

# PROSPECTS OF THE SOUTH CAUCASUS AFTER THE 44-DAY WAR

The situation in the region remains unsettled and challenging. The new balance of power creates the prerequisites for resolving the contradictions between Armenia and Azerbaijan. However, the depth of the conflict, as well as the interest of some actors in its continuation, is a serious exposure for the peace process.

**Mykola Zamikula**

*Senior Research Fellow, National Institute for Strategic Studies, Kyiv, Ukraine*

The South Caucasus is characterized by specific features that determine its place in the international system. It is located on the route from Europe to Asia. Furthermore, the South Caucasus is a connection point between the Middle East, Central Asia, the Baltic-Black Sea area. This specific location of the region can be said to be one of the reasons of the ethnic and religious heterogeneity. Ethnic fragmentation, discrepancy between the political and ethnic boundaries, and lack of statehood among certain ethnic groups lead to the aggravation of separatism and escalation of inter-state and inter-ethnic conflicts. This is a major cause of the potentiality of instability. The absence of regional platforms and integration projects, obviously, do not help in this regard. The presence of significant Russian influence in the South Caucasus in contrast to the limited presence of the West is an important factor shaping the balance of power in the region.

The 44-Day War between Armenia and Azerbaijan in the fall of 2020 has significantly changed the overall context in the South Caucasus. The war resulted in the return of a large portion of the territories occupied by Armenia to Azerbaijani jurisdiction. Armenia suffered serious material and human losses during the war. The economic dire straits do not allow Yerevan to compensate them in the near future.

After the war a new status quo emerged that is advantageous for Azerbaijan. Turkey appeared as an influential regional player during the war. However, the war also pro-

vided Russia with some advantages, too. Moscow has deployed its military contingent in Karabakh under the terms of the ceasefire agreement concluded on 10 November 2020. Today Russia has military presence on the territories of all three South Caucasus countries.

Overall, the situation in the region remains unsettled and challenging. The new balance of power creates the prerequisites for resolving the contradictions between Armenia and Azerbaijan. However, the depth of the conflict, as well as the interest of some actors in its continuation, is a serious exposure for the peace process. This article aims to review and assess the prospects that open up for the region in these new conditions.

## **Prospects for a Peaceful Settlement of the Armenia-Azerbaijan Conflict**

The 10 November 2020 ceasefire that ended the Armenia-Azerbaijan war resulted in a new status quo. However, it did not put an end to the confrontation between Baku and Yerevan since it did not establish any legal obligations for the parties.<sup>1</sup> Nonetheless, the clear result of the 44-Day War, that is, the defeat of Armenia and the liberation of a significant part of the Azerbaijan's occupied territories, creates the preconditions for the achievement of this result.

Azerbaijan is ready for a peace agreement designed to finally legalize its military victory at the diplomatic level,



and to confirm Armenia's abandoning its territorial claims and support for separatism in Karabakh.<sup>2</sup> Baku considers the conflict as being resolved in accordance with the results of the 44-Day War. For the Azerbaijan's government, any international negotiations on the status of Karabakh are unacceptable. At the same time, the process of further de-occupation by Armenia presupposes the provision of clear security guarantees to the local Armenian population, which will be integrated into multinational Azerbaijan.

However, Armenia has not yet demonstrated a proper constructive position. This was partly due to the internal crisis, that is, the confrontation between Nikol Pashinyan and the opposition, and partly due to the toxicity of the idea of 'capitulation' for the Armenian society. At first sight, the rhetoric of Pashinyan creates the image of a constructive position and readiness to normalize relations with neighbors. However, it turns out that Yerevan's peace initiatives do not meet Baku's expectations. The principled position of Armenia is that the issue of the status of Karabakh remains open – despite the outcome of the 44-Day War.<sup>3</sup>

The best scenario for the peace process for both Armenia and Azerbaijan is to resolve the conflict in a bilateral format. It allows solving the problems without the involvement of third parties, who pursue their own interests. However, Yerevan's unwillingness to recognize regional realities, as well as the very depth of the conflict, make this scenario practically almost impossible. There-

fore, external mediation is probably needed to open up prospects for dialogue and the eventual peace.

In this case, the most painless option would be a trilateral format among the South Caucasian countries. In fact, the Prime Minister of Georgia Irakli Garibashvili made a proposal to create a platform in Tbilisi for that end.<sup>4</sup> Tbilisi is interested in the stability of the region. At the same time, it does not have excessive global ambitions that would affect its mediation position. However, its lack of influence weakens Georgia's ability to construct a real peace process.

A peace process under the patronage of Russia is another option. Moscow is interested in mediating such a process. This allows Russia to strengthen its position in the South Caucasus and also to increase its influence both on Armenia and Azerbaijan.<sup>5</sup> It seems that Russia is ready to support the Azerbaijan's position to a certain extent, seeing this as an opportunity to maintain friendly relations with Baku. At the same time, the actual dependence of Armenia on the Russia allows the Kremlin to force Yerevan to accept the conditions that Moscow considers to be in line with Russian interests. Thus, Russia can effectively force Armenia to sign an agreement with Azerbaijan.

However, it is doubtful whether a Russia-brokered peace process would correspond to the long-term interests of the states of the region. Russia is primarily interested in shaping its image of a 'peacemaker,' while tightening

its grip on the South Caucasus. It is ready to provide a formal peace treaty, but only the one that would be to the advantage of itself - for example, guaranteeing Russian military presence in Karabakh. This scenario does not meet the interests of either Azerbaijan or Armenia, offering only a formal solution to the conflict, the beneficiary of which will be Russia. Moscow is not interested in a genuine normalization of Armenia-Azerbaijan relations. It considers this conflict as an asset for projecting its influence in the South Caucasus.

