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**THE JULY ESCALATION
ALONG ARMENIA -
AZERBAIJAN BORDER**

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I. INTRODUCTION

On July 12, 2020, Azerbaijani forces attempted to take over an Armenian post along the Northern part of the Armenia–Azerbaijan international border. Repelled by the Armenian units, they turned to cannon shelling and the extensive use of UAVs. After two days of active clashes, the situation was calm on July 15, when new, albeit unsuccessful, attempts to seize Armenian positions were made on the early morning of July 16.

This escalation has caught many by surprise. The clashes took place some 300 km away from the line of contact between Azerbaijan and the Nagorno Karabakh Republic and were the first major escalation after the April 2018 “Velvet revolution” in Armenia. The situation along both the line of contact and the international border has been relatively calm since the late September 2018 Dushanbe informal meeting between new Armenian Prime Minister Nikol Pashinyan and President Aliyev, which resulted in the decision to restore the direct hotline between sides and to ease tensions. Many experts hoped that the “Velvet revolution” may bring new impetus to the Karabakh conflict negotiation process, but in July 2020 escalation has left many with doubts if any breakthrough is possible. The recent events have proved that optimism over the quick advancements in negotiations has no solid base and both conflict sides, as well as OSCE Minsk Group Co-chairs, need “out of box thinking” and elaboration of new ideas rather than being stuck with the current formula of solution known as “Madrid principles”.

II. THE REASONS BEHIND THE ESCALATION

To better understand the underlying reasons behind the recent escalation one should briefly look into the recent history of Karabakh negotiations. Since 2004, negotiations have been conducted within the so-called “phased approach” formula whose key features were first articulated by the OSCE Minsk Group Co-Chairs in a July 2006 statement.¹ They envisaged the return of some territories to Azerbaijan, an interim status for Nagorno-Karabakh, security guarantees with the deployment of peacekeepers, and the determination of the final legal status of Karabakh through a legally binding expression of will. These ideas were at the heart of the “Madrid document” shared with the conflict sides in November 2007 and were re-emphasized by the July 2009 statement of Russia, the US, and France Presidents.²

Though both Armenia and Azerbaijan accepted the “Madrid document” as the basis for the negotiations, they both were unhappy with some ideas enshrined in the document. Azerbaijan has categorically rejected even the theoretical possibility of Nagorno Karabakh being outside Azerbaijani jurisdiction and thus has objections to the determination of the final legal status of Karabakh through legally binding expression of will. During his speech at the inauguration ceremony after the 2008 Presidential elections, President Aliyev stated that the Nagorno- Karabakh would not be granted independence either today or tomorrow or in 10 or 50 years.³ Meanwhile, Armenia and the Nagorno Karabakh Republic had concerns that the withdrawal of Armenian forces from some territories would endanger the security of the Nagorno Karabakh Republic while Azerbaijan would never agree to hold a

¹ Statement by the OSCE Minsk Group Co-Chairs, <https://www.osce.org/mg/47496>

² Statement by the OSCE Minsk Group Co-Chair countries, <https://www.osce.org/mg/51152>

³ Speech of the Azerbaijani President Ilham Aliyev in the Oath Taking Ceremony - Heydar Aliyev Palace, October 24, 2008, <https://lib.aliyev-heritage.org/en/7871416.html>

referendum. The intensive negotiations over the “Madrid document” culminated in June 2011 Kazan summit which failed to bring much-touted breakthrough.⁴

Meanwhile, the significant growth of the Azerbaijani economy in 2006-2013 due to the oil boom, and an impressive increase of the military budget, has ushered in a new mindset in Azerbaijan. If Armenia was not ready to accept the Azerbaijani interpretation of the “Madrid principles” - a phased approach with fixed final status for Karabakh in the form of autonomy within Azerbaijan - Baku would force Armenia to do that by increasing military pressure. Since August 2014 Azerbaijan has significantly increased military activities along the line of contact, and the growing escalation peaked in April 2016. However, the “Four-Day War” showed that, despite an existing power gap between Azerbaijan and Armenia, Baku was not able to militarily force Armenia to accept its vision of a settlement.

