

The Role of the EU in Armenia-Azerbaijan Peace Negotiations

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“For us, the European Union is a very important partner. And we have a very broad agenda with the EU. The Armenia-Azerbaijan conflict was never part of that because the Minsk Group dealt with it and the EU was a little bit distant. But now, it is also on our agenda along with issues like trade, energy, transportation, humanitarian issues and issues related to democratic development. So, we consider the EU as a fair broker and welcome the efforts.”

– Ilham Aliyev, 18 July 2021

“I think that the European Union can play a role in the normalization of Armenian-Azerbaijani relations. I welcome this, and, to put it simply, the principle of justice should play the key role here”

– Ilham Aliyev, 12 January 2022

On 27 September 2020, a new war between Azerbaijan and Armenia erupted over Karabakh, which lasted 44 days and was brought to an end on 10 November 2020 thanks to Russian mediation. The end of the war resulted in new regional circumstances and a new reality on the ground. This became the backdrop against which talks on a peace treaty to end a decades-long enmity between Armenia and Azerbaijan is being conducted. To this can be added the new geopolitical situation that has arisen since the onset of the latest Russia-Ukraine war, which has seen the West provide unprecedented support to Kyiv, which has had reverberations in the South Caucasus and elsewhere in the Silk Road region. As a result, both Armenia and Azerbaijan have needed to change their respective security paradigms, creating challenges but also opportunities for intensified peace negotiations.

Thus, each for their own reasons, Yerevan and Baku continue to see that it is in their respective interest to normalize relations with one another: Armenia to avoid a further weakening of its bargaining position and Azerbaijan to cement its victory in the war.

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When the Second Karabakh War ended, Russia was clearly seen as the most significant external actor in a nascent peace process, with Western actors such as the European Union and the United States playing less important roles. Over time, the EU successfully carved out its own place in the overall talks without seemingly to encroach on Russian priorities. Today, however, this may no longer be the case: the EU seems to be seeking at least parity with Russia in the overall peace process. It seems as though the two parties to the conflict itself—i.e., Armenia and Azerbaijan—are learning to live with this new and still evolving situation, notwithstanding a certain degree of Russian pushback, which seems, for the moment, to be directed more towards the EU than towards either of the two parties to the conflict. This is due at least in part to the fact that the EU-led process has produced more concrete results in the past six to nine months than the Russia-led process.

This IDD analytic policy brief will examine the role of the EU in mediating peace negotiations between Azerbaijan and Armenia, discuss its regional implications, and consider how the EU can enhance its role as a peacemaker between the two states.

Implementation of Trilateral Agreements

Two years have nearly passed since the end of the Second Karabakh War was enshrined in the 10 November 2020 tripartite statement. It would be difficult to point to any Azerbaijani violation of the terms of this agreement; however, Baku has repeated indicated two basic categories of violations by the Armenian side: the failure to withdraw all Armenian troops as per Article 4 and the failure to agree on the terms of the construction of new transport communications linking mainland Azerbaijan with its Nakhchivan exclave—this is what Baku calls the Zangezur Corridor—as per Article 9 of the same document.

The trilateral statement did not cover some important issues in a broader effort to normalize relations enshrine in a peace treaty. Two additional statements involving Baku, Yerevan, and Moscow have sought to remedy this situation. The first was agreed in Moscow on 11 January 2021 and the second was agreed in Sochi on 26 November 2021. The former resulted in the establishment of a working group on the re-opening of regional transportation channels co-chaired by deputy prime ministers of Armenia, Azerbaijan, and Russia. The latter provided a framework for the delimitation and demarcation of the state border through the establishment of a bilateral commission “with the consultative assistance of the Russian Federation at the request of the parties.”

In the wake of the November meeting involving Aliyev, Prime Minister Nikol Pashinyan of Armenia, and President Vladimir Putin of Russia, the European Union began its involvement to bring Baku and Yerevan to the negotiating table without the participation of Moscow. The central figure in the Brussels-facilitated process has been Charles Michel, the President of the EU Council. On 14 December 2021, he hosted a first meeting with

Aliyev and Pashinyan. A second took place on 6 April 2022, a third on 23 May 2022, a fourth on 31 August 2022. The latest one took place in Prague on 6 October 2022 during the inaugural summit of the European Political Community. Various concrete results have been produced within this format, one of which will be discussed below by way of illustration.

