



THE SECOND KARABAKH WAR

A YEAR
AFTER

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INTRODUCTION

One can hardly find an article, report or book written after the Second Karabakh War, which does not open with the discussion of changes this war entailed. It makes quite a sense because a radical change in the former status quo of this conflict, which resulted from the outcome of 44-day-long military actions, will also have consequences for the situation that has formed in the South Caucasus and Black Sea region during the 27-year-long “frozen” phase of this conflict.

The victor in the war, Azerbaijan, claims that the results of the Second Karabakh War will lead to greater stability, economic growth and security in the region. Yerevan holds a different stance, asserting that the 44-day war has compromised the regional security and destabilized the region. The neighbors and direct allies of the parties to the conflict – Russia, Turkey and Iran – have tried, from the outset of hostilities, to turn the course of the

conflict and its outcome to their advantage. Nearby Georgia, which has suffered two similar conflicts on its territory and is actively engaged in regional transport and energy infrastructure projects, has not been left unaffected by the war either.

In this publication we will try to assess a post-conflict reality and the changes that took place in the region one year on of the end of hostilities. Towards this end, we will discuss peculiarities of the Nagorno-Karabakh conflict, participants in the conflict, the regional powers in the post-conflict period and the effect of hostilities broken out in September 2020 on various aspects of Georgia's security. For obvious reasons, we will separately discuss and pay a particular attention to the issue of Georgia.

PART I PECULIARITIES OF THE CONFLICT

With the instances of military resolution of territorial conflicts between sovereign states being rare in the first half of 21st century which is marked with the fight against terrorism and the use of “hybrid” warfare, and the nature of military actions changing, the topicality of symmetric and conventional military conflicts between states has significantly declined. Researchers of international relations, geopolitics and strategy have shifted much of their attention to studying hybrid warfare and its diverse forms and manifestations. The hostilities between Armenia and Azerbaijan, that broke out on 27 September 2020 and ceased with an agreement signed on 9-10 November, have somewhat rekindled the interest towards theories related to interstate conflicts.

In this particular case, war regained its classic, Clausewitzian meaning: by means of war, Azerbaijan attained the political goals which it had stopped hoping to achieve through negotiations or “hybrid methods.”

The Nagorno-Karabakh conflict, which began as early as in 1988, that is, before the breakup of the Soviet Union, and continued for more than three decades, is the longest and one of the deadliest conflicts in the territory of the former Soviet Union. As many as 30,000 people were killed between 1991 and 1994 and additional 7,000 killed in the military operations that took place between 27

September and 9 November 2020.¹

In contrast to the first war which lasted three years and ended in the defeat of Azerbaijan, the hostilities that broke out last year continued 44 days and ceased with a tripartite agreement signed by Armenia, Azerbaijan and Russia. The second war differed not only by its length but also its outcome – the victory in the war was unconditionally gained by Azerbaijan. In addition to 1/3 of the territory of former autonomous republic of Nagorno-Karabakh, Baku regained seven districts that were occupied by Armenia until 2020 and had been home to over half a million Azerbaijanis before the outbreak of the conflict.

According to the 1989 census, the population of the Nagorno-Karabakh Autonomous Oblast, stretched over the area of 4400 km², comprised 188,000 people of which 145,500 were Armenians (76%), 42,800 Azerbaijanis (22.4%) while the rest 2% consisted of Kurds, Russians, Greeks and Assyrians.²

The Nagorno-Karabakh conflict bears a number of similarities to conflicts that have erupted on the territory of former Soviet Union: be it the time of its outbreak, duration, engagement of mercenaries and volunteers in military operations, or confrontation on ethnic grounds. The similarity of post-Soviet conflicts has led to a widespread opinion among researchers that the common characteristics of

armed confrontations in this region make it possible to envisage a “scenario of post-Soviet wars.”³ Under this scenario, instead of “classic” causes of wars, i.e. economic gains or territorial claims, the key factors are the power vacuum occurred after the breakup of Soviet Union, weakness of public institutions in newly emerged republics, ethnic demography and incompatible nationalist programs institutionalized by the Soviet Union.

However, the Nagorno-Karabakh conflict has a number of peculiarities that distinguishes it from other post-Soviet conflicts. One of such key features is expressed in elevating the ethnic dimension of the conflict to an absolute level. Military actions between 1988 and 1994 resulted in ethnic cleansing not only in the former autonomous republic of Nagorno-Karabakh proper and seven neighboring districts which Armenia occupied, but also in the rest of Armenia and Azerbaijan. Armenia was left by all Azerbaijanis, which turned this country into a virtually monoethnic state. Likewise, the ethnic minority of Armenians had to move away from Azerbaijan.

Another distinguishing feature is an open confrontation between two internationally recognized, UN and OSCE member states. Although the Nagorno-Karabakh Republic, or Artsakh as it is called by the Armenian side, has not been recognized even by Armenia, it is the latter

that has represented the republic in international negotiations. During the hostilities in 1991–1994 as well as the 44-day war in 2020, armed forces of Armenia and Azerbaijan confronted each other. It is worth to note that Armenia participated in the conflict openly and officially. These aspects distinguish the Nagorno-Karabakh conflict from other post-Soviet conflicts and, compared to them, make it appear more like an inter-state conflict.⁴ Except for a five-day episode in 2008, Russia spared no effort to conceal (albeit unsuccessfully⁵) its role in the occupation of Georgian territories. Similarly, when Moscow started the illegal annexation of Crimea in 2014, it formally denied deploying its armed units there, calling armed groupings having appeared in streets of Ukrainian cities “local volunteers.”⁶ The same holds true for Eastern Ukraine where Russia, despite numerous evidences,⁷ stubbornly denies its involvement in the military intervention in Donbas. The reality is different in Nagorno-Karabakh where the conflict that erupted on the ground of self-identification rapidly degraded into a full-scale open confrontation between two sovereign states.

