

New Opportunities for Mediation in Nagorno-Karabakh

In the shadow of Russia's war in Ukraine, a series of clashes and a subsequent period of quiet have raised both fears about renewed fighting in Nagorno-Karabakh and hopes that diplomacy might still bring the parties closer to peace. In March, Azerbaijani forces seized territory around Farukh, an ethnic Armenian-populated village that has been patrolled by Russian peacekeepers since a ceasefire ended the 2020 war that upended an almost three-decade status quo in the region. The Armenian government, along with Nagorno-Karabakh's de facto authorities, worried that the move might herald a broader Azerbaijani offensive, taking advantage of Moscow's focus on Ukraine. But subsequent talks between Yerevan and Baku appear to have calmed the situation and even suggested some areas for future engagement, indicating that neither side has ruled out the possibility of a peaceful settlement, although the two remain far apart on many core issues. While it remains unclear whether the situation will deteriorate or improve, the EU can help coax things in a positive direction by facilitating diplomatic efforts, preserving Russia's positive role in conflict resolution and making clear that it will stand behind any agreed steps toward an eventual settlement, with financial and technical support.

To enhance prospects for peace, the EU and its member states should do the following:

- ❑ Having already brought leaders from Armenia and Azerbaijan together for talks, Brussels should work with both sides to develop a format and agenda for further negotiations – including by providing a venue, facilitating regular working groups on specific issues and using its good offices to try to iron out differences among state and military officials at all levels.
- ❑ Brussels should also continue to help the two countries resolve disagreements over their common border – particularly at flashpoints, such as Azerbaijan's Kelbajar and Armenia's Gegharkunik, which have seen particularly deadly skirmishes since 2020. At the same time, the EU should preserve the role of the Organization for Security Cooperation in Europe's (OSCE) Minsk Group, which has been the main international format for negotiations on the Nagorno-Karabakh conflict and still has an important – albeit likely more limited – role to play.
- ❑ Despite rising tensions between Moscow and European capitals amid the war in Ukraine, the EU should continue to support Russia's efforts to resolve the dispute between Armenia and Azerbaijan, avoiding actions that suggest it is looking to block any mediation efforts by Russia.
- ❑ Brussels should make clear that, as the region's largest donor, it is prepared to fund a peace dividend in the form of financial support toward easing the countries' most pressing socio-economic problems, including by helping meet the needs of displaced people, in the event that the parties reach a peace settlement. In the meantime, it should boost funds to help clear landmines and unexploded ordnance from conflict zones, which are now too dangerous for reconstruction or resettlement.

- The EU and member states should not neglect engagement with de facto authorities and residents of Nagorno-Karabakh. Indeed, it should communicate to a sceptical Baku that such engagement is essential for ensuring buy-in to any future peace deal. The ethnic Armenian population of Nagorno-Karabakh is nervous that a deal will mean full Azerbaijani control of the enclave, forcing them to flee. Support for these people's post-war needs will be crucial to sustaining a deal, but it must be carefully managed, as Baku views any engagement with Nagorno-Karabakh's de facto authorities as undermining its claim to the territory.

Dangerous Currents to Be Navigated

The beginning of 2022 saw violence in Nagorno-Karabakh conflict zone reach its highest point since a Russian-brokered ceasefire in November 2020 ended the second war between Armenia and Azerbaijan in and around the Armenian-majority enclave of Nagorno-Karabakh. The first war, which lasted from 1992 to 1994, had concluded with Nagorno-Karabakh having declared independence that no one recognised and seven neighbouring Azerbaijani territories under Armenian control. In the 2020 fighting, Baku took back part of Nagorno-Karabakh along with those seven adjacent territories. Under the new ceasefire deal, Russian peacekeepers deployed to the areas of Nagorno-Karabakh still held by ethnic Armenians after Armenia's troops withdrew.

A spate of flare-ups since has nevertheless disrupted the ceasefire, fuelled by frustration on both sides over the fragile status quo. The recently redrawn front lines separating de facto and Azerbaijani forces are closer to ethnic Armenian settlements than before, in some cases cutting directly through them and complicating daily life. Azerbaijan remains concerned that Nagorno-Karabakh's de facto authorities have retained an armed force, with Baku arguing that it is illegal and that Russian peacekeepers should disarm it, and Armenia and the de facto authorities saying its disarmament was never part of the ceasefire deal. For their part, Armenia and the de facto authorities have accused Azerbaijan of intentionally damaging a pipeline bringing gas into the enclave, leaving Nagorno-Karabakh Armenians without their primary source of heating for almost a month in extreme cold weather conditions. Baku rejected the allegations.