The alternative, namely, solution of regional problems through the mediation of the international community, remains purely theoretical possibility. This scenario failed in practice. In the thirty years that have passed since the collapse of the USSR, not a single conflict in the post-Soviet space has been resolved by such a mediation. The existing mechanisms for the settlement of the Armenia-Azerbaijan conflict demonstrate their ineffectiveness. For example, the OSCE Minsk Group has shown complete incapacity. It achieved no progress in almost thirty years of its work. The Minsk group's co-chairs demonstrated prejudiced position on the Karabakh problem: Russia remains Armenia's ally and France and the USA traditionally take a pro-Armenian position on international issues. This undermines Azerbaijan's confidence in the Minsk Group, as well as in the mediation efforts of the West in general.

One reason of the Minsk group's ineffectiveness is the limited competence and functionality of the OSCE. This organization remains primarily a forum for consultations, meetings and exchange of views, rather than a structure capable of resolving security issues in practice.<sup>6</sup> Only a civilian OSCE mission can provide prospects. According to Thomas de Waal, under the new conditions, it can still effectively act as a neutral international observer, reporting complaints from civilians in the conflict zone, monitoring unauthorized or suspicious actions and mediating local disputes.<sup>7</sup>

In general, the prospects for peace between Armenia and Azerbaijan remain elusive despite the objective benefits that all parties would gain from the resolution of the conflict. For now, it seems that the conclusion of a political agreement in the region is possible only with the mediation of Russia. However, this would be far from a problem-free solution for the reasons explained above. It is also possible to protract the peace process in the context of deep contradictions between Armenia and Azerbaijan. Given the differences in potential, and the legality of the Azerbaijan's position in accordance with the principles of international law, such a dispute can continue only as long as Yerevan does not recognize the territorial integrity of Azerbaijan.<sup>8</sup> However, the process itself can be quite long. Finally, the worst scenario is the continuation of the

confrontation, which will eventually lead to a new war.<sup>9</sup> The military clashes in November 2021 were examples of such possibility. In the conditions of the total military superiority of the Azerbaijan's army, any Armenian attempts to change the balance of power by force have no chance of success, and will only lead to unnecessary casualties.

### **Prospects for the Development of Transport Corridors in the South Caucasus**

The transport system in the South Caucasus is not fully functioning due to conflicts in the region. The key projects determining the development of North-South and East-West routes remain blocked. Some active routes cannot be operated due to harsh weather conditions in winter times.<sup>10</sup>

By the victory of Azerbaijan in the 44-Day War the transport issue once again gained currency. A promising environment for overcoming existing contradictions is emerging. The ceasefire agreement stipulates unblocking of transport links between the parties to the conflict. Both Azerbaijani<sup>11</sup> and Armenian<sup>12</sup> experts agree on the importance of resolving this issue for the development of the South Caucasus. Although the document does not name specific routes except for the specially mentioned corridor between the eastern regions of Azerbaijan and Nakhichevan,<sup>13</sup> bringing this issue to the agenda is of great importance.

Two key transit routes pass through the South Caucasus: the East-West corridors (from Asia to Europe) and the North-South corridors (from Europe and the Russia to the Indian Ocean). Their development is essential for strengthening Eurasian trade.

#### *The East-West Corridor*

The East-West corridor provides a link between East Asia and European markets. It also contributes to the inclusion of Central Asian states in the processes of inter-

**In general, the prospects for peace between Armenia and Azerbaijan remain elusive despite the objective benefits that all parties would gain from the resolution of the conflict. For now, it seems that the conclusion of a political agreement in the region is possible only with the mediation of Russia. However, this would be far from a problem-free solution.**

continental trade relations. At the moment, the northern route in this direction is formed by the Baku-Tbilisi-Kars railway (BTK), which was opened in 2017.<sup>14</sup> However, BTK is a consequence of the closed Armenian-Azerbaijani and Armenian-Turkish borders, hence it is primarily a result of political realities and concerns rather than economic ones. If Armenia could be involved in regional transportation projects following the resolution of the political problems, it is possible to increase the number of transport routes that would reduce the time of movement of goods, hence provide better economic profits. For now, the parties continue to seek a compromise on this issue, offering various options to ensure the terms of the 2020 agreement.

First of all, the prospects of the opening of transport through Zangezur (Syunik region of Armenia) are considered. However, the parties have diametrically opposed opinions regarding the development of this project. For Azerbaijan, the restoration of transport communication through Armenia is important in the context of ensuring links between Azerbaijan proper and Nakhichevan. In this regard, the Zangezur route is the best option. Direct communication with Nakhichevan will strengthen the position of the autonomous republic and deepen bilateral relations with Turkey. Turkey is another beneficiary from the opening of the Zangezur corridor. It provides Ankara with a direct route of communication with Azerbaijan and Central Asian states, creating opportunities for further expansion of economic relations.

For Russia, the unblocking of the Armenia-Azerbaijan border also bears positive outcomes. The very fact of the resumption of transport communication opens up wide opportunities for the establishment of a corridor to Armenia and further to Iran and the Middle East.<sup>15</sup> However, Moscow should take into account the political benefits of the opening of the Zangezur corridor for the Azerbaijan-Turkey alliance.