This structural peculiarity is connected to yet another feature that singles this conflict out from others in the post-Soviet reality. It is an atypical form of Russia’s involvement in this conflict. In contrast to other hotbeds in the post-Soviet space,

Moscow tried to maintain a balanced attitude and avoided the use of its own resources in favor of only one side of the divide. Notwithstanding its military and economic obligations to Armenia under international agreements, Moscow has not spared any efforts to maintain bilateral relations with Azerbaijan at a consistently high level.

From other conflicts in the region, Nagorno-Karabakh also stands out by the timing of its outbreak: the initial stage of the confrontation occurred in 1988, i.e., at the time when the Soviet Union still existed. Such a chronology makes the application of the theory of “post-Soviet scenario” to this conflict questionable as this scenario considers disappearance of effective power structures and collapse of the security system as the main elements of confrontation.

The role assumed by the West was peculiar too. Although the negotiation format (the Minsk Group) involves leading Western countries such as the USA, France and Germany (France and the US are even cochairmen of the Group)⁸ and multi-million investments have been made by Western energy-giants in Azerbaijan, the West limited itself to only political statements with regard to the Second Karabakh War. The manner and firmness of Aliyev’s rule, on the one hand, and Armenia’s belonging to the exclusive sphere of Russia’s influence, on the other, have severely

limited the room for action of the West. In this context of Western passivity, the ineffectiveness of international conflict resolution instruments has become even more evident, allowing the parties to the conflict to further regionalize its resolution.

There is one more feature that distinguishes the Nagorno-Karabakh conflict from the conflicts going on with varying degrees of intensity in Georgia, Ukraine or Moldova: the reins of the country have been held by representatives of the direct object of territorial dispute. True, it was Armenia that participated in international negotiations on behalf of Artsakh, but the country itself, since the late 1990s, was ruled by so called “Karabakh clan”, i.e. politicians coming from Karabakh. President Pashinyan’s predecessors, Serzh Sargsyan and Robert Kocharyan, not only hail from Karabakh, but also are participants and veterans of the First Karabakh War. Understandably, the fact that the direct participants in the conflict were holding the position of president and commander-in-chief of Armenia seriously affected the country’s domestic and foreign policy. That, of course, shaped Armenia’s positions in negotiations held under the Minsk Group or other formats. Some believe that one of the reasons Armenia is facing such a harsh reality today is the rigid and uncompromising position it has maintained at the negotiating table for decades. Whether this assertion is true or not,

it is a fact that none of the post-Soviet countries, with the exception of Armenia, has been led by representatives of the conflict region in such a stable manner.

In this respect, Nagorno-Karabakh also stands out in the analysis of other “frozen conflicts” in the region, which are often considered by some researchers in the context of the geopolitical rivalry between the West and Russia. Of course, every regional or global actor, possessing adequate powers, will try to turn the situation in such a geopolitically important region to their advantage, but the logic and context of the Karabakh conflict fit into this pattern least of all from among post-Soviet conflicts.

And last but not least, the Second Karabakh War extended the above list of peculiarities to include a new feature — an active involvement of a third party, in this particular case – Turkey, in the “post-Soviet” conflicts.

ARMENIA AND AZERBAIJAN: A GROWING ASYMMETRY

A comparative analysis of Azerbaijan and Armenia reveals differences that point to significant inequality between these two countries. Azerbaijan surpasses Armenia in all major objective parameters: size of territory, demographics, economic power, size and variety of the armed forces as well as technical capabilities of the armed forces, which became particularly evident during the second Karabakh war.

The first to be underlined is the demographic asymmetry between these two countries — while the population of Armenia comprised 2,964,000, according to the 2020 general census,⁹ a corresponding number in Azerbaijan, according to the 2021 census,¹⁰ amounted to 10,130,000. The second largest difference, after the demographic inequality, can be seen in the economic indicators of these two countries. Armenia emerged from the economic collapse ensued after the breakup of

the Soviet Union relatively quickly and maintained a two-digit annual growth of GDP per capita over the period between 2001 and 2007. This trend in the economic development of Armenia changed in 2008 when the Russia–Georgia war broke out and a financial crisis began in Russia. During the following 13 years since 2008, the Armenian economy failed to rebound to the rate of growth it had before the Russia–Georgia war. For the economic growth of Azerbaijan, rich in fossil fuels, the years 2005 and 2006 marked a watershed. These were the years when the Baku–Tbilisi–Ceyhan oil and Baku–Tbilisi–Erzurum gas pipelines were put into operation. In 2005–2007, Azerbaijan’s economy grew at record high rates: 26% (2005), 32% (2006) and 24% (2007).¹¹ With the growth of the economy, the level of poverty has decreased considerably: while in 2001, 49% of Azerbaijanis lived below the poverty line, in 2012 this figure was down to 6%. The Gross Domestic Product of Azerbaijan was worth USD 42 billion in 2020 whereas a corresponding figure in Armenia stood at USD 12 billion 675 million.¹² After the disintegration of the Soviet Union, the GDP of Azerbaijan reached the highest mark of USD 75 billion in 2014, as compared to Armenia’s best result – USD 13 billion (2019).