On 13 September 2022, clashes erupted along the undelimited state border between Armenia and Azerbaijan. According to Azerbaijan's Ministry of Foreign Affairs, the Armenian military had planted mines in the area to disrupt the movement of Azerbaijani troops and the reconstruction of civilian infrastructure. Armenia denied the accusations and blamed Azerbaijan for using unmanned aerial attack vehicles.

Russia was slow to react to the escalation, which resulted in an unprecedented level of criticism and skepticism about Russian peacekeepers' effectiveness, especially by Armenia. Meanwhile, the EU sent its Special Representative Toivo Klaar to both capitals to discuss next steps in the EU-brokered dialogue process.

One result was the formal invitation made by Pashinyan's foreign minister for the EU to deploy a civilian Common Security and Defence Policy (CSDP) Mission to Armenia. This took place on 22 September 2022. The EU later accepted the Armenian invitation and placed a maximum cap of two months on its activities, with Azerbaijan indicating only that it had "agreed to cooperate with this mission as far as it is concerned" whilst reportedly refusing to allow the deployment of EU personnel on its side of the undelimited border. Subsequently, the OSCE Secretariat announced that it too had accepted an Armenian offer to deploy a "needs assessment mission" to the Armenian side of the undelimited border. The Azerbaijani Foreign Ministry reacted harshly to this unilateral initiative on 20 October 2022, and the Azerbaijani Permanent Mission to the OSCE went further the next day, issuing a statement indicating that "until the current situation is rectified and compliance with the OSCE documents and decisions is restored, the Delegation of Azerbaijan will not be in a position to consider the [draft Unified] Budget Proposal [for 2023]."

In this way, Azerbaijan made an important distinction between its consent to EU limited involvement on the ground in the context of the ongoing delimitation process and any unilateral involvement by the OSCE in the same process. Azerbaijan seems to remain committed to Russian involvement in accordance with the terms of the Sochi agreement, as does, presumably, Armenia.

In any event, the cumulation of EU initiatives and engagement indicates that Brussels aims to make the peace process between Armenia and Azerbaijan a central showcase of its agenda towards the South Caucasus (another important element of the EU's policy is the deepening of its strategic partnership with Azerbaijan in the field of energy, which is the subject of a 29 August 2022 IDD analytic policy paper authored by my colleague Ahmad Humbatov).

In fact, the EU can strengthen its position as a platform for negotiations to address various unresolved issues between Armenia and Azerbaijan due to several reasons. These include the fact that influential regional players are preoccupied in other geopolitical theaters and the changed perceptions of Azerbaijan about the OSCE in general and its now-dormant Minsk Group in particular. Such factors help explain why the EU is has shifted its ambition from serving as a *facilitator* in the peace process to becoming a significant *mediator* between Armenia and Azerbaijan.

Opportunities for the EU

In the context of recent geopolitical developments and a rapidly changing situation in the region, there is perhaps a *strategic* window of opportunity for the EU to emerge as the *leading* platform for negotiations between Baku and Yerevan.

First, the effectual brain death—to paraphrase an expression used by the French president in another context—of the OSCE Minsk Group as a platform for negotiations in the postwar era. The myriad reasons for this are well known and do not need to be repeated here. It is sufficient to highlight only one: the lack of willingness by the two Western co-chairs, namely France and the United States, to cooperate with the third, namely Russia, in the wake of the start of the conflict over Ukraine.