Simultaneously, after the Kazan summit, Russia put forward a slightly modified version of the Kazan document – the so-called Lavrov plan. However, the Russian offer came with strings attached, i.e. the requirement to deploy only or mainly Russian peacekeepers in the territories along the border with Iran, which should be given to Azerbaijan. Azerbaijan understands well that the deployment of Russian peacekeepers means de facto establishing a Russian military base in Azerbaijan, which would significantly increase Russian influence over Azerbaijan.

That is the reason why Azerbaijan was not optimistic regarding the possible implementation of the Lavrov plan. It should be noted that neither the U.S. nor France was happy with the

⁴ Armenia, Azerbaijan Again Fail to Agree On Karabakh Peace Framework, <https://www.refworld.org/docid/4e421c212.html>

Lavrov plan either, as they didn't want to see a significant boost of Russian influence in Azerbaijan and in the South Caucasus in general.⁵

Meanwhile, both Armenia and Nagorno-Karabakh Republic were not ready to accept the Lavrov plan. It's necessary to mention that both the Kazan document and its modified versions have been essentially based upon the inherently flawed "*Land for Promise*" formula. They effectively suggest that the Nagorno-Karabakh Republic should concede large territories to Azerbaijan only to receive a promise by Azerbaijan and the international community to hold a legally binding expression of the will to settle the final legal status of Nagorno-Karabakh in an indefinite future or to settle it through open-end negotiations.⁶

The cornerstone of this approach is the idea of security guarantees to prevent Azerbaijan from attacking Karabakh using territories which it would get during the first phase. Azerbaijan's overt break of the 1994-1995 ceasefire agreements in April 2016 and the absence of the Minsk Group Co-Chairs states clear condemnation of that attack were alarm bells for Armenia and the Nagorno Karabakh Republic and convinced many that international security guarantees meant very little. The 2014 Ukraine crisis, and the transformation of post-Cold War World Order, which has resulted in the return of great power competition, contributed to the skepticism of Armenians.

The negative attitude of Armenia to Lavrov's plan was confirmed also by the Belarus President Lukashenko. During one of his interviews with Russian mass media in December 2018, he stated that during October 2016 CSTO summit in Yerevan he and Russian

⁵ OSCE Minsk Group ex-co-chair: 'Lavrov plan' on Karabakh peace not backed by conflicting sides, <https://news.am/eng/news/498007.html>

⁶ Benyamin Poghosyan, Why "The Land for Promise" Formula Will Never be Accepted by Armenia & Nagorno Karabakh, <https://www.indrastra.com/2020/05/Land-for-promise-Armenia-Nagorno-006-06-2020-0007.html>

President Putin suggested to Armenian President to surrender five regions to Azerbaijan, but their offer was rejected.⁷

The April 2016 four-day war brought additional elements into the negotiations - the launch of an OSCE ceasefire violations investigative mechanism, and the expansion of the mandate of the existing Office of the Personal Representative of the OSCE Chairperson in Office.⁸ However, the implementation of these agreements was torpedoed by Azerbaijan thus bringing negotiation process in deadlock.

The April - May 2018 Velvet revolution in Armenia triggered some hope in Azerbaijan that the new Armenian government might be more flexible and more willing to accept either the Azerbaijani interpretations of the "Madrid document" or the "Lavrov plan". Azerbaijan optimism was based on the facts that Prime Minister Pashinyan had no Karabakhi background and in the 2008 presidential campaign, he was one of the key supporters of the first Armenian President Levon Ter Petrosyan, who since 1997 has been campaigning for a phased approach solution and was forced to resign in February 1998 due to his views. Azerbaijan hoped also that under Pashinyan Armenia-Russia relations would deteriorate, making it easier for Azerbaijan to put pressure on Armenia.