Such a marked economic inequality naturally affected the military capabilities of the two countries. Although the defense budgets of both

countries were about 5 percent of GDP in 2020, the difference in absolute numbers was considerable: Azerbaijan's defense budget amounted to USD 2.2 billion in 2020, while Armenia's was USD 630 million.¹³ The arms import was unequal too with that of Azerbaijan being 8.2 times higher than the indicator of Armenia.¹⁴ It is noteworthy that Russia was the key arms supplier of both countries in 2011–2020. Russia accounted for 94% of Armenia's and 60% of Azerbaijan's arms imports. Over the period between 2011 and 2020, Azerbaijan made significant arms purchases from Israel (26.6%) as well as Belarus (7.1%) which is a SCTO ally of Armenia. The share of Turkey among arms suppliers is significantly smaller (2.9%).¹⁵

Apart from material parameters, the inequality between Armenia and Azerbaijan was also apparent during the Karabakh war in 2020 and in terms of results attained on the diplomatic front after the end of military operations. The substantial efforts undertaken by Azerbaijan in the international arena for many years became apparent as soon as the hostilities broke out. That, primarily, manifested in the behavior of strategic partners of the two countries. In contrast to Armenia, Azerbaijan received significant support from its strategic partner, Turkey, before the outbreak of hostilities as well as during military operations and in the post-conflict period. Turkey and Azerbaijan launched a

close cooperation in the field of defense right after the disintegration of the Soviet Union, in 1992,¹⁶ and it has already continued for several decades now. This cooperation included high level meetings, education and training programs for Azerbaijani officers, technical assistance and involvement in the development of military industry. The cooperation of these two countries reached its highest point with the Agreement on Strategic Partnership and Mutual Support signed by Azerbaijan and Turkey in 2010.¹⁷ After this agreement, Azerbaijani military units regularly participated in Turkish military exercises while high-level visits between the countries took place frequently. Continuous education and training has led to a qualitative improvement in the skills and competences of Azerbaijani officers and soldiers. Such close cooperation with the armed forces of a NATO member state over the course of three decades overcame the influence of the Soviet legacy on the Azerbaijani army and brought it closer to modern standards of planning and management of combat operations.

It can be stated without ambiguity that Turkey's contribution to the development of Azerbaijani armed forces was a decisive factor that ensured Azerbaijan's military and political success in the second Karabakh war. While during the 1991-1994 hostilities two Soviet-type armies clashed, in 2020 the confrontation was between a Soviet/Russian-

type army of the previous century and an army trained and modernized according to Western standards.

In addition to its contribution to the development of the armed forces, Turkey has actively used its voice among the members of the North Atlantic Alliance to promote and encourage Azerbaijan's rapprochement with NATO.

Despite crucial concessions made to Russia over the years — transferring the critical infrastructure, handing the control of state borders over to Russian special services, toeing the foreign policy line dictated by Moscow, allowing military bases on its territory for an indefinite time, acceding the Eurasian Union and SCTO (Collective Security Treaty Organization), Armenia did not get the support from Moscow at the decisive moment that could have saved the country from a catastrophic military defeat. Russia's military support to Armenia before the outbreak of the 2020 war was limited to arms and ammunition supply at a relatively below-market price. Although Armenian units regularly participated in military exercises under the SCTO format as well as in other Russian-led exercises, the assistance they received from Moscow during the 1994–2020 period does not compare, even to a small extent, with the institutional cooperation and extensive partnership that Azerbaijan had with Turkey during those years.

Armenia found itself caught in a geopolitical trap that prevented it from improving its relations with Turkey or the West and from seeking new foreign policy opportunities. The only thing that Armenia's security became dependent on was backing from Russia. It should be noted that the precariousness of such a state of affairs was well understood in Armenia itself. In 2015, during a visit to Moscow as an opposition politician, Nikol Pashinyan said that while recognizing the strategic nature of Russia-Armenia relations, it was also necessary to recognize that there were problems in these relations and the most serious of them was the mode of relationship between the two countries which was "not that of partners, but of a speaker and a listener."¹⁸ In the following years, Pashinyan made similar statements on several occasions. Although he understood the prevailing situation, the short time Nikol Pashinyan was in power before the Second Karabakh War would not be enough, even if he wanted to, to change the geopolitical reality that has formed around Armenia over the decades. It should be noted that after the second Karabakh war, Pashinyan took the first effective steps in this direction, signaling Armenia's openness to new proposals for international cooperation. In August 2021, he publicly stated that he was ready to start a dialogue with Turkey without any preconditions.¹⁹ Ankara's response to that statement was positive

too. Thus, in terms of support from allies, Azerbaijan's position was much more advantageous ahead of the Second Karabakh War.

In the light of these factors, it looks less incomprehensible as to why Azerbaijan lost the interest towards decades-long fruitless negotiations and did not refrain from recovering the territorial integrity by the use of military force.

Considering the inequality by material criteria, a growing asymmetry in the development and political dynamics in the region, it can be assumed that had the international community paid proper attention to the conflict, the conflict trajectory would not have gone unnoticed and better mechanisms preventing military escalation would have been deployed. Moscow's grasp of the reins of conflict *de facto* and *de jure* prevented the West to keep tabs on the progress of the conflict, which led to a strategic surprise that the Western countries were caught by on 27 September 2020. This also shows the risk the restoration of "spheres of influence" in the modern world may entail.

NAGORNO-KARABAKH CONFLICT AND STRATEGIC PARTNERS

Turkey

Turkey is the closest ally of Azerbaijan today. As President of Azerbaijan Ilham Aliyev once famously said, there are no countries in the world as close to one another as Turkey and Azerbaijan.²⁰ This relationship has a longer history than the rule of Ilham Aliyev. The phrase “One nation, two states” which is most frequently used to describe the relationship between Turkey and Azerbaijan, belongs to Heydar Aliyev, the current president’s father and prominent leader of Azerbaijan.²¹ Apart from common ethnic, linguistic and cultural identity, the closeness between Azerbaijan and Turkey is also conditioned by economic and geopolitical factors. Azerbaijan is an important producer and exporter of oil products and natural gas. Turkey is one of the world’s largest consumers of gas²² (the seventh in the world by 47.7 billion cubic meters of consumption in 2020) and a crucial

link in the energy supply network to Europe. The economic cooperation between Azerbaijan and Turkey is particularly significant in terms of the oil and gas pipelines connecting the two countries. It should be noted that another country that, due to its geographical location, is invariably involved in these links is Georgia.

It is expected that the mutually beneficial ties between these two countries will continue to expand in the future as well. This is guaranteed by the ever-increasing energy consumption and the development of oil processing capacities in Turkey, as well as by the EU's decision to pursue a diversification strategy in order to ensure a stable energy supply for its member states. Most of the pipelines planned to improve supply to the European market will pass through Turkish territory, including the Trans-Adriatic Pipeline (TAP), which was completed at the end of 2020.