Georgia does not openly speak out against the unblocking of transport routes in the region. However, it is widely believed that the functioning of the Zangezur Corridor will weaken Georgian position in the South Caucasus, undermining its potential as an intermediary in regional transport both between Azerbaijan and Turkey and between Russia and Armenia.<sup>16</sup> Iran does not see anything positive in the development of this transport route as well. This will weaken its position as a transit state in the region, complicating the use of the Armenian territory as a zone for Iranian legal and illegal trade activities.<sup>17</sup>

Armenia remains the main opponent of the opening of the Zangezur route. Yerevan views it as an existential threat to its national interests and security. Armenia is worried that these territories will be transferred under the

real control of Baku, although how grounded such a worry is quite questionable.<sup>18</sup> There are also fears that transport cooperation with neighbors will lead to the dominance of Azerbaijani and Turkish capitals in the Armenian economy. According to Armenians, this can lead to a kind of 'Adjarization' of Armenia<sup>19</sup> for the possible loss of state's economic sovereignty. Accordingly, what the Armenian side offers is an alternative option for a transport corridor in the East-West direction along the Gazakh-Ijevan-Yerevan-Nakhichevan route.<sup>20</sup>

### *The North-South Corridor*

The North-South corridor is aimed at facilitating transport links between Europe and the Indian Ocean/Persian Gulf. Its development is possible in two key directions. Back in 2002, Russia, Iran, and India signed an agreement on the development of a transport corridor along the western coast of the Caspian Sea. This project is called directly North-South Corridor. In 2016, Tehran initiated the implementation of a new project referred to as the Persian Gulf - Black Sea Corridor envisioning stable communications between Iran and the states of Eastern Europe through the Black Sea ports of Georgia.<sup>21</sup>

The implementation of transport projects in this direction across the territory of the South Caucasus is possible in several configurations through 1) Armenia, 2) Azerbaijan and Armenia – in case of unblocking the borders, and 3) Azerbaijan.

For Armenia, the first option is the only way to be included in north-south transport system without normalizing relations with Azerbaijan and Turkey. This route is also geopolitically attractive for Iran. It allows Tehran to eliminate dependence on Azerbaijan and Turkey for the export of goods in the northern (to Russia) and western (to Europe) directions. The Iranian side has repeatedly spoke about the use of road and railway through the territory of Armenia to the Georgian ports of the Black Sea.<sup>22</sup> However, the implementation of this project is hampered by the lack of direct stable transport links between Armenia and Iran. There is no railway connection between the two. An existing railway connecting Iran and Armenia passes through Nakhichevan and remains blocked. The existing road (M2 highway) is partly unusable in winter season. Moreover, part of it passes through the territory of Azerbaijan according to internationally recognized borders.<sup>23</sup> Construction of an alternative highway (through Tatev to Kapan), as well as a new highway from the Armenian-Georgian (Bavra) to the Armenian-Iranian (Meghri) border require significant economic investment. The European Union is trying to help overcome this problem. Strengthening the transit poten-



tial of Armenia is seen as one of the key areas of EU support to Armenia. A significant share of the EU's assistance to Armenia (600 million Euros) will be directed to the development of transport links with Iran in accordance with the agreements reached in the summer of 2021.<sup>24</sup>

However, the implementation of a North-South corridor through the territory of Armenia without unblocking the Armenian-Azerbaijani border is quite costly even with external support. It will require significant efforts to create a new transport infrastructure. The use of the existing railway communication between Iran and Nakhichevan could simplify matters in case of lifting the blockade and using the route from Nakhichevan to Ijevan and further to Azerbaijan's Gazakh, or through the Zangezur route. In the long term, this option makes it possible to include all the states of the South Caucasus in a single transport network, and thus ensures not only economic profit, but also lays the foundation for political cooperation.

A simpler option, which can be implemented with less effort both financially and diplomatically, is to exclude Armenia from the project. In this case, the transport corridor will be developed solely through the Azerbaijan's territory to Georgia and/or Russia. As of the end of 2021, this is the most developed and probable among the alternative routes. Recently, Baku has strengthened transport

links with Georgia and arranged a stable railway connection from the Russian to the Iranian border.<sup>25</sup> However, the underdeveloped Iranian transport infrastructure, for example, the lack of a railway on the Astara-Rasht section, remains a problem.<sup>26</sup> Still, the economic benefits in gaining access to the Georgian ports in the Black Sea may contribute to the intensification of work on the Iranian side, as well as the functioning of the transport route in a multimodal format.<sup>27</sup>

An alternative option for the North-South route is the development of maritime communications across the Caspian Sea. It is in the interests of the Russia and Iran, as it provides direct communication between them and eliminates dependence on Azerbaijan, which cannot be excluded from the land transit. The development of port facilities in the Caspian Sea is becoming an important area of policy in these states<sup>28</sup>.

### Prospects for Multilateral Formats in the South Caucasus

The question of interstate cooperation in the South Caucasus becomes more relevant in the context of the new regional status quo. Nevertheless, the results of the 44-Day War did not change the fact that the states of the South Caucasus have differences in defining their interests



**In the context of the new power balance, the idea of a regional platform is getting a new breath in the 'Platform of Six' (also referred to as 3+3) format. It proposes to include three regional states - Armenia, Azerbaijan, Georgia - and three neighboring states - Iran, Russia, Turkey. If this idea will be implemented, a stable format for the interaction of key players can be created in the region. However, at the moment, its prospects remain elusive.**

and shaping approaches to the region. This becomes a factor that complicate the creation of sustainable platforms for cooperation, which could unite all regional actors.

The idea of creating a regional platform for the South Caucasian states has a long history. President of Azerbaijan Heydar Aliyev made a proposal on this issue at the OSCE Istanbul Summit in 1999.<sup>29</sup> It was repeatedly revived later – primarily by Turkish politicians such as Süleyman Demirel<sup>30</sup> and Recep Tayyip Erdoğan.<sup>31</sup>

In the context of the new power balance, the idea of a regional platform is getting a new breath in the 'Platform of Six' (also referred to as 3+3) format. It proposes to include three regional states - Armenia, Azerbaijan, Georgia - and three neighboring states - Iran, Russia, Turkey. If this idea will be implemented, a stable format for the interaction of key players can be created in the region. However, at the moment, its prospects remain elusive.

