

THE IMPACT OF THE EUROPEAN UNION ON THE NAGORNO-KARABAKH CONFLICT

Since the ratification of the Treaty of Lisbon in 2009, the European Union (EU) has tried to make its voice heard more clearly on the international stage by creating the European External Action Service and strengthening the role of the High Representative for Foreign Affairs. However, these and other tools do not seem to increase the EU's weight in conflict resolution in its wider neighborhood. In the Nagorno-Karabakh conflict, the EU's efforts are hampered by competing interests of third actors, by the inadequacy of the tools at its disposal and not least the ambitions of its own member states.

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The European Union (EU) has achieved successes in appeasing and managing ethnic conflicts in its neighborhood, particularly in Central and Eastern Europe and the Western Balkans, where, in the last decade, it has taken the lead in conflict management.¹

It will be argued in this article that the EU's potential in conflict management can be fully achieved only through the use of its prime foreign policy tool, namely the offer of accession to the EU itself. This is the most powerful device the EU has at its disposal to make neighboring countries and regions comply with its rules. The conflict over the region of Nagorno-Karabakh that unfolded between Armenia and Azerbaijan in the early years of the Soviet Union will be considered as a case where conditionality and EU's normative power cannot explain EU's impact on this conflict. Its symbolic meaning for both Armenians and Azerbaijanis goes far deeper than a mere conflict for territory. The EU has often been described as a "normative power": it does not rely much on power in a realist sense to pursue its goals, but it uses the spread of its norms to increase its influence. What will be attempted in this article is to show the great reduction of the EU's role in conflict resolution and management when it lacks the superb tool of offering countries an accession perspective, or when the accession perspective is so far removed that it bears no significance for the current situation.

In conflict resolution, the EU employs a wide range of cooperations with specific regions in order to reach its goals. The loosest form of economic, social and political cooperation, the so-called Association Agreements, are normally reserved to non-European countries that will not join the EU, such as the Southern Mediterranean neighbors. The Stabilization and Association Process (SAP) sets the concerned countries clearly on the path to accession, as is happening in the Western Balkans at the moment. The South Caucasus countries are negotiating association agreements currently, and are finding themselves in a limbo at the moment with their membership prospects neither being denied, nor confirmed. For the time being, the EU uses another cooperation framework for dealing with its Southern and Eastern neighbors –thus also Azerbaijan and Armenia– the European Neighborhood Policy (ENP).

But to which extent is the ENP able to influence conflicts that still lie in the EU's wider neighborhood and are covered by its neighborhood policy, where other powerful players are involved? Does the EU make a difference, and if yes, what kind of difference? Is it really able to solve conflicts?

¹ Patrick Moore, "Shifting responsibility in the Balkans: The EU takes the lead", *The International Spectator*, Vol. 37, No. 3 (July 2002), pp. 83-90.

Measuring a Frozen Conflict

Since the beginning of the ceasefire in 1994, the situation in both countries and in the region of Nagorno-Karabakh has hardly changed at all. As the data collected by the Stockholm International Peace Research Institute (SIPRI) show, military expenditure in both Azerbaijan and Armenia has been massively increasing over the last 20 years. From a low of 72 million U.S. dollars in 1993, Armenia's military expenditure increased nearly sixfold to an estimated 404 million U.S. dollars in 2010. Considered as a percentage of the Gross Domestic Product (GDP), it rose from 2.3 percent to 4.2 percent over the same period.

The increase is even more dramatic in the case of Azerbaijan. In 1996, it spent 142 million U.S. dollars, whereas 14 years later this sum had increased a whopping ten times, to 1.4 billion U.S. dollars. The GDP percentages are somewhat lower than Armenia's, but that does not mean that Azerbaijan spends less on military. On the contrary, thanks to its oil-fueled economic boom, Azerbaijan was able to increase military spending massively, and Azerbaijani officials have vowed on several occasions to retake Nagorno-Karabakh by force if necessary.