Until 2020, Turkey heavily relied on the effective use of soft power (economic, cultural, religious, diplomatic influence) in the South Caucasus region. From the early 2010s, Ankara has also displayed the effectiveness of its hard power and military capabilities. The last military operation which Turkey conducted outside its borders before the second decade of the 21st century took place in 1974 when the Turkish army invaded Cyprus. After a long pause, Turkey engaged in hostilities in

Syria (2016), first, and in Libya (2019), then. This list was extended in 2020 to include the Second Karabakh War, where Turkey's involvement played a decisive role in ensuring Azerbaijan's victory. Accordingly, Turkey's influence in the South Caucasus has strengthened. Forgotten topics of Neo-Ottomanism and Pan-Turkism have been even revisited by a segment of experts. Whether it is justified to talk about these phenomena goes beyond the scope of this paper, however, it should be noted that with recent military interventions Turkey responded to different challenges: the Kurdish problem, rivalry in wielding influence in the Mediterranean Sea, etc. Support and assistance to Azerbaijan enables Ankara to expand its political and economic influence toward the Caucasus. This region, which connects the Caspian Sea to the Black Sea, is no less important for Turkey than the Mediterranean or the Middle East. Another reason for Turkey's multifaceted engagement is the active presence in this geographically small region of its historical rivals – Russia and Iran. Thus, it is apparent even without the talks about Pan-Turkism that Turkey pursues a consistent policy of strengthening its position in the region, which in addition to promoting its interests in the international arena, has a strong internal political dimension too. Against the economic ills, it is of utmost importance for Erdogan to attract

constituencies who harbor conservative and nationalist sentiments. This dynamic is of particular interest in the light of forthcoming presidential and parliamentary elections which will be held in 2023 along with the celebration of the 100th anniversary of the Republic of Turkey.

In addition to its proximity to Azerbaijan, Turkey has an additional lever for mediation in the conflict: its membership in the Minsk Group.

It could be said that compared to its crucial role performed in the conflict, Turkey's involvement in the efforts to stop the conflict and achieve post-conflict agreements proved modest. Ankara was not only not invited to the tripartite ceasefire agreement talks, but was excluded from the format of the negotiations on the resumption of transport and economic ties. The role of mediator was again fully assumed by Russia.

Instead, Turkey was focused on supporting multilateral formats of regional cooperation and deepening its relations with strategic allies. In the former case, this was manifested in the support and lobbying of the so called 3+3 format of regional cooperation, an initiative familiar for Turkey,²³ while in the latter case it was reflected in signing of the Shusha Declaration with Azerbaijan.²⁴ As expected, the Shusha Declaration expressed the spirit of exceptional relations between Azerbaijan and Turkey. President of Azerbaijan Ilham Aliyev

called it “historic” and emphasized two key directions: a further enhancement of cooperation between Turkey and Azerbaijan in the field of military industry and defense, and improvement of transport communications between the two countries. Speaking about transport links, Mr. Aliyev separately stressed the importance of the Zangezur corridor which, in addition to its economic aspect, has a symbolic significance by establishing a long-awaited direct link between Azerbaijan and Turkey. Since the issue of Zangezur was already mentioned in the November 9-10 agreement, the most important message conveyed by Shusha’s statement may be a promise to deepen defense industry cooperation between the two allies and, most importantly, to help each other in case of aggression by a third country.²⁵ Signed nearly a year after the cessation of hostilities, the Shusha declaration has not received much international attention, but its regional importance is significant: Azerbaijan is the first country in the South Caucasus to have established such close and direct bilateral ties with a NATO member state. The provision on military aggression in the Shusha declaration does not imply automatic military assistance from the ally; the declaration specifies a commitment to “joint consultation” after which the parties reserve the right to respond in a joint effort to a threat to the territorial integrity, sovereignty or independence

of any of them.²⁶ One can hardly find a clause in any agreement or treaty that were signed with a NATO member state after the disintegration of the Soviet Union, which would link the security of a third country so closely to a member state of the Alliance. Paradoxically, instead of Georgia, whose aspiration towards Euro-Atlantic integration is enshrined in the constitution, it is Azerbaijan, who has never openly declared the desire to join NATO, that has the firm, signed guarantee in the field of security and defense with a NATO member. Even more, there was a time when Azerbaijan did not even refuse to consider a possibility of joining the SCTO.²⁷ This success of Azerbaijan in bilateral relations may be a lesson to learn for Georgia seeking to integrate into the Alliance.

In spite of periodic tensions in relations between the West and Turkey, it has become increasingly evident that their interests coincide in the South Caucasus. The West (EU, U.S.) welcomes Turkey's initiatives to develop transport or energy infrastructure – be it gas and oil pipelines, railroads or other transport routes linking Central Asia and the Caspian region with Europe.²⁸ Better access to the energy resources of Azerbaijan and Central Asia is beneficial and advantageous for both sides.

Turkey is not against Georgia's rapprochement with the West and its Euro-Atlantic integration, on the contrary, Ankara is one of the most active

supporters of this idea.²⁹ Ankara considers a stronger Georgia, more integrated into the Western security architecture, to be a precondition for a qualitative improvement in energy security. Another traditional priority of Turkey's regional and security policy is to limit Russia's influence in the Black Sea region.³⁰ This issue gained particular importance after Russia's invasion of Georgia in 2008 and the illegal annexation of Crimea in 2014.³¹

Turkey is distinguished by its ambitious foreign policy in the South Caucasus and Black Sea region. Ankara is active in multilateral regional cooperation formats as well as in bilateral relations with the countries of the region. Emboldened by the outcome of the second Karabakh war and the role Turkey played in it, Ankara will most likely further intensify this policy. In late November 2021, Prime Minister Erdogan announced that Turkey was ready to mediate between Russia and Ukraine to bring peace to the region.³²

In addition to a willingness to mediate, Ankara has a dynamic bilateral relationship with Ukraine. Ankara never minces its words when it comes to expressing its position on Russia's illegal annexation of Crimea, the persecution of Crimean Tatars and Ukraine's Euro-Atlantic prospects. Cooperation with Turkey in the field of defense industry is naturally of particular importance for Ukraine, which is engaged in an unequal war with Russia.