In general, most of the invited states verbally support it. First of all, there is a coordination of positions between Azerbaijan and Turkey. The signing of the Shusha Declaration<sup>32</sup> marked the final formation of allied relations between the two states. It could be seen as the basis for further development of regional cooperation. According to Azerbaijan's President Ilham Aliyev, "... we support this format and hope that other countries join it too... The relations between countries of the region are essential for regional cooperation, stability and reducing the risk of future war to zero."<sup>33</sup>

For Russia, the work of the Platform of Six can be beneficial in the context of the intensification of the Russian-Turkish dialogue and the leveling of the Western influence in the South Caucasus. However, at the same time, it could be perceived as a recognition of Turkey's influence in the region, which underlines Moscow's failure to secure regional hegemony.

Iran formally supports the strengthening of interstate ties within the region.<sup>34</sup> Tehran seeks a way to protect the South Caucasus from the presence of the United States and its allies. However, the escalation of Azerbaijani-Iranian relations clearly demonstrates Tehran's antagonism towards Azerbaijan and Turkey. Though not out rightly rejecting the idea of a regional format, Armenia is also suspicious of the Turkish initiative, perceiving the existing alliance between Baku and Ankara as the final element in the creation of an anti-Armenian coalition.

Georgia became the only state that has already rejected the proposal. This position is due to the unwillingness to cooperate with Russia within the framework of a joint platform because of the occupation of 20% of the Georgian territory by Russian forces.<sup>35</sup> Tbilisi is also sensitive about the position of its Western partners, on which Georgian foreign policy is guided. Georgia is not interested in closing the South Caucasus to Western influence, an approach that puts Tbilisi at a disadvantage in the regional balance of power.

Taking into account the dubious prospects of the Platform of Six, the tendency towards the division of the region into two competing blocs (Azerbaijan-Georgia-Turkey and Russia-Armenia-Iran) remains relevant. In fact, such a configuration of the South Caucasus has taken place in recent years. Despite that, at the moment, it is premature to talk about genuinely competing camps.

Yerevan has an exclusively subordinate position within the Russia-Armenia-Iran axis. After the defeat in the 44-Day War, Armenia has slowly been turning into a kind of protectorate of the Russia. Partnership between Russia and Iran, on the other hand, is based on their anti-Western orientations and pragmatic considerations. However, Russia-Iran partnership is not devoid of contradictions, including those that affect the South Caucasus such as different views on the status of the Caspian Sea.<sup>36</sup>

The Azerbaijan-Georgia-Turkey axis is based on economic interest such as ensuring transport links and transit of energy resources. In a political sense, the trilateral partnership is more limited. Georgia has oriented its foreign policy towards achieving EU and NATO membership. It cannot claim the same level of relations with Baku and Ankara, which has been formed by the Azerbaijan-Turkey alliance.

The regional states are also members of different multilateral formats. For example, Russia and Armenia are members of the Collective Security Treaty Organization (CSTO), an organization often referred to as the 'Eurasian NATO'.<sup>37</sup> However, in practice, it is only an instrument of Russian foreign policy aimed at ensuring the dominance of the Russia in the post-Soviet space. Its real



potential as a security system is minimal because of the difference in the potentials of the participating states, the divergence of their interests and the lack of political desire for real integration.<sup>38</sup> The existing regional formats include GUAM, in which Azerbaijan and Georgia take part. However, its potential remains unfulfilled<sup>39</sup> due to the lack of practical content of work and political leadership, and differences in the geopolitical orientations and foreign policy priorities of the participating states.

The alleged processes of Turkic integration may also be another important factor in the South Caucasus. There have been relatively intensified efforts to deepen cooperation between Turkey, Azerbaijan and the majority of the Central Asian states. Some experts see this as a reflection of Pan-Turkism and Turkey's expansionist ambitions.<sup>40</sup> However, cooperation among the Turkic states is fundamentally concentrated in the field of culture and education and devoid of proper political content; it is more of an image-building initiative.

### **Influence of External Global Players in the Region**

The South Caucasus remains an arena of confrontation between global players. The balance of power between them, as well as their influence on the region, continues to determine its future in many ways. The most positive scenario for the South Caucasus is the weakening of Russian influence in the region. This issue is actualizing in modern conditions, as some experts think that new balance of power indicates the loss of key positions by Russia.<sup>41</sup> Kicking out Russia makes it possible to get rid of a destructive element in the makeup of the South Caucasus. This can be realized by resolving interstate contradictions in the region, which are used by Moscow to strengthen its influence. However, the implementation of such an approach in practice is not plausible. Russia is a direct party to regional conflicts through the occupation of Georgian territories of Abkhazia and South Ossetia. Also, Russia seeks to 'privatize' the whole peace process between Armenia and Azerbaijan. Taking into account the existing climate in the South Caucasus, Russia cannot be excluded from the list of influential regional players. So, the prospects for the region should be considered by taking into account the impact of Moscow.

For Turkey, the South Caucasus is of strategic importance. Developments in the region have direct effects on its security and stability. Turkey's energy security and the vision of Turkic integration are directly dependent on the developments in the South Caucasus. The Turkish society is united in providing full-scale assistance to Azerbaijan. So, it seems unlikely that Ankara would use South Caucasus as a 'small coin' in relations with Russia. At the same time, a scenario is possible when Russia will seek to get

concessions from Turkey in other regions in exchange for softening Moscow's Caucasian position. Another possibility is South Caucasus' transformation into a hostage of the Russian-Turkish geopolitical game, which is currently being played in the Middle East and North Africa. In this case, its future becomes dependent on a compromise between Ankara and Moscow. It can be determined by the balance of power prevailing in other regions.