Other than this military build-up, both countries seem stuck with the undemocratic forms of government that developed after their independence, as several indexes indicate. The Global Peace Index shows no consistent development in either Armenia or Azerbaijan, even though the situation seems to have slightly improved in the last two years. As both are rather small countries, single events as for example the violent post-election protests in Armenia in 2008 or the increased

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shootings on the line of contact in Nagorno-Karabakh in 2009 and 2010 – can have a noticeable impact on their score in a specific year. The Democracy Index, collected by the Economist Intelligence Unit, also shows no clear evolution towards a more open political scene. Armenia scores slightly higher than Azerbaijan: it is classified as a hybrid regime between democracy and authoritarianism, in contrast to Azerbaijan that is presented as an authoritarian regime.

Finally, the Freedom in the World reports also suggest the same, ranking Azerbaijan as “not free” and Armenia as “partly free”. The rankings have not changed in either country since their independence.

How do these developments compare with EU's goals in this conflict? The EU and its neighborhood policy seem to have had no impact whatsoever on the conflict resolution process nor on the democratization process of either country, if we take as a benchmark the statement made by its Special Representative Peter Semneby. According to him, the goal is an "increasing convergence of values" between the EU and Armenia and Azerbaijan; the EU also wants to enhance "good neighborly relations and effective co-operation" in the region.

The European Effort

Conflict resolution as one of EU's declared goals can be initiated in several ways. The EU uses external incentives, or "conditionality", to bring conflict parties to a peaceful solution. These incentives can be positive, such as better access to the EU internal market, which, with its 500 million customers, is a quite powerful tool in itself. Other benefits would be closer cooperation in a number of fields, such as security, judiciary, administrative and social issues, or increased funds for development programs. The incentives can also be negative, such as penalties for countries not fulfilling their obligations. The effectiveness of these rewards and penalties is dependent on the size, speed and credibility of the measures.

The wars of the 1990s in the Western Balkan countries were ended militarily through the intervention of NATO, and especially thanks to the efforts of the United States. However, the geographical position of these states in the immediate vicinity to EU member countries –even more after the enlargement of 2004– led to the EU becoming the main outside force in the region in all aspects. Eventually, the EU opened a membership perspective for all countries in the Western Balkans. Nowadays, the EU manages the conflicts in the Balkans more or less successfully, despite violence flaring up now and then for example in Northern Kosovo or in Macedonia. But as mentioned earlier, Armenia and Azerbaijan lack a clear membership perspective.

As both countries are lacking a clear membership perspective, the inclusion in the Generalized System of Preferences (GSP), and possibly in the future in the GSP+, is the highest degree of interaction that they can have with the EU for the time being, even though both could in theory join the EU at some point.² The Partnership and Cooperation Agreements (PCA) do not mention any substantial cooperation with EU structures other than in trade matters.

The EU possesses some degree of economic leverage over both countries, as it represents an important trade partner for them. Especially Azerbaijan, with its

² European Commission, "Country Strategy Paper 2007-2013 Armenia", "Country Strategy Paper 2007-2013 Azerbaijan", 31 January 2012, <http://www.ec.europa.eu>

vast oil and gas resources, is interested in exporting its raw material to Europe. In theory, Azerbaijan could of course export to many other countries, including Russia, China, India and others; however it seems that its leadership chose Western countries as the most profitable market, and best strategic partners. But the Nabucco pipeline project that is supposed to deliver Azerbaijani oil and gas to Europe is still not operational and it will not be finished for some time. Without this pipeline, European leverage over Azerbaijan will stay rather small.

Considering the limited value of these benefits, the fact that the above-mentioned trade facilitations were implemented speedily does not matter much. The credibility of the benefits was not a problem, as they were so meagre that there was no reason to doubt that the EU would implement these measures.