Mutual cooperation in this area is also welcomed by Ankara, which has expressed its readiness to share its advanced technologies with Ukraine.³³

It is worth noting that during the Second Karabakh War as well as after the end of hostilities, Turkey openly expressed its readiness to provide military–technical assistance to Georgia too.³⁴

With its export-oriented³⁵ and competitive economy, Turkey pursues a policy of economic expansion not only in its direct neighborhood and the Black Sea region, but also in Europe and Central Asia.³⁶ Trade relations between Turkey and the EU rest on the Associations Agreement signed in 1963 and the EU–Turkey customs union agreement which came into force in 1995. Turkey took good advantage of having a large and stable market such as the EU in its vicinity and used this opportunity as a cornerstone of its economic expansion. As a result, the EU is a key trade partner of Turkey (both in export and import). In 2020, the EU accounted for 33.4% of total imports to Turkey while Turkish exports accounted for 41.3% of all EU exports. With its volume of trade with the EU, which comprised 3.6% in 2020, Turkey was among top six trade partners of the EU.³⁷ In 2020, the trade between Turkey and the EU reached €132 billion.³⁸ Besides, the EU is the largest investor in Turkey.

While taking its relations with Azerbaijan to a new level and actively participating in regional

cooperation formats, Turkey has repeatedly tried to reach out to Yerevan. After the victory in Karabakh, Baku reacted less aggressively to Turkey's benevolence towards Armenia. For his part, the Armenian president has also expressed a desire to improve relations with Ankara.³⁹ The statements of the parties were followed by President Biden expressing hope during a meeting with Prime Minister Erdogan in October 2021 that Turkey would restore its ties with Armenia.⁴⁰ After months of negotiations, Turkey's Foreign Minister Mevlut Cavusoglu said on 13 December 2021 that Turkey and Armenia were ready to normalize their relations and to this end, they would appoint special representatives and start discussing other steps necessary to fully restore the relationship. According to Cavusoglu, they will start charter flights between Yerevan and Istanbul. He added that all details of dialogue with Yerevan will be coordinated with Azerbaijan.⁴¹ It is of course premature to talk about the outcome of this process, but it is clear that, emboldened by recent success, Turkey is rejecting the rules of the zero-sum game and is not opposed to significant changes in the security configuration of the region.

The only party that favors Armenia's continued isolation is Russia. Having suffered defeat and seen Russia's role in this rout, the Pashinyan government sees no point in remaining tied to Russia and

perpetuating isolation any longer. With strategic partners remaining passive, Armenia, after the second Karabakh war, has no choice but to get the minimum benefit offered by the victor in exchange for post-conflict stabilization. For decades and as a consequence of the Karabakh conflict, Armenia has remained out of every international project implemented in the region. Yerevan fully understands that the status quo of the 44-day war cannot be changed in the foreseeable future. The resolution of the conflict, even with an unfavorable outcome for it, has freed Yerevan from the restrictions that existed in the past. Azerbaijan will not resist a possible dialogue between Yerevan and Ankara. Fragile Armenia no longer has the luxury of neglecting new opportunities.

Russia

After the end of the second Karabakh war, there was an increase in the number of political observers who labeled the signing of the tripartite agreement and the deployment of Russian peacekeepers in the conflict zone as another success for Moscow. Indeed, the signing of the November 9–10 agreement allowed Russia to deploy a new contingent of peacekeepers to the region, to establish itself as the sole mediator in the Nagorno-Karabakh conflict and to de facto rule the remaining territories under Armenian control.

A particularly popular argument used to support the theory of Russia's "victory" is that Moscow has now deployed its armed forces in all three South Caucasus countries. To clarify this factually correct claim, it may be necessary to point out the differences between Russian peacekeeping forces on the territory of Azerbaijan, Russian forces deployed in military bases operating in Armenia and those in the occupied territories of Georgia.

The first difference is a definite period of deployment of the peacekeepers in Azerbaijan. Russian peacekeepers have been given a mandate for a limited period of five years. Their stay can be extended with the consent of the parties. However, the November 9-10 agreement provides an effective mechanism – the veto power of any of the three signatories – which, if used, will make it impossible to extend the peacekeeping mandate. Certainly, historical experience suggests that Russia has never hesitated to violate the agreements it has signed, but in this particular case, it is less likely that Russia will enter into an open confrontation with Azerbaijan (and Turkey) over a relatively small contingent of 2,000 troops with a secondary strategic significance.⁴²

The second aspect to be considered when discussing the deployment of peacekeeping forces in Karabakh is the particularities that distinguish the relationship between Russia and Azerbaijan from

that with the other two South Caucasus countries. In contrast to Armenia and Georgia, Azerbaijan is not dependent on Russia either economically or in terms of energy security, while its strategic partnership with Turkey is an additional guarantee of the country's security.

The main duty of the peacekeepers is to guard 27 checkpoints located along the 8 km long Lachin corridor. They can only move to the line of contact upon request of the parties or in case of an emergency identified by the aerial surveillance of the area of responsibility. It should be noted that aerial surveillance is conducted from a Joint Russian-Turkish surveillance center through the deployment of UAVs. It appears that the Russian peacekeeping mission is conducted under the constant supervision of Azerbaijan's strategic partner. This is yet another distinctive aspect of the Russian peacekeeping mission.