During the first year of Pashinyan government there were some signs of improvements in the environment surrounding the negotiations. In late September 2018 Pashinyan and Aliyev agreed to establish a direct hotline, and reduce the tensions along the line of contact

⁷ "Me and Putin proposed Serzh Sargsyan to surrender five regions, he refused" – Lukashenko on 2016 NK talks, <https://armenpress.am/eng/news/958229.html>. See original Russian text in Лукашенко рассказал о предложениях по участию России и Беларуси в разрешении нагорно-карабахского конфликта, <https://www.belta.by/president/view/lukashenko-rasskazal-o-predlozhenijah-po-uchastiju-rossii-i-belarusi-v-razreshenii-nagorno-329365-2018>

⁸ Joint Statement of the Minister of Foreign Affairs of the Russian Federation, Secretary of State of the United States of America and State Secretary for Europe Affairs of France, <https://www.osce.org/mg/240316>

and international border. During their January 2019 Paris meeting, the Armenian and Azerbaijan foreign ministers agreed on the necessity of taking concrete measures to prepare the populations for peace.⁹

Russia has also activated its efforts to push forward Lavrov plan. In his April 21, 2020 statement Russian Foreign Minister Lavrov mentioned that a new document was delivered to Armenian and Azerbaijani foreign ministers during April 2019 meeting in Moscow.¹⁰ Lavrov did not disclose all the details, but it was apparent that this document was based on the same ideas of phased approach solution which have been circulating since 2004.

Pashinyan and Aliyev met twice in 2019, and in November 2019 Armenian and Azerbaijani journalists visited Armenia, Azerbaijan, and Nagorno Karabakh. However, there was no breakthrough in the negotiations, and the public debate of the Armenian and Azerbaijani leaders on the margins of the February 2020 Munich Security Conference showed that the sides were still too far away from mutually accepted solutions.¹¹

In recent months the Azerbaijani authorities have publicly complained about the lack of any movement forward during the negotiations. However, given that the phased approach was not acceptable for the absolute majority of Armenia and Nagorno Karabakh population it was naïve to think that any Armenian leadership would be ready to accept it. In late April

⁹ Armenia and Azerbaijan agree to “prepare populations for peace”, <https://eurasianet.org/armenia-and-azerbaijan-agree-to-prepare-populations-for-peace>

¹⁰ Foreign Minister Sergey Lavrov’s remarks and answers to questions at a roundtable discussion with the participants of the Gorchakov Public Diplomacy Fund in the videoconference format, Moscow, April 21, 2020, https://www.mid.ru/en_GB/posledniye_dobavlnenniye/-/asset_publisher/MCZ7HQuMdqBY/content/id/4103828

¹¹ Conversation “An update on Nagorno Karabakh”, <https://securityconference.org/en/medialibrary/asset/conversation-an-update-on-nagorno-karabakh-20200215-1830/>

2020 the spokeswoman of the Armenian foreign ministry stated that the proposals made before 2018 envisaging a phased settlement were not acceptable for Armenia, and since 2018 Armenia had not been holding negotiations based on a phased settlement plan.¹²

Thus it seems that since May 2020 the Azerbaijani leadership has returned to its summer 2014 policy - to put military pressure on Armenia. The Azerbaijani army conducted large scale drills along the line of contact in mid-May 2020, which involved around 10,000 soldiers, hundreds of tanks and artillery systems, and dozens of warplanes and helicopters. On July 6, 2020, President Aliyev again reiterated that Karabakh conflict must be resolved within the territorial integrity of Azerbaijan. Meanwhile, he criticized the OSCE Minsk group for not putting enough pressure on Armenia and for excluding a military solution for the conflict. He argued that the UN Charter provides countries the right to self-defense and thus Azerbaijan might resume hostilities at any moment.¹³

Therefore, immediately prior to the escalation the Karabakh negotiations process was in deadlock. Azerbaijan insisted on the realization of its own interpretation of the "Madrid document" and threatened to return to the military blackmail against Armenia. Yerevan de facto rejected the "Madrid document", while the OSCE Minsk Group Co-Chairs continued to insist that the only viable path towards lasting peace was the implementation of the "Madrid document" as was mentioned in March and December 2019 statements.¹⁴

¹² Proposals supposing stage-by-stage option for NK conflict settlement unacceptable for Armenia – MFA, <https://armenpress.am/eng/news/1013144.html>