The seizure of Farukh in March was especially significant, however, as it was the first time since the 2020 war that Azerbaijani troops penetrated the Armenian-populated area of Nagorno-Karabakh and established positions there. Following several days of clashes, which de facto authorities in Nagorno-Karabakh's main city of Stepanakert said killed at least three ethnic Armenians, Azerbaijani forces took control of the Farukh area. (Crisis Group uses Soviet-era place names for locations in Nagorno-Karabakh.)

After moving into Farukh, Azerbaijan denied it had violated the November 2020 ceasefire agreement. Moscow, Paris and Washington called for it to withdraw, but Baku said it had no intention of doing so, as the village is part of its internationally recognised territory. Because Farukh lies in a strategic spot, surrounded by mountains giving direct views deep into Armenian-populated areas, this sequence of

events prompted concerns in Yerevan and Stepanakert that Baku might have decided to press its advantage, leveraging both Moscow’s divided attention as it pursues its campaign in Ukraine and Azerbaijan’s much stronger military position since the 2020 war to mount a new offensive.

The spring witnessed an easing of tensions, however, following a 6 April meeting between the leaders of Azerbaijan and Armenia in Brussels, at which they declared their readiness to start talks on a peace agreement. Subsequent diplomacy by both Moscow and Brussels helped reverse the escalatory dynamic between Armenia and Azerbaijan. On 11 April, the two countries’ foreign ministers held their first publicly announced telephone call in over 30 years, a milestone in bilateral engagement. Two days later, Armenian Prime Minister Nikol Pashinyan [said](#) he would be ready to soften Yerevan’s longstanding insistence that talks address the question of Nagorno-Karabakh’s independence claim if that would prevent a renewed war. The residents’ security and rights, he said, were more important.

But, for all the positive rhetoric, there is no reason to think negotiations will be easy-going from this point forward. Baku has not responded to Pashinyan’s statement, while [Armenian opposition leaders](#) angrily denounced it as a betrayal and [Stepanakert](#) reconfirmed its demand for independence from Azerbaijan. Moreover, to date, Azerbaijan has shown no willingness to give special security and rights assurances to ethnic Armenians in Nagorno-Karabakh, saying they will have the same rights and security as all Azerbaijani citizens should Baku take over the entire territory. Without such assurances, however, Armenia will almost certainly find it impossible to publicly and formally recognise Azerbaijan’s control of Nagorno-Karabakh.

Shifting the Momentum toward Peace

Brussels, the only party besides Moscow to bring Armenian and Azerbaijani leaders together since the ceasefire to the 2020 war, has played a tremendously useful role in keeping contacts going. In 2021, in response to particularly sharp firefights along the stretch of border separating Kelbajar in Azerbaijan from Gegharkunik in Armenia, the EU helped relaunch a hotline linking the two sides’ defence ministries, which has significantly decreased tensions in the troubled border area. Since then, Brussels facilitated several meetings that have allowed the two sides to proceed with both talks on demarcation of the border.

The EU can and should continue to do more to help revitalise diplomacy, but it will need to work with others to be most effective, starting with the Organization for Cooperation and Security in Europe’s Minsk Group. The Minsk Group is jointly chaired by Russia, France and the U.S. Though it has struggled since 1994 to produce a breakthrough in resolving the conflict, it has an international imprimatur and the benefit of continuity. It appeals to Yerevan and Stepanakert, as it has long recognised the needs of ethnic Armenians living in Nagorno-Karabakh and kept the question of the region’s status on the table. Even Baku agrees that the OSCE process may be helpful in supporting confidence-building measures, such as contacts between Azerbaijanis and Nagorno-Karabakh’s ethnic Armenians, although it has long been critical of the process as failing to resolve the conflict – a view that hard-

ened after its 2020 military success. Now, with the Ukraine war raging, ill will between Russia on one hand, and France and the U.S. on the other, risks impeding the process's viability. In recent weeks, Moscow has [accused](#) Paris and Washington of boycotting the Minsk Group, which both denied. All three, as well as Armenia, insist that it remains a live format. Diplomacy by Brussels and EU member states should include coordination with the OSCE Minsk Group co-chairs and should not seek to replace the format.