It is also necessary to note here the significantly higher level of capabilities of the Azerbaijani armed forces, compared to those of Armenia and Georgia. The armed forces deployed in the region will not be enough for Moscow to overpower the modernized Azerbaijani army, which enjoys unconditional support from the NATO member state; for this purpose, Russia will need to mobilize substantial resources. Azerbaijan is closely monitoring the implementation of the Russian peacekeeping forces'

mandate within the established framework and does not hesitate to publicly emphasize the importance of compliance with this framework at the highest-level meetings. During his meeting with President Vladimir Putin on 26 November 2021, Ilham Aliyev stated in the presence of the media that the area of responsibility of the Russian peacekeeping forces was limited to the mandate defined in the 9-10 November agreement and that the resumption of skirmishes along the Armenian-Azerbaijani border did not concern them.⁴³ Baku seems to clearly understand the risks which leaving a room for interpretation of their objectives to Russian forces may imply. It should be noted that the provision in the November 9-10 agreement regarding peacekeeping forces is only a few sentences long, which increases the risk of misinterpretation. If the tension along the Armenian-Azerbaijani border and in the region in general continues, the risk of such an erroneous interpretation will also increase.

Moscow also seems to understand the risks it faces due to increased involvement in the Karabakh conflict. Russia made several attempts to convince Baku and Yerevan to start talks about rules and mechanisms of response to incidents inherent to post-conflict periods, but to no avail.⁴⁴ When discussing the benefits Russia has derived from the deployment of a new military contingent in the region, it is also worth noting the risks posed by

such arrangements.

Despite the considerable efforts of Russian propaganda, all the factual circumstances of the outbreak and course of the conflict suggest that Moscow was taken by surprise on September 27, 2020, or that it could not adequately prepare for the outbreak of a conflict of such magnitude.

It is worth to note that Russia engaged in the Karabakh issue from the early 1990s and performed the role of mediator in 1994 as well. In contrast to other conflicts in the South Caucasus and Black Sea region, Moscow's attitude, in this case, was indeed closer to the function of the mediator. Nevertheless, Russia could not do anything to avert the hostilities that erupted on 27 September 2020 and to defend its closest ally: the status quo established in 1994 ended in a large-scale war and radical changes in the situation. It is a fact that this policy, as well as Russia's direct involvement in other conflicts, has not led to lasting peace or stability. The mission of a mediator ended in failure both for Russia and its dependent ally. Such an outcome can hardly be called a success for Russia. Moreover, Russia had to tolerate the appearance of a strong and active actor in the region such as Turkey. Moscow had to put aside the negative attitude towards the Pashinyan government displayed in the initial stage of the relationship and put up with the Armenian government's persecution of Armenian leaders and

oligarchs with close ties to Putin. At the end of the day, the number of concessions which Russia will have to make in the region has increased after the Second Karabakh War. The only thing Moscow is now able to do is to gain time until the current balance of power in the region will not provide a chance to improve its own standing.

The Second Karabakh War has made it clear that getting closer to and toeing the line with Russia do not protect its allies against catastrophic results. Accession to the Eurasian Union, handover of a large part of energy and transportation sectors to Russia have, instead of speeding up, slowed down the growth of Armenian economy.⁴⁵ At the beginning of the Second Karabakh War, Armenia's budget and economy were much smaller than those of Azerbaijan, which was one of the most significant reasons for Armenia's military unpreparedness. Nor did a strategic and military alliance with Russia prove to be a protection for Armenia. As a SCTO member state, Armenia pinned high hopes on Russian military assistance, envisaged under the alliance agreement, as a last resort to avoid military defeat. Those hopes proved futile too. In contrast to many other occasions when Russia freely interpreted international norms in accordance with its interests, Putin, this time, opted to strictly follow the text of the agreement of alliance with Armenia and ruled out Russia's engagement in

the military operation because of the absence of a condition specified in the agreement —attacks on the territory of Armenia proper.⁴⁶ The fragility of the position taken by Russia became even more clear against clashes which resumed in the autumn of 2021 at the international border between Armenia and Azerbaijan and claimed the highest number of casualties on both sides since the signing of the 9-10 agreement. On 16 November 2021, the Secretary of the Security Council of Armenia, Armen Grigoryan, announced that Armenia was going to request military assistance from Russia.⁴⁷ The ground of such request was a Treaty on Friendship, Cooperation and Mutual Assistance signed between the two countries on 29 August 1997, which envisaged a necessary assistance in case of military aggression on the territory of either country. Grigoryan went on to say that if Moscow did not provide the assistance, Armenia would seek “other options.” Moscow’s response was modest this time again and instead of necessary military assistance it managed to achieve ceasefire through diplomatic mediation.⁴⁸ It should be noted that Moscow has given security guarantees to Armenia both under a bilateral format (the treaty of 1997) and a multilateral format of the Collective Security Treaty Organization.

Obviously, this precedent of Russia’s dodging the fulfillment of assumed obligations will be taken

into due account by other members of economic or military alliances created by Russia.

Russia cannot afford to strain relations with Azerbaijan, not only for various economic or strategic reasons, but also because of the veto mechanism provided by the November 9-10 agreement – any signatory to the accord can veto the extension of the peacekeeping mandate six months before its expiration. This condition is an additional restriction of the sort that Moscow cannot ignore. In such situation, one might expect Moscow to apply its familiar mechanisms of gaining foothold in conflict regions. Similar to Abkhazia and Tskhinvali region, a mass distribution of passports to residents remaining in the zone of Russian peacekeepers' responsibility will turn the citizens of nonexistent Artsakh into the citizens of Russia, which will give Russia additional leeway to stage provocations and conduct special operations. At the same time, distribution of Russian passports will attract Azerbaijan's attention too and nudge it towards drawing corresponding conclusions. The only road connecting Armenia and the zone of Russian peacekeepers' deployment in Karabakh is under the control of Azerbaijani armed forces.