A broader look at the strategic situation of the South Caucasus is in order here. According to the power-based logic which is prevalent in the foreign policy discourses of both countries, another area where benefits of cooperation with the EU could stem from is the security sector, specially important in a such volatile region. The EU and its member states are clearly unwilling and unable to compete for influence in the South Caucasus with third parties, especially with Russia. Armenia has recently extended a security agreement with Russia for the next 49 years, allowing Russia to maintain a large military base within Armenia. Both Armenia and Russia are also allies in the Collective Security Treaty Organization (CSTO), a military alliance of ex-Soviet countries.

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Arms deals between Russia and Azerbaijan and Armenia are frequent and concern all kinds of equipment, including heavy weapons that Europe and the U.S. are unwilling to provide because of the limitations imposed by the Treaty on Conventional Armed Forces in Europe, and because the South Caucasus is considered a potential conflict zone.

In term of cost-benefit analysis, Armenia and Azerbaijan governments must conclude that the costs of a real resolution clearly outweigh the benefits. Backing away from the maximum demands that both sides make would have serious repercussions in both countries. For the political establishment of Armenia, which in large part originates from Nagorno-Karabakh, negotiating about anything short of independence for the conquered territories would mean backtracking on a policy of two decades, and a significant diplomatic and strategic loss. It would

also represent a moral victory for Azerbaijan, as it would prove that Armenia has been “wrong”. Moreover, it is far from sure that the Armenian public would accept Azerbaijan to take over the fate of the Armenian-speaking Christian inhabitants in Nagorno-Karabakh, considering the violent past of Armenians and their Muslim neighbors. The current government would definitely risk losing power and legitimacy.

In Azerbaijan, the conflict in Nagorno-Karabakh serves both as unifying cause to Aliyev’s regime and as a distraction from other shortcomings. In addition, the more nationalist elements in the armed forces could be inclined to overthrow the government, if it gives up the goal of reincorporating Nagorno-Karabakh into Azerbaijan. For Aliyev, the risk of losing power would be even more unforeseeable and dangerous.

Frequent contact between administrations –in this case EU institutions and the national administrations of Azerbaijan and Armenia– is a way in which countries adopt certain values. This spread of norms through social learning has a very limited impact if the conflict parties are “lying beyond the accession process”, which is the case for both countries. The socialization model stipulates that regular interaction between the country’s administration and the EU is the foremost way for EU norms transfer. But the forums for cooperation with the South Caucasus countries scheduled by the EU do not meet regularly, usually they do so only once a year. Even though in recent years the EU has stepped up its funding for the civil society in Armenia and Azerbaijan, still the exposure of actors in those countries to EU officials and norms remains below a critical threshold, thus having a minimal impact.

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Dissatisfaction with the status-quo can push the public and the political class alike to look for solutions elsewhere. This search for administrative role-models must then be focused on the EU and its member states for the EU to have an impact on that country. A country must also estimate that the foreign rules should be transferable into its own system of governance.

Some current EU member states certainly offer valuable examples of ex-Communist countries transforming themselves into free market economies and democratic societies. Also in the field of conflict resolution there are some noteworthy examples within the EU. Hence, Armenia and Azerbaijan indeed do

look to EU rules for specific solutions, for example in more technical fields like economic legislation. The transferability is more problematic, as Armenia is –at least on paper– a presidential democracy like many countries in the EU. But the actual political system has many of the features of authoritarian regimes, and as a result Armenia is classified –as Azerbaijan– as only partly free by Freedom House. Being a clearly undemocratic regime with a powerful leader at its top, Azerbaijan is even further removed from EU standards. Hence, the transferability and application of the EU's democratic standards is questionable in both countries. Supposedly, it is these democratic standards that would also help to solve, or at least to defuse, the conflict at hand through a low-key approach, for example through cooperation of local NGOs and intense contact of lower ranking officials.

For low-politics issues, such as adoption of legislation and standards in technical fields, the EU might indeed prove to be a useful source of rules. However in high-politics issues such as conflict resolution, even though the public in both countries might be unhappy about the situation, the political classes are not dissatisfied enough with the current status of things. The ideal solution, e.g. fulfillment of the maximum demands of both sides, is not within reach. Nevertheless, the elites in both countries have accommodated themselves quite well with this frozen conflict, leaving no space for the kind of conflict management the EU foresees. This development is detrimental to the economic welfare of their own citizens and to stability in the region, and contrary to the EU's interests.