The EU can act as a counterweight to Russia in the South Caucasus. However, both its influence and reputation in the region are significantly lowered. Notwithstanding, the EU is interested in developing relations with the states of the South Caucasus. For example, the Global Strategy of the EU approved in 2016 confirmed the intensification of the EU's policy in the eastern direction.<sup>42</sup> Another document titled "Recovery, Resilience and Reform: post-2020 priorities for an Eastern Partnership"<sup>43</sup> includes the provision of financial assistance to partners in order to help them in overcoming modern challenges (related to both the pandemic and regional conflicts).

The contradictions between pragmatic interests and the fundamental principles of the EU remain the major weakness of the Union as a geopolitical player. The EU does not have a clear strategy of relations with its Eastern partners, that differ significantly from each other. There is no rational and justified goal setting, as well as a realistic assessment of the situation. For example, the EU was not ready for the escalation between Armenia and Azerbaijan in 2020. It did not play a significant role during the active phase of the war, giving the initiative to Russia and Turkey.<sup>44</sup> Also, the EU does not take an active part in the post-conflict settlement. Its position on the Karabakh conflict has always remained ambiguous. While recognizing the territorial integrity of Azerbaijan, the EU at the same time appealed to the right of the Karabakh Armenians to self-determination. The silence of the EU regarding the occupation of Azerbaijan's territories by Armenian troops, in parallel with the apparent support for the territorial integrity of Georgia, Moldova and Ukraine, gives Baku reason to accuse the EU of double standards.<sup>45</sup> The processes of European and Euro-Atlantic integration – an important element of promoting the influence of the West – have limited support in the South Caucasus. Only Georgia has declared membership in the EU and NATO as its foreign policy objective. However, the recent internal political crisis in Georgia threatens this position of official Tbilisi.

The USA has limited influence on the South Caucasus, as well. Strategic location of the region defines its importance for the American foreign policy. However, Washington's interests there are not vital. Traditionally the US aims to promote regional stability, support democratic values and prevent existing frozen conflicts from escala-

tion.<sup>46</sup> Inopportunately, Washington does not have the necessary resources and tools to play a major role in the South Caucasus and to challenge Russian influence there. Its value-based policy faces difficulties in the region, too. Georgia and Armenia (the latter – since 2018) are being praised for successes in democratic modernization. But Armenia remains Russia's satellite and the current Georgian authorities support a relatively reconciliatory policy towards Russia. Azerbaijan is the most independent and stable country in the region, but its regime is being criticized for authoritarianism. Accordingly, Baku has a dubious reputation in Washington.

Another problem for the US Caucasus policy is the Armenian diaspora, which has a certain influence in Washington circles. This is one of the reasons of the inadequate American approach to the settlement of the Karabakh conflict. Tensions with Turkey is another complication that prevents Washington from joining efforts with Ankara and using Turkish potential in the South Caucasus for American benefits. The Chinese threat to the US in the Indo-Pacific and Russia's aggressive policies in Eastern Europe require a lot of attention. This pushes aside the South Caucasus from the list of top priorities of the US foreign policy. Of course, the absence of a holistic approach to the region is a major factor that further complicates US approach to the region. The US, indeed, needs a more creative, pragmatic, and integrated strategy.<sup>47</sup> Even in this case, traditional diplomacy has limited potential for Washington. It can achieve more successes through humanitarian initiatives and activities of the American private sector in the field of economic development of the South Caucasus.

China is interested in strengthening its position in the South Caucasus. For Beijing, this region can serve as a corridor from Asia to Europe. The South Caucasian states expect Chinese economic support and investments, which will be aimed at developing transit projects and strengthen their potential. However, for today, Chinese practical interest in the South Caucasus remains limited. The volume of trade turnover with the states of the region is growing, but is not becoming a key factor in ensuring the economic interests of Armenia, Azerbaijan and Georgia. Interstate contradictions between the South Cau-

casian states prevent the full-scale use of its transport network within the framework of the New Silk Road project. Geopolitical tools for projecting Chinese influence in the region are limited. For now, Beijing probably wants to avoid unnecessary competition with Russia and the West, which have their own interests in the South Caucasus<sup>48</sup>.

## Conclusion

For many years, the conflict between Armenia and Azerbaijan remained a factor that hindered the development of the South Caucasus, blocked the implementation of promising cooperation initiatives on its territory and prevented the full use of its geopolitical potential (transit opportunities). The defeat of Armenia and the restoration of Azerbaijan's control over the majority of the occupied territories changed the situation. As a result of the 44-Day War Baku implemented the national idea of restoring territorial integrity and corrected the violations of international law related to the Armenian occupation. Unfortunately, this was achieved only by force, despite lengthy attempts made by Azerbaijan to resolve the issue through diplomacy. Overall, the 44-Day War between Armenia and Azerbaijan opened a new stage in the history of the South Caucasus. It created the conditions for a profound transformation of the entire region.

Despite the human and other losses, the result of war has some healing effect on the South Caucasus. It affects the position and prospects of Armenia, creating conditions for abandoning the expansionist policy, which in turn influenced the global positioning of Yerevan, tying it to Moscow. Of course, Azerbaijan's victory does not affect other problematic aspects of regional relations such as the Russian-Georgian conflict. However, it lays the foundation for easing tension in the region and implementing promising projects of interstate cooperation.