Second, and relatedly, is the questionable impartiality of the United States and France. The recent visit to Armenia by the Speaker of the U.S House of Representatives, Nancy Pelosi, is a case in point. Notwithstanding the fact that the statements she made during this visit did not represent the official position of the Biden Administration, they continue to have a deleterious effect on the bilateral relationship given her high constitutional rank in the American system of government. She is, in fact, the senior-most U.S. official both to visit the region since the end of the Second Karabakh War and to make a political statement on the peace process. It cannot be left unsaid that the statements made by the U.S. embassies in Baku and Yerevan in the wake of the September 2022 clashes differed, with a clear bias emerging in favor of Armenia, in the days before the Pelosi visit. All this has damaged bilateral relations between Azerbaijan and the United States, tarnishing America's image in Azerbaijan. These can and likely will be repaired in time, but for the moment are not where they could have been had she not made the trip. One recent indication of the attempt to repair the damage Pelosi made was 20 September 2022 meeting of Armenian, Azerbaijani, and American chief diplomats in New York. Another was the 26 September 2022 meeting in Washington between Hikmet Hajiyev and Armen Grigoryan hosted by their colleague, U.S. National Security Advisor Jake Sullivan. Still, the Pelosi visit, which was a demonstration of the power of the Armenian lobby in the United States, continues to cast a dark shadow on the perception of America's ability to act impartially. Occasional statements by American officials that refer to the Minsk Group are also displeasing to Baku.

In fact, Baku has openly stated that attempts to revitalize the OSCE Minsk Group by Washington and Paris would exclude them from the Armenia-Azerbaijan peace process. Although France was one of the parties in quadripartite meeting within the framework of Prague Summit, subsequent statements made by the French president discredited France in the eyes of Baku from being involved in a future mediation or facilitation role in the peace process. Azerbaijan's perception was reflected in a statement made by Aliyev on 14 October 2022 during a meeting of the CIS Heads of State Council in Astana:

Unfortunately, despite the fact that Azerbaijan agreed to the four-sided meeting, including the participation of the President of France, although France has nothing to do with the relations between Azerbaijan and Armenia—as a co-chair of the Minsk Group, France did have a mandate for mediation, but since the Karabakh conflict has been resolved and there is no need for the services of the Minsk Group, especially since this was rather a disservice, as I said, and the Minsk Group had done nothing at all, not a single centimeter of our territory was vacated—Azerbaijan showed goodwill nonetheless and allowed the French President to participate in this meeting. [...] As for the participation of the President of the European Council, as you know, several trilateral meetings have already been held in Brussels and, in principle, we have always supported the efforts of the European Union towards the normalization of Azerbaijan-Armenia relations. Despite the goodwill shown by Azerbaijan, just a week after the meeting in Prague, the President of France made insulting, unacceptable, false, and provocative statements.

It is important to underline that Baku and Yerevan have both stated that the Karabakh issue is entirely distinct from the peace process between Armenia and Azerbaijan. Baku thus rejects any negotiating format or role for the OSCE, including the Minsk Group, and has not been engaged with it on the Karabakh issue since the end of the Second Karabakh War. This is to be contrasted with Aliyev's position on the EU's role, as noted above. But this is not a recent shift. As he stated on 22 April 2022, "I think that [...] the Minsk Group co-chairmanship is dysfunctional. I think the EU can play, and it already plays a very active role in the normalization process. We support it, and we see the benefits. And by the way, my recent contacts with an Armenian colleague were in Brussels. Brussels has now become my main travel destination." Thus, the opportunity presented by the EU assuming the role of mediator is likely to continue to hold an obvious appeal in Azerbaijani decisionmaking circles and in the broader society.

Third, Russia's role appears to be declining in the peace negotiations due to its preoccupation with the war in Ukraine. This, in turn, opens an opportunity for the EU to assert itself in the negotiations. Perhaps, too, the war in Ukraine affects both the perceptions and influence of Russia in various regional processes, including the peace process. It is clearly uncomfortable for Russia to allow the EU to dominate the peace talks in what it considers its traditional sphere of influence—especially in light of the fact that it is in the midst of an escalating confrontation with the West in the wake of the invasion of Ukraine. Foreign Ministry Spokeswoman Maria Zakharova has since hit out at EU ambitions, stating on 25 May 2022 that "we see persistent attempts by the EU to intervene in the process of trilateral agreements at the highest level," referring to the EU's intrusion into aspects of the peace process covered by the 10 November tripartite agreement and its two sequels, as discussed above. Nevertheless, Russian setbacks in the

conflict over Ukraine have resulted in less confidence in Russia's power and capacity to have a dominant role in the South Caucasus. Both Armenia and Azerbaijan are aware of this, and one can suspect that Russia itself is not unaware of this shift.