The domestic structure of Armenia and Azerbaijan is indeed at the heart of the problem. Beyond countries included in the EU's enlargement agenda, the European Union lacks the power to shape domestic structures of other countries to suit its needs. The EU cannot transform political systems even in small, neighboring regions in a way that would be compatible with its norms and values – in fact, sometimes it struggles to make its own member states comply with its norms: this is best seen in the current case of Hungary, where Prime Minister Viktor Orbán and his government have been slow to implement some essential democratic freedoms, and the EU has been rather slow to interfere in a meaningful way. In both Azerbaijan and Armenia, the degree to which the EU's democratic standards are seen as “normal and legitimate” by the political class is very varied, depending on the policy field. For the moment, the regimes in power and the EU seem to have found a balance that allows for cooperation in the economic field, where both sides have strong common interests: the need for democratic reform is simply not mentioned by the EU in its action plans. Also in conflict resolution, the belligerent rhetoric of the countries' leaders does not fit the EU's way of acting. As already mentioned earlier, most of the institutions are nowhere near to corresponding to EU standards, neither.

The EU tries to approach conflict resolution through low politics. Regional and local development projects and people-to-people contacts for example would be means to foster cooperation and conflict resolution in the long term. But for Azerbaijan, cooperating with authorities in Nagorno-Karabakh is a political impossibility, as it would give the regional government a certain legitimacy. The EU's approach hence comes to naught.

How the EU can Create Impact

How can the EU address these shortcomings? The framework of conflict resolution that all parties agreed upon is the OSCE's Minsk Group, with Russia, the U.S. and France as co-chairs. Together with the chairing countries, the Minsk Group consists mostly of EU member states – however, the EU itself is not at the table as an independent actor. For the time being, it seems that the EU cannot offer a more viable framework for this process and hence should stick to supporting the Minsk Group efforts. The most obvious way to increase influence there would be to take over chairmanship from France and make the EU itself one of the co-chairs. However, such a move would supposedly be met with resistance from France, who would not want to give up its own place at the table.

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In recent years, the preponderance of Russia has become ever more pronounced. Moscow has been monopolizing peace talks between the two parties: the last two agreements, the Astrakhan Declaration and the Nagorno-Karabakh Declaration, were signed under Russian auspices. On the other hand, many member states of the EU are partly dependent on Russia for their oil and gas supplies. As Russia can

adjust the prices nearly to its liking, the EU has to tread carefully in Russia's perceived zone of "privileged interest". Clearly Russian cooperation and benevolence on other topics are more valuable to the EU than conflict resolution in Nagorno-Karabakh.

As mentioned earlier, offering accession to the Union is the EU's most powerful foreign policy tool. With Turkey's accession negotiations stalled however, it is very unlikely that the EU will extend its offer to any of the countries in the South Caucasus. Due to their geographic situation, with Turkey being their only land link to EU member states, such a step would only make sense after the accession of Turkey. Reaffirming a clear accession perspective for Turkey would hence also boost the EU's standing in the South Caucasus.

Lastly, in order to be taken more seriously in conflict zones like this one, the EU needs to equip itself with a credible military capability. Soft power alone does not suffice in many policy areas, among which conflict resolution in regions outside of the EU's immediate candidate countries is one. The EU's "normative difference" does not generate enough power to have impact in this field. The military cooperation in the EU, that is organized into different battlegroups that can be rapidly deployed to crisis zones and that consist of 1000 to 1500 soldiers from several member states, do not suffice for these purposes. The most the EU could probably contribute to an eventual peace settlement in Nagorno-Karabakh would be observer and training missions not only for the military, but also for police forces and the judiciary.

The current financial crisis and the enlargement agenda suggest however that the implementation of any of the measures needed to boost the EU's standing in the region is a long way off.