The key issues in this context remains normalization of Armenia-Azerbaijan and Armenia-Turkey relations, the result of which should be the unblocking of transport links in the South Caucasus and establishment of a regional multilateral platform for interstate dialogue. The first initiative is particularly promising. It can have an extremely positive impact both on the states of the region and on its status in the system of international trade. It is worth noting that despite the special attention paid to the specific issue of the Zangezur corridor, the restoration of transport links between Armenia, Turkey and Azerbaijan is of broader importance – both for the East-West and North-South routes.

At the same time, there are factors that complicate stable and peaceful development of the region. Despite the opportunities that the new status quo opens up for Ar-

**Taking into account the existing climate in the South Caucasus, Russia cannot be excluded from the list of influential regional players. So, the prospects for the region should be considered by taking into account the impact of Moscow.**



menia, it is still difficult for Yerevan to make a clear choice in favor of the stale peace. Also, the stabilization of the region is hindered by the position of some external players. Russia sees economic benefits from the development of Caucasian transport potential. However, it is ready to contribute to its implementation only on its own terms. Moscow is trying to 'privatize' the Armenia-Azerbaijan peace process, considering the conflict between Yerevan and Baku as an instrument of influence on both sides. Iran is also dissatisfied with the new balance of power in the region, as it fears an increase of Turkish influence in the South Caucasus.

Thus, the future of the region still is not certain and largely dependent on the actions of individual states. The 44-Day War created optimal preconditions for its successful transformation towards stability and mutually beneficial coexistence. However, in order to take advantage of this chance, the states of the South Caucasus must take some important steps. They need to rationally approach the formation of their foreign policy, adequately assess their interests and capabilities, and respond to attempts of some external actors to play their game in the region.

## Endnotes

- Samarskiy, O. (2021) Druga Karabas`ka vijna i zanepad Rosiyi (The Second Karabakh War and the Decline of Russia). *Centre for Russian Studies*. URL: [http://www.r-studies.org/cms/index.php?action=news/view\\_details&news\\_id=115651&lang=ukr](http://www.r-studies.org/cms/index.php?action=news/view_details&news_id=115651&lang=ukr)
- The CNN Turk TV channel has interviewed Ilham Aliyev. *President.az*. August 14, 2021. URL: <https://en.president.az/articles/52736>
- The remarks and answers to the questions of the journalists of Minister of Foreign Affairs of Armenia Ararat Mirzoyan during the joint press conference with Foreign Minister of Russia Sergey Lavrov. *Mfa.am*. August 31, 2021. URL: [https://www.mfa.am/ru/press-releases/2021/08/31/Mirzoyan-Lavrov\\_press\\_conference/11049](https://www.mfa.am/ru/press-releases/2021/08/31/Mirzoyan-Lavrov_press_conference/11049)
- PM: We Offer Mediation to Azerbaijani and Armenian. *GeorgiaToday.ge*. September 27, 2021, URL: <https://georgiatoday.ge/pm-we-offer-mediation-to-azerbaijani-and-armenian/>
- Kopchak, V. (2021). Podvodka k novomu vy`tku jeskalacy`y`v Karabaxe uzhe proy`sxody`t (A new round of escalation is already underway in Karabakh). *Newcaucasus.com*. URL: <https://newcaucasus.com/politics/19968-vladimir-kopchak-podvodka-k-novomu-vitku-eskalaczi-v-karabahe-uzhe-proishodit.html>
- Nikakih osobyh nadezhd na OBSE vozlagat` ne stoit - interv`ju iz Ukrainy (There is no need to put any special hopes on the OSCE - interview from Ukraine). *Media.az*. April 15, 2021. URL: [https://media.az/interview/1067816209/nikakih-osobyh-nadezhd-na-obse-vozlagat-ne-stoit-intervyu-iz-ukrainy/?fbclid=IwAR3bjxQ1brf4nY6m7vgb5PWbaDRJY2OrEhNeqB-RvV8DaoPLb5SduT\\_3Nww](https://media.az/interview/1067816209/nikakih-osobyh-nadezhd-na-obse-vozlagat-ne-stoit-intervyu-iz-ukrainy/?fbclid=IwAR3bjxQ1brf4nY6m7vgb5PWbaDRJY2OrEhNeqB-RvV8DaoPLb5SduT_3Nww)
- De Waal, T. (2021). Unfinished Business in the Armenia-Azerbaijan Conflict. *Carnegie Europe*. URL: <https://carnegieeurope.eu/2021/02/11/unfinished-business-in-armenia-azerbaijan-conflict-pub-83844>
- Huseynov, V. (2021). Opinion: Armenia-Azerbaijan peace negotiations slowly resume as Nikol Pashinyan's new cabinet starts work. *Commonspace.eu*. URL: <https://karabakhspace.commonspace.eu/opinion/opinion-armenia-azerbaijan-peace-negotiations-slowly-resume-nikol-pashinyans-new-cabinet?fbclid=IwAR1ckRgtDE42Z2T9PWbuiUhtW120Nm3ns9m3PE2y8KCorD7kqK9WTJNLbxx>
- Interview with Turgut Kerem Tuncel, Senior Analyst of Center for Eurasian Studies, Ankara, Turkey. September 7, 2021.
- De Waal, T. (2021). In the South Caucasus, Can New Trade Routes Help Overcome a History of Conflict?. *Carnegie Europe*. URL: <https://carnegieeurope.eu/2021/11/08/in-south-caucasus-can-new-trade-routes-help-overcome-history-of-conflict-pub-85729>
- Bağirov, O. (2021). Zəngəzür Koridorunun Açılmasının Regional Nəqliyyat-Kommunikasiya Xətlərinə Təsiri (Impact of Zangazur Corridor Opening on Regional Transport and Communication Lines). *AIR Center Paper*.
- Interview with Richard Kirakosyan, Director of the Center for Regional Studies in Yerevan. *Caliber.Az*. August 19, 2021. URL: <https://caliber.az/ru/post/18347/>
- Statement by President of the Republic of Azerbaijan, Prime Minister of the Republic of Armenia and President of the Russia. *Kremlin.ru*. November 10, 2020. URL: <http://en.kremlin.ru/events/president/news/64384>
- Jardine, B. (2017). Full Steam Ahead: Long-Awaited Baku-Tbilisi-Kars Railway Opens. *Eurasianet*. URL: <https://eurasianet.org/full-steam-ahead-long-awaited-baku-tbilisi-kars-railway-opens>
- Bağirov, O. The Nakhchivan corridor will boost connectivity in the Caucasus. *Euractiv.com*. January 15, 2021, URL: <https://www.euractiv.com/section/azerbaijan/opinion/the-nakhchivan-corridor-will-boost-connectivity-in-caucasus/>
- Anjaparidze, Z. (2021). The Second Karabakh War and Georgia's Threatened Transit Role. *Eurasia Daily Monitor*. Vol. 18 Issue 26. URL: <https://jamestown.org/program/the-second-karabakh-war-and-georgias-threatened-transit-role/>
- Başaran, D. (2021). Growing Azerbaijan-Iran Tension in the Caucasus. *ANKASAM*. URL: <https://www.ankasam.org/growing-azerbaijan-iran-tension-in-the-caucasus/?lang=en>
- Poghosyan, B. (2021). Opinion: Under President Raisi, Iran remains very interested in the South Caucasus, and in remaining a player in the region. *Commonspace.eu*. URL: <https://www.commonspace.eu/opinion/opinion-under-president-raisi-iran-remains-very-interested-south-caucasus-and-remaining?fbclid=IwAR1B7ZAa1r7mdUoag0c9r9pQAbgJh8hjTVBihu4VzysY-cPNi0YAOV7Xjqdw>
- Huseynov, R. (2021). Armenian Narratives on Normalization and Opening of Borders. *Topchubashov Center*. URL: [https://top-center.org/az/expert-opinion/3208/armenian-narratives-on-normalization-and-opening-of-borders?fbclid=IwAR3RK1NosEJMrjhUjGDLBvn71w9NyCoff8BjiWRotX2\\_a2hxXOCjvCZKH8](https://top-center.org/az/expert-opinion/3208/armenian-narratives-on-normalization-and-opening-of-borders?fbclid=IwAR3RK1NosEJMrjhUjGDLBvn71w9NyCoff8BjiWRotX2_a2hxXOCjvCZKH8)