Russia will take as much efforts as possible to slow down or counterbalance the process of ultimate harmonization of Azerbaijan and Turkey. However, it is highly unlikely that Moscow is able

to make an alternative or even a counterweighing offer to Baku. Turkey is the largest consumer of Azerbaijan's energy resources and a conduit for Baku's crucial exports to Europe. Furthermore, with Turkish defense industry developing fast, Turkey will be able to supply any type of weapon to Baku in the nearest future. In terms of specific types of weapons, especially those requiring modern technology, Moscow can no longer offer Baku alternatives to those of Israel and Turkey. Azerbaijan is a rare exception among Russia's neighbors, distinguished by its zero dependence on Russian energy resources. Even more, rich in fossil fuels, Azerbaijan is among the world's most self-sufficient countries and fully meets the demand of domestic market for energy with locally generated electricity and natural gas. In 2020, Azerbaijan generated 25.8 terawatt-hours of power while the consumption made up 19 terawatt-hours.⁴⁹ The difference is greater between the production and consumption of natural gas: in 2020, Azerbaijan produced 264 billion cubic meters of natural gas while the consumption was only of 5.5 billion cubic meters.⁵⁰ Considering the energy resources available to the country, this situation is bound to persist for the foreseeable future.

It should also be considered that by allowing Russian "peacekeepers" on its territory, Azerbaijan has opened the possibility for Turkey to deploy its

forces in Azerbaijan as well. Baku will probably not rush to use this important lever and will take this step only when the balance of power in the region shifts in a direction unfavorable to the country. Baku could view any action by Russia perceived as hostile to Azerbaijan as such a shift.

After the Second Karabakh War, Moscow will have to consider Turkey's intensive activity in its Caucasus strategy. The NATO member state and ambitious regional actor played an exceptional role in enabling Azerbaijan to win, thereby gaining certain advantage over relatively inert Moscow. In contrast to Moscow, Turkey did not have to display an equal and balanced approach towards the conflicting parties. Its support was one-sided, unconditional and clear-cut. A consistent regional policy pursued by Ankara achieved its goal: Turkey has seized the strategic initiative. Russia perceives Turkey's growing military and political influence in its border region as a threat, but has limited resources to counter it in the area. Therefore, situation permitting, Moscow will try to exert pressure on Turkey in other theaters of direct or indirect confrontation between the two countries.

For centuries, the traditional form of relations between Russia and Turkey was a combination of cooperation and rivalry. Thanks to its persistent foreign policy, Turkey has succeeded in strengthening its influence in recent decades not

only in the Middle East and North Africa, but also in the region that was first under the domination of the Russian Empire and then of the Soviet Union, and which remained inaccessible to Turkey for centuries. It should be noted that this involves both the Turkic-speaking world (Central Asian countries, Azerbaijan) as well as Ukraine (with a Turkic-speaking minority in Crimea), and the South and North Caucasus.

A developed and export-oriented defense industry of Turkey deserves to be mentioned separately, which, in addition to being an economic asset, has turned into an extra political lever of Ankara. One of hot topics of expert discussions after the Second Karabakh War was the importance of arms and ammunition supplied by Turkey in the victory of Azerbaijan. Turkey turned the military success of Azerbaijan in its economic success. Several countries have expressed their interest in purchasing unmanned combat aerial vehicle, TB2, manufactured by a Turkish company Bayraktar. Poland has purchased more than twenty TB2 drones while Latvia, another NATO member state bordering Russia, expressed its interest.⁵¹ Turkey has deepened its military-technical cooperation with Ukraine which after purchasing a dozen popular TB2 drones expressed the interest to purchase twice as many.⁵² Naturally, Russia's reaction to these developments has been negative,

further exacerbated by Ukraine's military use of Turkish drones in the Donbas.⁵³

Russia assesses Turkey's engagement in the Karabakh conflict and the deepening of ties with Ukraine as acts against Russia's interests in its exclusive sphere of influence. Nevertheless, Turkey and Russia stick to the tradition and maintain a form of partnership in their relationship. Despite an increased import from Azerbaijan,⁵⁴ Russia remains the largest natural gas supplier to Turkey.⁵⁵ Time and again Turkey and Russia announce about joint projects in the defense industry sphere too.⁵⁶ With its influence increasing, Ankara deems it favorable to maintain partnership in relationship with Moscow; Moscow does not seem willing to enter into an open confrontation with Turkey either. Consequently, in parallel with the rivalry for influence, these two countries will likely maintain mutual partnership in the near future. At the same time, Russia cannot run the risk of making concessions to Turkey in its "near abroad" – this would mean giving up its exclusive sphere of influence. The case of Ukraine shows that instead of confronting Turkey, Russia prefers to exert pressure on the consumers of Turkish arms exports. Up to now Turkey has been successfully maneuvering between the partnership and rivalry with Moscow, but against a frequented clash of interests it is difficult to predict how long these two influence seeking powers in the region

will maintain the constructive form of relations.

The security of Karabakh now hinges on Moscow, instead of Yerevan. Symbolic manifestations of this changed reality did not take long to appear: the self-declared parliament of Artsakh granted the Russian language the status of official language of the “republic.”⁵⁷ The change of state language in Karabakh, distribution of passports and other forms of Russian expansion are all familiar and painful experience for Georgia; however, one may wonder as to what Russia will use the reality changed through such means for when the control of internationally recognized territory of Azerbaijan is of temporary nature and it is less likely that it will take on a permanent form.

One possibility would be for Russia to create pseudo-independent formations of the type of occupied Abkhazia and Tskhinvali region in the territories of Artsakh that are outside Azerbaijan’s control, but such a move presents a very high risk for Moscow, which would far outweigh the potential benefits.

In parallel with the developments in Karabakh, Russia continues to restrict Armenia’s sovereignty. Putin’s attempt to deploy Russian military units at the Azerbaijani border, in addition to controlling Armenia-Turkey and Armenia-Iran borders, failed. President Aliyev ruled out even a consideration of this proposal by Azerbaijan.