In general, the EU will also need to find a way to work directly or indirectly with Moscow. Russia, long the leading outside power in this conflict, is preoccupied with Ukraine and the worsening standoff with the West. It fears being sidelined in negotiations if it loses influence with Baku and Yerevan. Aside from accusing France and the U.S. of abandoning the Minsk Group, Moscow has also alleged that the EU itself is trying to cut it out of peace talks. While Russia's aggression in Ukraine may indeed tempt Brussels to try weakening it in the South Caucasus, it remains the only country that has been willing to dispatch forces to the region. Even distracted, Moscow pays more attention to Armenia and Azerbaijan than does either Brussels or Washington. As a trade partner of both countries (indeed, Armenia's largest), it retains meaningful leverage there. Working with Moscow, distasteful as it may seem in European capitals, improves the odds of bringing peace to the region, while working against it, or in a disconnected parallel process, would complicate the equation. Thus, even as they continue to impose costs on Russia for invading Ukraine, EU diplomats could, at least privately, indicate that they welcome Russian engagement on Nagorno-Karabakh, including the peacekeepers, and quietly cooperate to ensure that different sets of talks – such as the Minsk Group, EU-hosted meetings and talks on border demarcation – reinforce, rather than exclude each other.

Brussels will also need to engage with Turkey. The country's role and perspective with respect to conflict resolution are different from the EU's given Ankara's longstanding support of Baku. But today, with Turkey and Armenia taking tentative steps toward establishing contacts, Ankara has an increased interest in preserving stability. The EU should encourage Ankara's instincts in this direction, supporting engagement between Turkey and Armenia.

Aside from collaborating with other outside powers, the EU can help sweeten the deal if peace appears to be at hand. So far, the Union's economic assistance to Armenia and Azerbaijan – which has no provision for direct support in Nagorno-Karabakh – excludes any condition related to the conflict settlement. Brussels should use its economic leverage to encourage progress in negotiations. By making clear that peace will boost European investment and development aid, it will make any difficult compromise more palatable. Northern Ireland, though very different and until recently inside the EU itself, could serve as a model. To cement a 1998 accord, the EU promoted a "peace dividend" by funding a wide range of bottom-up and inclusive projects to support infrastructure, urban regeneration, young people and small businesses – the kind of initiatives long absent in Nagorno-Karabakh.

In the same connection, the EU should prepare to step up its aid to Armenia, which is poorer than Azerbaijan and already hosts people displaced by the 2020 fighting. It could find itself absorbing more if a peace deal leads ethnic Armenians to feel unsafe in territory controlled by Azerbaijan or if a new war provokes additional displacement from Nagorno-Karabakh. This aid could build on critical EU funding that already supports Armenian infrastructure projects and economic revival. In addition, EU member states that reduced bilateral aid after the 2020 war (like Germany, which is a major development donor) should renew their funding to help the two countries deal with post-conflict challenges.

Azerbaijan too could benefit greatly from EU support, notably for its mine clearance efforts, as it looks to enable over 600,000 people displaced in the early 1990s to return to territory it regained in 2020. This land is heavily mined, resulting in the deaths of several dozen Azerbaijanis since 2020. Mine clearance, moreover, is expensive. Local authorities in Azerbaijan say a mine costs \$3 to set, but up to \$1,000 to remove. The EU could work with Azerbaijan to organise a donor conference on landmine removal and explore other support programs.

The EU should throw its weight behind convincing Baku that it is in the interest of peace to let mediators (such as the EU special representative for the South Caucasus and the crisis in Georgia) visit the conflict zone and meet de facto and civil society representatives. Member states that are strengthening their ties with Baku, as they diversify their energy supply due to the Ukraine war's fallout, should drive home the same message. Doing so can only help the peace process, which, if it inches forward, still risks being derailed by potential "spoilers" – leaders, parties or interest groups who feel they are being left out. Indeed, engagement by the EU special representative with Nagorno-Karabakh's ethnic Armenians could go some way to easing their fears that a deal will be struck without their involvement and full consideration of their concerns. The EU should step up the aid it has provided through the Red Cross for people displaced by the conflict, as this assistance can also go a long way to making this isolated community feel more secure.

A durable solution to the Nagorno-Karabakh conflict is not yet within reach. But if outside actors can allow each other space to play their respective roles, it may be possible to fend off a return to war and help make a settlement more plausible.