- 20 Poghosyan, B. (2021). Foreign policy priorities of Armenia after the June 2021 Early Parliamentary Elections. *New Geopolitics Research Network*. URL: <https://www.newgeopolitics.org/2021/07/29/foreign-policy-priorities-of-armenia-after-the-june-2021-early-parliamentary-elections/>
- 21 Kaleji, V. (2021). Iran Drives Development of Persian Gulf-Black Sea International Transport and Transit Corridor. *Eurasia Daily Monitor*. Vol. 18 Issue 112.
- 22 Geoeconomicheskoe izmerenie transportnyh koridorov v Chernomorsko-Kavkazsko-Kaspijskom regione (Goeconomic Dimension of Transport Corridors in the Black Sea-Caucasian-Caspian Region). *3rdView.az*. September 2, 2021, URL: <http://3view.az/?p=1926>
- 23 Mejlumyan, A. (2021). Armenia scrambles to rebuild new road away from Azerbaijan border. *Eurasianet*. URL: <https://eurasianet.org/armenia-scrambles-to-rebuild-new-road-away-from-azerbaijan-border>
- 24 Mejlumyan, A. (2021). Armenia gets aid boost from EU. *Eurasianet*. URL: <https://eurasianet.org/armenia-gets-aid-boost-from-eu>
- 25 North-South International Transport Corridor. *Mincom.gov.az*. URL: <https://mincom.gov.az/en/view/pages/104/>
- 26 Kto tormozit koridor "Sever-Jug" (Who slows down the "North-South" corridor). *Vestikavkaza.ru*. October 7, 2021. URL: <https://vestikavkaza.ru/analytics/kto-tormozit-koridor-sever-ug.html>
- 27 Iran, Azerbaijan and Georgia Agree on Establishment of Transit Route. *CaspianNews.com*. December 10, 2021, URL: <https://caspiannews.com/news-detail/iran-azerbaijan-and-georgia-agree-on-establishment-of-transit-route-2021-12-8-6/>
- 28 Geoeconomicheskoe izmerenie transportnyh koridorov v Chernomorsko-Kavkazsko-Kaspijskom regione (Goeconomic Dimension of Transport Corridors in the Black Sea-Caucasian-Caspian Region). *3rdView.az*. September 2, 2021, URL: <http://3view.az/?p=1926>
- 29 Concluding Speeches of the President of the Republic of Azerbaijan Heydar Aliyev Devoted to the Totals of the Istanbul Summit of OSCE - November 24, 1999. *Lib.aliyev-heritage.org*. URL: <https://lib.aliyev-heritage.org/en/9553038.html>
- 30 Emerson, M. Approaches to the Stabilisation of the Caucasus, *Brainstorming session: The Future of the Caucasus after the Second Chechnya Conflict*, Centre for European Policy Studies (CEPS), Brussels, January 27-28, 2000, URL: <http://poli.vub.ac.be/publi/crs/eng/Vol5/Emerson0100.htm>
- 31 "Caucasus Stability and Cooperation Platform": What is at Stake for Regional Cooperation?. *ICBSS Policy Brief*. No. 16. June 2009. 22 p.
- 32 Shusha Declaration on Allied Relations between the Republic of Azerbaijan and the Republic of Turkey (Full Text). *Avim.org.tr*. June 17, 2021, URL: <https://avim.org.tr/en/Bulten/SHUSHA-DECLARATION-ON-ALLIED-RELATIONS-BETWEEN-THE-REPUBLIC-OF-AZERBAIJAN-AND-THE-REPUBLIC-OF-TURKEY-FULL-TEXT>
- 33 The CNN Turk TV channel has interviewed Ilham Aliyev. *President.az*. August 14, 2021. URL: <https://en.president.az/articles/52736>
- 34 Kaleji, V. (2021). Iran and the 3+3 Regional Cooperation Format in the South Caucasus: Strengths and Weaknesses. *Eurasia Daily Monitor*. Vol. 18 Issue 96.
- 35 David Zalkaliani: kavkazskuju iniciativu prezidenta nepravil'no ponjali (David Zalkaliani: President's Caucasian Initiative was Misunderstood). *SovaNews*. December 24, 2020. URL: <https://sova.news/2020/12/24/david-zalkaliani-kavkazskuyu-initsiativu-prezidenta-nepravilno-ponyali/>