¹³ Azerbaijan President Criticizes OSCE Minsk Group Inaction on Armenia's Illegal Activities, <https://caspiannews.com/news-detail/azerbaijan-president-criticizes-osce-minsk-group-inaction-on-armenias-illegal-activities-2020-7-7-39/>

¹⁴ Press Statement by the Co-Chairs of the OSCE Minsk Group on the Upcoming Meeting of President Aliyev and Prime Minister Pashinyan, <https://www.osce.org/minsk-group/413813>, March 9, 2019, Joint Statement

III. KARABAKH CONFLICT: ANOTHER ARENA FOR RUSSIA- TURKEY RIVALRY

Since the collapse of the Soviet Union, South Caucasus has been the arena for regional and global actors' competition. Russia, Turkey, Iran, the US, EU, and recently China all have been involved in the regional geopolitics, albeit by varying degrees. The US has mainly viewed South Caucasus through the prisms of its Russian policy, while the shared borders with Iran and the Caspian oil and gas recourses were also triggered the US attention. The status of the OSCE Minsk Group Co-chair country and the January 2009 US – Georgia charter on strategic partnership paved the way for the US institutionalized involvement in the region.¹⁵ However, the South Caucasus was never among the top issues of the US foreign policy, while in recent years the growing confrontation with China and overall pivot to the Asia-Pacific region have made the region even less important for the US.

EU has included the South Caucasus in its Eastern partnership program and signed an Association Agreement with Georgia in 2014 and Comprehensive and Enhanced Partnership Agreement with Armenia in 2017. However, the EU lacks the hard power to actively shape regional developments and is perceived mostly as a source of economic and technical assistance.

Iran has always viewed the South Caucasus as a part of its great civilization and is interested in restricting the external actors' involvement in the region. However, since the Trump

by the Heads of Delegation of the OSCE Minsk Group Co-Chair countries, <https://www.osce.org/minsk-group/441242>, December 9, 2019

¹⁵ United States – Georgia Charter on Strategic Partnership, <https://www.state.gov/united-states-georgia-charter-on-strategic-partnership/>

administration's embrace of a maximum pressure campaign against Iran Tehran lacks recourses to significantly influence regional geopolitics. The key for Iran is preventing the US and Israel from using South Caucasus as a launchpad for anti-Iranian activities.¹⁶

China has recently reached the region and signed a free trade agreement with Georgia in May 2017. China initiated the Asian Infrastructure Investment Bank (AIIB) provided 600 million USD loan to Azerbaijan for the construction of Trans-Anatolian Pipeline (TANAP),¹⁷ 114 million USD million loan to Georgia for Batumi bypass road project. AIIB provided up to 150 million USD loan to Georgia for COVID-19 crisis mitigation in May and July 2020.¹⁸ However, South Caucasus has not been included in the Chinese flagship "Belt and Road" initiative and Beijing needs years if not a decade to increase its influence in the region.

Thus, the key external players in the South Caucasus are Russia, which views the region as a part of its zone of legitimate interests and Turkey, which has a strategic partnership with Azerbaijan, augmented in a bilateral agreement signed in August 2010, is an active member of Turkey – Azerbaijan – Georgia trilateral partnership and perceives the region as an important gateway to reach Central Asian Turkish speaking republics.

Despite recent ups and downs in Russia – Turkey relations, two states clearly view each other as rivals in the South Caucasus. Turkey has a historic connection with the region since the

¹⁶ Benyamin Poghosyan, Iran – South Caucasus. Current stage and perspectives of relations, <https://cacds.org.ua/?p=7460&fbclid=IwAR1A0ORb8ykJMIWzN6nekeCoT-byktYHdQuYUQ9oyuJwt0Yx3N9mIPggH3Q>

¹⁷ AIIB approves \$600 million to support energy project of Azerbaijan, [https://www.aiib.org/en/news-events/news/2016/AIIB-approves-\\$600-million-to-support-energy-project-of-Azerbaijan.html](https://www.aiib.org/en/news-events/news/2016/AIIB-approves-$600-million-to-support-energy-project-of-Azerbaijan.html)

