

A last chance for peace?

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In the autumn of 2005 Azerbaijan and Armenia seem to be as close to peace as they have ever been. But will the negotiations fail once again? If they do prospects for a resumption of large-scale combat are much more real than before. Burgeoning military expenditures, increasing ceasefire violations, and the demonization of the other side are all ominous signs that the time for talks is running out.

Since May 2004 the Azerbaijani and Armenian foreign ministers have met on eleven occasions in what has come to be known as the Prague Process. The countries' presidents have expressed their support of the progress being made in their own tête-à-tête encounters. In August 2005 Minsk Group co-chairs apparently presented a one-page settlement strategy. If parties continue talks based on this discussion document, a comprehensive peace agreement may be ready in 2006.

The two sides are closer than ever before because they have accepted that any peace deal will be implemented step by step. Nagorny Karabakh's ultimate status can only be resolved after the impact of confidence-building measures and security guarantees are felt on the ground. Karabakh Armenian forces backed by Armenia will withdraw from all or most of the occupied territories. International peacekeeping forces will be deployed, internally displaced people will return to their pre-war homes and trade and communication links will be restored. Only after this – in ten, fifteen or twenty years – would the status of Nagorny Karabakh be determined after an internationally sanctioned self-determination plebiscite with the exclusive participation of Karabakh Armenians and Azeris. Until then Nagorny Karabakh will remain *de jure* part of Azerbaijan, yet *de facto* independent.

This is not the first time that the negotiators appear to have found a winning formula. After the April 2001 Key West talks the signing of a comprehensive peace proposal also seemed possible. Yet the negotiations ground to a standstill. Former Minsk Group co-chair Carey Cavanaugh rationalized, "the presidents were ahead of their people," to explain the failure, but a more persuasive explanation would be that the gap between what the Armenian and Azerbaijani leadership was saying in private and in public was too wide. Today

nothing has changed. While the Prague Process inches forward little is being done in Baku, Yerevan or Stepanakert to prepare people for peace. Regional leaders have for years strategized that tough talk boosts domestic ratings.

While there may have been little ethnic basis for the war when it started, official propaganda has helped ensure the build up of mutual hatred. Both populations have been psychologically prepared to begin another cycle of fighting and killing. In Azerbaijan in particular over half a million internally displaced people from Nagorny Karabakh and the surrounding districts have become a strong pro-war constituency, some 84 per cent calling for the use of force to resolve the conflict in a 2004 poll by the Baku Press Club.

Azerbaijan's rocketing oil revenues are changing the situation on the ground. In July 2005 Azerbaijani President Ilham Aliyev announced an increase in military spending from US\$135 million in 2003, to US\$300 million in 2005. After Armenian officials stated that they would respond in kind, Baku promised to spend US\$600 million on the military in 2006. Armenia, which continues to suffer from exclusion from regional projects and a persistent blockade, cannot afford to match Azerbaijan's expenditures. A new generation of Azerbaijani officers trained in or by Turkey, and the country's provision of troops to Anglo-American-led operations in Iraq and Afghanistan, have increased the military's battle readiness. After over a decade of neglect, the Azerbaijani army must still overcome problems of outdated weaponry, corruption, inefficient operational planning, programming and budget systems, but a real willingness to reform to carry out a winning offensive can bring rapid change.

Azerbaijan's threat to employ force to restore its territorial integrity is real. Armenian hardliners argue that withdrawal from the security zone around Nagorny Karabakh is suicide, yet continual occupation of Azerbaijani territory while Baku is rapidly arming itself only provides justification for an Azerbaijani attack.

Withdrawal is the best security guarantee available today to Stepanakert. Should Nagorny Karabakh forces withdraw from the occupied districts and international peacekeepers be deployed, Azerbaijan would be bound by an internationally recognized peace agreement not to resort to force. If it violates the agreement by attacking, it will undermine the very international links it depends on for its newfound wealth as a producer and safe transit for oil and gas for years to come.

Both Baku and Yerevan have an interest to reach a peace settlement soon. Otherwise they will have few levers to stop the wheels of war.

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