- 36 Weitz, R. (2021). Tehran and Moscow: Alignment and Divergence in the Caspian. *Middle East Institute*. URL: <https://www.mei.edu/publications/tehran-and-moscow-alignment-and-divergence-caspian>
- 37 Markedonov, S. (2018). Will Azerbaijan Join the "Eurasian NATO"? *Carnegie Moscow*. URL: <https://carnegiemoscow.org/commentary/77116>
- 38 Zamikula, M. Pogranichnyj incident nemestnogo znachenija (Border Incident of Non-Local Importance). *Dzerkalo Ty' zhnyia (Mirror of the Week)*. July 17, 2020. URL: <https://zn.ua/international/pohranichnyj-incident-nemestnoho-znachenija.html>
- 39 Belashchenko, D., Tolkachyov, V., Shmelyov, A., Shojonov I. (2021). Dejatel'nost' GUAM na postsovet'skom prostranstve: namerenija, rezul'taty, perspektivy (GUAM Activities in the Post-Soviet Space: Intentions, Results, Prospects). *Kontury global'nyh transformacij: politika, jekonomika, pravo (The contours of global transformations: politics, economics, law)*. Vol. 14. 3. P. 84-105.
- 40 Kobrinskiy, A. Pantjurkizm kak neoosmanskiy proekt (Pan-Turkism as a neo-Ottoman project). *Nezavisimaja Gazeta [Independent Newspaper]*. May 23. 2021. URL: [https://www.ng.ru/dipkurer/2021-05-23/11\\_8154\\_asia.html](https://www.ng.ru/dipkurer/2021-05-23/11_8154_asia.html)
- 41 Samarskiy, O. (2021) Druga Karabas' ka vijna i zanepad Rosiyyi (The Second Karabakh War and the Decline of Russia). *Centre for Russian Studies*. URL: [http://www.r-studies.org/cms/index.php?action=news/view\\_details&news\\_id=115651&lang=ukr](http://www.r-studies.org/cms/index.php?action=news/view_details&news_id=115651&lang=ukr)
- 42 Shared Vision, Common Action: A Stronger Europe. A Global Strategy for the European Union's Foreign And Security Policy. June, 2016, 56 p.
- 43 Recovery, Resilience and Reform: Post-2020 Priorities for an Eastern Partnership. *Euneighbourseast.eu*. URL: <https://euneighbourseast.eu/news-and-stories/publications/recovery-resilience-and-reform-post-2020-priorities-for-an-eastern-partnership-that-delivers-for-all/>
- 44 Grgic, B. The EU suffered a major loss in Nagorno-Karabakh. *Al-Jazeera*. November 23, 2020. URL: <https://www.aljazeera.com/opinions/2020/11/23/the-biggest-loser-in-nagorno-karabkh-is-not-armenia>
- 45 Mammadov, M. (2021). Principled Pragmatism is a tricky guide for the EU foreign policy towards the South Caucasus. *New Geopolitics Research Network*. URL: [https://www.newgeopolitics.org/2021/08/11/principled-pragmatism-is-a-tricky-guide-for-the-eu-foreign-policy-towards-the-south-caucasus/?fbclid=IwAR23lnUvSgEukDFE\\_sb3nZ2U151e9klBlk3JBmBn20Q4Bs8pfvkb30BtrGw](https://www.newgeopolitics.org/2021/08/11/principled-pragmatism-is-a-tricky-guide-for-the-eu-foreign-policy-towards-the-south-caucasus/?fbclid=IwAR23lnUvSgEukDFE_sb3nZ2U151e9klBlk3JBmBn20Q4Bs8pfvkb30BtrGw)
- 46 Rumer, E., Sokolsky, R., Stronski, P. (2017). U.S. Policy Toward the South Caucasus: Take Three. *Carnegie*. URL: <https://carnegieendowment.org/2017/05/31/u.s.-policy-toward-south-caucasus-take-three-pub-70122>
- 47 Chausovsky, E. (2021). Integrating U.S. policy in the Caucasus. *Newlines Institute for Strategy and Policy*. URL: <https://newlinesinstitute.org/azerbaijan/integrating-u-s-policy-in-the-caucasus/>
- 48 Avdalani, E. (2020). The Limits of China's Involvement in South Caucasus. *China Observers in Central and Eastern Europe*. URL: <https://chinaobservers.eu/the-limits-of-chinas-involvement-in-south-caucasus/>