However, Russia has not demonstrated *a priori* hostility to EU mediation efforts. After all, both Brussels and Moscow have several interests in common—each for its own reasons, certainly. These include preventing an escalation of tensions between Baku and Yerevan, opening transport corridors between the two countries, and mainstreaming Armenia in regional connectivity projects. That is why although Russia has relatively mildly criticized the EU's mediation initiatives, it has not challenged the implementation of the agreements between the sides, including those reached in the EU-mediated platform. Moscow and Brussels are not working together, but they have been able to avoid working at cross-purposes—at least until very recently (see below).

Last but not least, both Armenia and Azerbaijan have looked favorably upon a little competition between mediators. Armenia shows signs of dissatisfaction with Russia—not only because the agreement that ended the Second Karabakh War is seen as having been unfavorable to Yerevan, but also because Moscow has been unwilling to support its ally's attempts to involve the CSTO in any aspect of the peace process. Resentment over Russia's role runs deep in certain segments in Armenia—a resentment that has long been percolating. The view in Armenia is that it seems unlikely that EU mediation can worsen an already unfavorable situation. Azerbaijan also sees an advantage to Russia not dominate the peace process. One aspect revolves around on the open question of the future of Russian peacekeepers in a part of Karabakh and, more broadly, the presence of Russian troops in Armenia and Georgia's two breakaway regions. All this feeds into the skepticism felt in some quarters in Azerbaijan that Russia may not be as interested in the normalization of relations between Baku and Yerevan as the EU may be.

Recommendations to the European Union

The European Union has become a serious platform for bringing Armenian and Azerbaijani decisionmakers to the negotiating table and, in so doing, has come to play an increasingly important role in moving the peace process forward.

Geopolitical shifts in the region, the discreditation of the OSCE Minsk Group as well as questions surrounding the impartiality of its two Western Co-chairs, Russia's missteps in other theaters, and both Baku and Yerevan's interest in forging closer ties with Brussels all ensure that the European Union will continue to play a leading role in the negotiations.

If the EU sees an interest in both playing a decisive role in the peace process in the time ahead and increasing its influence in the South Caucasus in general, it should consider the following:

First, do not seek exclusivity. Although Türkiye has never played a substantial part in mediation and Russia is perceived to be losing its primacy in this regard, the EU should acknowledge that without Türkiye and Russia it would be difficult to reach any tangible results in the peace process.

Second, take advantage of coinciding interests. The Kremlin does not want any escalation that would require its intervention (as we witnessed by its response to the September 2022 clashes) and the West in its turn does not want an escalation that would lead Russia to strengthen its military presence in the region.

Third, and relatedly, think of connectivity in a holistic manner. The EU must become more attune to the fact that the quest to open transport and other connectivity links will require the buy-in of Iran, Russia, and Türkiye. It would also be prudent to engage more strategically with the Central Asian states in the context of the Middle Corridor.

Fourth, keep in mind Azerbaijan's unique strategic value. There is, after all, no more reliable non-Western oil and gas supplier to the EU than Azerbaijan. Armenia is not an unimportant variable in the regional equation, but its ability to wrest away from Russia is, at the end of the day, limited. Georgia, for all its present wavering, remains committed to a Euro-Atlantic future. The EU needs to remain acutely sensitive to the fact that Azerbaijan plays by a sovereign set of rules. Encouraging Baku to fix its gaze in a more Westward direction will require honoring both the letter and the spirit of the July 2022 MoU on energy, demonstrating maximal flexibility in the final rounds of negotiations on the new Comprehensive and Enhanced Partnership Agreement (CEPA), taking on a more active role in assisting and supporting Azerbaijan's reconstruction and demining activities in Karabakh, and, of course, maintaining a fully impartial posture in the Armenia-Azerbaijan peace process.