¹⁸ AIIB Approves EUR 91.34 Million COVID-19 Emergency Assistance to Georgia, <https://www.aiib.org/en/news-events/news/2020/AIIB-Approves-EUR91.34-Million-COVID-19-Emergency-Assistance-to-Georgia.html>, AIIB Approves EUR45 Million Loan to Georgia for COVID-19 Crisis Mitigation, <https://www.aiib.org/en/news-events/news/2020/AIIB-Approves-EUR45-Million-Loan-to-Georgia-for-COVID-19-Crisis-Mitigation.html>

Ottoman times and has been a strategic competitor of Russia in the last 300 years. Recently Turkey has systemically increased its economic influence in Georgia which has effectively been transformed into the transit corridor to connect Azerbaijan and Turkey through the network of pipelines and highways. The Russia – Georgia tensions clearly contribute to Turkey’s goal of strengthening its positions in Georgia.

However, the key asset of Turkey in the South Caucasus is not Georgia but Azerbaijan. They share ethnic and language similarities which have been emphasized by Azerbaijani late President Heydar Aliyev’s famous slogan “One nation, two states”.¹⁹ However, Ankara-Baku strategic relations have much wider implications. Both states were at the roots of the establishment of the Cooperation Council of Turkic speaking states, an intergovernmental organization created in 2009 and uniting Azerbaijan, Turkey, Kazakhstan, Kyrgyzstan, and Uzbekistan as full members and Hungary as observe state. This organization is an embodiment of Turkey’s desire to gain strategic influence in Central Asia and unite Turkic speaking states’ capacities.

However, Turkey lacks a direct connection with Central Asia and the missing point for Ankara is Armenia and the Nagorno Karabakh Republic. Currently, Turkey has approximately 10 km of land border with Nakhijevan Autonomous Region, an Azerbaijani exclave surrounded by Armenia and Iran. Meanwhile, Armenia and the Nagorno Karabakh Republic separate Nakhijevan from mainland Azerbaijan by some 180 km of land (45 km territory of Armenia and 135 km territory of Nagorno Karabakh Republic). Not surprisingly, the inaugural summit of the Cooperation Council of Turkic speaking states was organized in Nakhijevan, and very often Azerbaijani leadership speaks about Armenia and the Nagorno

¹⁹ Ilham Aliyev: “One nation, two states” principle covers all spheres of Azerbaijan-Turkey relations, <https://en.trend.az/azerbaijan/politics/2708793.html>

Karabakh Republic as the only obstacles for the unification of Turkish world spanning from Turkey till the borders of China.²⁰

Turkey has always supported Azerbaijan in the Karabakh conflict and closed its borders with Armenia in April 1993. Turkish leadership issued several tough anti-Armenia statements during and aftermath of recent escalation too. President Erdogan voiced its support for Azerbaijan, Turkish Minister of defense expressed Turkish willingness to assist Azerbaijani armed forces, while on July 16 Turkish foreign ministry accused Armenia of being the main obstacle to permanent peace and stability in the region.²¹ Meanwhile on July 16 delegation of Azerbaijani defense ministry visited Turkey. The Turkish defense minister Hulusi Akar during the meeting stated that Armenia would surely pay for its attacks at the Azerbaijani border area and reiterated that Turkey and Azerbaijan were one nation and two states, sharing the common language, religion, and history.²² On July 29 Azerbaijan and Turkey launched joint 15 days military drills involving jets and helicopters in Baku, Nakhchivan, Ganja, Kurdamir and Yevlakh, while holding ground exercises in Baku and Nakhchivan from August 1 until August 5.²³

Meanwhile, Russian foreign minister Lavrov held phone conversations with Armenian and Azerbaijani foreign ministers on July 13 and called for an immediate ceasefire and for the

²⁰ President Aliyev: Taking Zangezur from Azerbaijan divided Turkic world geographically, <https://www.azernews.az/nation/157361.html>

²¹ Armenia, Turkey Trade More Accusations Over Azeri Border Clashes, <https://www.azatutyun.am/a/30730270.html>

