

security issues simultaneously. This meant reaching an agreement on the impossible issue of NK's status- an unlikely prospect.

5. To accept the “step-by-step” approach, negotiating land for security first, then moving on to the issue of NK's final status. In this hypothesis, NK would be compromising its security without any guarantees as to its future status.

Further developments in the months that followed the May 1997 Minsk Group proposal added to the urgency of an Armenian response to the new plan.

In July, the American, French and Russian Presidents meeting at the G-7 Summit in Denver urged the warring parties to resolve their differences: [The Minsk Group's proposal] “represents an appropriate basis for achieving a mutual agreement. The primary responsibility, however, rests with the parties and their leaders. We call upon them to take a positive approach, to build upon this proposal and to negotiate an early settlement.”²⁵

The following week, after a high-profile visit to Washington and a demonstration of Azerbaijan's close relationship with the USA, the Azerbaijani President made a show of goodwill in declaring that he did not expect Lachin or the strategic town of Shusha to be returned to Azerbaijan in the foreseeable future.

On September 1st, Arkadi Ghukasian was elected President of Karabakh with a massive majority of 89.3%. Like the other candidates, he had promised to doggedly defend Karabakh's sovereignty and to continue to enhance its security. The day after the elections, he reiterated that NK could not accept a “vertical relationship,” between Baku

²⁵ Clinton, William J., 20 July 1997.

and Stepanakert, but later added that he could also accept “a sort of abridged statehood,” within a “confederation allowing Azerbaijan and NK to coordinate their activities” in some areas. Ghukasian also called for direct talks between Baku and Stepanakert in preference to the existing 2+1 formula which relegated NK to the sidelines.²⁶

With international pressure mounting, now was the time for the Armenian President to take the leap. Should Armenia and NK take what they could get now or go for higher stakes?

-End of part A-

²⁶ Walker, February 1998

PART B

September 1997- February 1998.

On September 26, Ter Petrossian indicated his preference in general terms when he declared, “as long as the Nagorno-Karabakh problem remains unresolved, Armenian cannot return to normality and live like any other European country.” Accordingly, Armenia must seek a settlement to the conflict on the basis of “serious mutual concessions.”

Two weeks later, Ter Petrossian and Aliev met in Strasbourg (France) on the occasion of a Summit of the Council of Europe. Aliev announced his wish to establish “firm and long-lasting relations with Armenia” and the two men agreed to the terms of the Minsk Group’s first stage provisions, after which they issued a joint statement calling for a new round of negotiations in which all parties to the conflict would participate- Stepanakert included.

The same week, Yeltsin and Chirac, who were also present in Strasbourg, invited the two heads of state for further talks in Moscow, signaling both continued high-level interest in the process and a worrying rift within the Minsk Group, as Russia and Chirac clearly had taken the initiative without informing Washington.²⁷

Meanwhile, Karabakh for its part renewed its objection to any package which would not include discussion of NK’s future status in the first phase of negotiations. The NK leadership, wary of being sold out by the President, expressed its determination to hold on to occupied territory and its Defense Minister, Samvel Babaian, even argued in an

²⁷ Walker, February 1998.

interview in October 1997 that the chances of renewed war with Azerbaijan were high, and that Azerbaijan would either have to accept military defeat or launch a new offensive by the end of 1998 or early 1999. He added that a new round of fighting would lead to a decisive victory by one side or the other.²⁸ Thus, while even NK's Russian and Armenian allies were set on accepting a compromise for the sake of peace, its leadership defied international pressure to give up its hope of obtaining independence and settle for the next best thing.

Karabakh was not quite alone in rejecting the plan however. Like-minded souls in the Armenian government included Ter Petrossian's closest allies. His Defense and Interior Ministers, among others, started to express their dissent openly, and even Armenia's new Prime Minister and former President of Karabakh Robert Kotcharian, announced that "no decision adopted in Armenia [would] be implemented without Karabakh's consent, irrespective of who is in power in Yerevan".²⁹ In Parliament, too, Ter Petrossian's supporters were taking their distance, while the opposition accused the President of betrayal and capitulation. In the streets of the capital, demonstrations in protest over the President's position on Karabakh were taking place on a daily basis.

At the end of the year, at the OSCE Meeting of Foreign Ministers in Copenhagen, the Minsk Group had to admit its lack of progress. The Meeting took no position however, refraining both from confirming or altering the emphasis on the integrity of Azerbaijan agreed to in Lisbon the previous year, while taking no decision relating to Stepanakert's demands to be included as a full participant in the negotiations.

By the end of the year, observers were speculating about the prospects of the dispute

²⁸ Walker, February 1998

²⁹ Walker, February 1998.

being handed over to the UN Security Council, possibly resulting in sanctions against Armenia. As to the country's internal political situation, the weakness of the President and the now overt opposition of his popular Prime Minister led the press to talk of a "diarchy" in Yerevan, and to speculate about which of the two would be forced to resign.³⁰

In the first week of February, two of Ter Petrossian's closest allies in government, Vano Siradeghian and Alexander Arzumanian, resigned from government. Amid a growing sense of crisis, Defense Minister Vazken Sarkysian announced that he would not step aside, even if asked to do so by the President. The showdown came at an Armenian Security Council meeting in February, when Kotcharian threatened to resign himself over the President's position on Karabakh.³¹ By now completely isolated and unable, should he succeed in sacking his government's heavyweights, to form a viable alternative administration, the President admitted defeat and stepped down on 3 February 1998.

In April 1998, Presidential elections were held and Robert Kotcharian became Armenia's new President. His turn had come to deal with the Karabakh conundrum. In November 1998 the Minsk Group, accepting the "package" approach, proposed a new formulation of NK's future status, calling it a "common state," a formulation interpreted to imply a form of loose confederation only nominally acknowledging Azerbaijan's sovereignty. Azerbaijan rejected the new idea and after a further year of talks, including several Summit meetings between Kotcharian and Aliev, the OSCE Summit in Istanbul made an upbeat assessment on the progress of negotiations. At the time of writing there is still neither war, nor peace in Nagorno Karabakh.

³⁰ Walker, February 1998.

³¹ Croissant, April 1, 1998.

Conclusion

The Nagorno Karabakh conflict has many characteristics in common with the other wars of the former Soviet Union, but it also displays some unique characteristics, including its intractability and a significant international involvement. The moderating role played by leaders on both sides— in recent years at least— is particularly remarkable: unlike other pro-independence leaders, neither Ter Petrossian, nor Aliev sought to escalate the conflict for political advantage.

However, the Armenian leader failed to convince the country of the need to compromise. Whether he misread the opinions of the public and of the political class or ignored them, his inability to play the two level game is striking, and is the main cause of his failure to negotiate a peace agreement.

The events of 1997 and 1998 thus show that in spite of the President's formal powers over foreign policy, a peace agreement would require broad support to be ratifiable in Armenia. The principal challenge facing Ter Petrossian's successor will be to find or create the elusive common ground between the Armenian political class and public opinion, on the one hand, and Armenia's negotiating partners within the Minsk group, on the other.

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