²² 'Armenia to surely pay for attacks at Azerbaijan', pain of Azerbaijani Turks is Turkey's pain, says Turkish defense minister, <https://www.aa.com.tr/en/politics/armenia-to-surely-pay-for-attacks-at-azerbaijan/1912767>

²³ Turkey, Azerbaijan launch joint military drills, <https://www.aa.com.tr/en/turkey/turkey-azerbaijan-launch-joint-military-drills/1926495>

sides to show restraint²⁴ while Russian President Vladimir Putin has ordered snap military drills on July 17 involving 150,000 personnel and hundreds of aircraft and naval vessels by troops of the Southern and Western military districts, which were conducted also in the Black and Caspian Seas. The drills aimed to test the Russian army's readiness to ensure security in Russia's southwest as well as to prepare for the Caucasus-2020 war games.²⁵

Thus, Russia sought to ease recent tensions and simultaneously launched military drills to show that would not tolerate any infringement upon her positions in the South Caucasus, while Turkey put his full support behind Azerbaijan and sent Turkish land and air force to Azerbaijan for military drills. However, despite this overt Russia – Turkish contradictions, sides may seek to come to terms in the South Caucasus. Obviously, Turkey will not launch a direct military attack against Armenia as far as Russia is the dominant player in the South Caucasus and Armenia is within the Russian zone of influence. However, there is a possibility to launch bilateral Russia - Turkey "Astana 2" process for the South Caucasus which in case of Karabakh conflict will act in parallel with OSCE Minsk Group format. In this case, Russia and Turkey will not overcome their disagreements but will seek to manage their competition in the region. Interestingly, Russian President Vladimir Putin did not discuss recent escalation with either Armenian or Azerbaijani leaders, but had a phone conversation on Armenia – Azerbaijan clashes with Turkish President Erdogan on July 27, while both Presidents expressed their interest in coordinating efforts to achieve stabilization in the region.²⁶ The same topic was discussed also by Russian and Turkish

²⁴ Press release on Foreign Minister Sergey Lavrov's telephone conversations with Armenian Foreign Minister Zohrab Mnatsakanyan and Azerbaijani Foreign Minister Elmar Mammadyarov, https://www.mid.ru/en/foreign_policy/news/-/asset_publisher/cKNonkJE02Bw/content/id/4229316

²⁵ Russia's Putin Orders Massive Snap Military Drills, <https://www.thedefensepost.com/2020/07/17/putin-military-drills/>

²⁶ Telephone conversation with Turkish President Recep Tayyip Erdogan, <http://en.kremlin.ru/events/president/news/63758>

foreign ministers on July 23. The possible Russia - Turkey mutual understanding may be reached if Turkey and Azerbaijan agree to implement the “Lavrov plan” and allow the deployment of Russian peacekeepers in the region.

IV. POSSIBLE FUTURE DEVELOPMENTS

There are three main scenarios for the short-mid term future.

The first scenario is the continuation of negotiations based on the “Madrid document” and the phased approach formula. In this scenario, we will see a growing number of military incidents along the line of contact and along the Armenia - Azerbaijan international border, as was the case in August 2014 - March 2016 period. They may peak like in April 2016, or tensions may linger for several years without peaks.

The second scenario is the change of balance of power through some sort of Russia – Turkey agreement over the South Caucasus. In this case, we may see the joint Russia – Turkey pressure on Armenia, Nagorno Karabakh Republic and Azerbaijan to accept the “Lavrov plan”, and implement its first phase by giving some territories to Azerbaijan with the simultaneous deployment of Russian peacekeepers and the opening up of communications to Armenia by both Azerbaijan and Turkey. Conflict will not be settled but will be effectively frozen.

In the third scenario, sides will accept that the “Madrid document” and the phased solution approach, which has lasted for sixteen years, has exhausted itself and the time has come to bid it farewell and to start elaborating a new formula for negotiations. This will be a difficult option and will take time. However, it is the only option that may break the vicious circle of “escalation - relative calm - escalation”, and open the prospects of conflict settlement.