According to the agreement of 9–10 November, apart from the borders, the Russian Federal Security Service will also assume control over the corridor connecting the Nakhichevan exclave and main part of Azerbaijan.

It is apparent that Russia does not intend to restrain itself from strengthening its influence in the region and to this end, does not refrain from fatally weakening the statehood of its loyal ally such as Armenia. The Second Karabakh War has proved once again that Russia applies a predatory approach of the 19th century international politics towards its neighboring countries and instead of providing assistance, as assumed under the agreements of alliance, it prefers to strengthen its positions at any cost.

The defeat suffered by Armenia and a general strategic situation of the country must be a lesson for those forces who seek solution to Georgia's geopolitical problems in the North. The only result that the deepening of economic or strategic ties with Russia can bring to a country is a strategic dead-end. Moscow is not interested in strengthening its allies, the only goal it pursues is to impose absolute control on them and annihilate their sovereignty.

PART II
THE SECOND
KARABAKH WAR AND
GEORGIA

THE SECOND WAR BETWEEN ARMENIA AND AZERBAIJAN AND OCCUPIED TERRITORIES OF GEORGIA

A large number of international organizations and researchers specializing in the resolution of “frozen” conflicts in the South Caucasus have taken a uniform approach: they lean towards “normalization” and “legalization” of the status quo resulting from criminal actions, including crimes against humanity. Most of the suggested dialogue and reconciliation initiatives tend to de-emphasize the interests of the victims (right of return, restitution of illegally seized property, etc.) of ethnic cleansing and other illegal actions and, typically, aim to enhance the acceptance of the position of the party that has the advantage at a given time – that is, in the case of Georgia, the regimes that exercise control over the occupied territories.

The approach of these international organizations

and experts was identical for the Karabakh conflict as well. The proposals they made over the decades were not responsive to Azerbaijan's legitimate claims and calls for compliance with the norms of international law. Due to the passivity of the Minsk Group and the international community in resolving the conflict over the years, and the intransigent position of Armenia, Baku found itself looking for its own ways to resolve the long-standing problem. Of the strategy chosen by Azerbaijan, one can distinguish its two dimensions – military and diplomatic.

After suffering a catastrophic defeat in 1994, it became clear to Baku that in order to change the unacceptable status quo, it was necessary to fundamentally strengthen Azerbaijan's statehood and initiate the changes necessary to begin this process. Azerbaijan needed to move from being an underdeveloped post-Soviet country to a modern, economically advanced and capable state. Building the Azerbaijani armed force was, naturally, considered a priority. An overview of Azerbaijan's recent history gives a sense of the continuity of the state-building process since the early 1990s.

Military development would be impossible without economic development. As a result of the major infrastructure projects that were commissioned in 2005 and 2006, the Azerbaijani economy has experienced record growth for

several years. As a result, sufficient financial resources have been made available to undertake extensive military reform and re-equipping of the Azerbaijani military.

Azerbaijan has managed to be a comfortable partner for the West as well as for Russia, to become an essential link in Europe's energy security and, of course, to get Turkey's firm support.

With one third of its territory occupied for three decades, Georgia must thoroughly study Azerbaijan's long-term strategy. The example of Azerbaijan has proven that with a position grounded in international law, it is possible to successfully resolve a long-frozen conflict at the right time.

In this context, it is pertinent to highlight the judgments of the Grand Chamber of the European Court of Human Rights of 21 January and 21 October 2021. In the first decision,⁵⁸ the Strasbourg Court actually recognized the occupation of Georgian territories by the Russian Federation (after 12 August 2008, "the strong Russian presence [in Abkhazia and Tskhinvali regions] and the South Ossetian and Abkhazian authorities' dependency on the Russian Federation, [...] indicate that there was continued "effective control" over South Ossetia and Abkhazia") and found it responsible for gross human rights violations (the right to life, the prohibition of torture and inhuman or degrading treatment, the right to liberty and security, the right to respect

for private and family life, the right to private property). By establishing the fact of occupation, the Strasbourg Court has not only challenged the recognition of “independence” of these territories by Russia and few of its client states, but also destroyed any meaningful prospect of recognition of the occupied territories. In addition, this decision cleared the way for thousands of Georgian citizens whose rights have been violated by Russia to seek legal remedies.

With its decision of 21 October,⁵⁹ the European Court of Human Rights found two collective claims against Georgia, concerning alleged violations of human rights during the 2008 Russia-Georgia war, “inadmissible,” thereby rejecting a key argument of the Russian propaganda about violence and war crimes committed by the Georgian armed forces, which Moscow used to justify the military aggression in August 2008.

NEW TRANSPORTATION AND ENERGY REALITIES.

Among the changes caused by the outcome of Second Karabakh War, the one that is of particular importance for Georgia is a possibility of alternatives to the existing transportation and energy infrastructure and transit corridors to emerge. In the tripartite agreement signed on 9–10 November and a document signed in Moscow in January 2021, Armenia, Azerbaijan and Russia expressed readiness to put into operation all transportation corridors and links existing in the South Caucasus. This is a rather ambitious statement, but it would be difficult to make any far-reaching conclusions or forecasts based on such a broadly formulated provision. Such generic wording indicates the differing views of the parties on this issue.

With the exception of a specific provision regarding the transport link between the Nakhchivan exclave and the rest of Azerbaijan, Article 9 of the agreement is vague and ambivalent:

“All economic and transport links in the region shall be unblocked.” Interpretation of this wording depends on priorities of the parties involved in the Karabakh conflict: the priority of Azerbaijan is to have a direct link to Nakhichevan and Turkey; for Turkey it is a better access to energy resources of the Caspian Sea basin and Central Asia; Iran seeks the direct link to the railway network of the South Caucasus; Armenia strives for more stable and reliable transport links with Russia, while Russia wants to improve transport corridors with Iran and Armenia. Georgia should pay a particular attention to initiatives coming from Moscow because it is highly probable that Russia will use the new reality to involve Georgia’s occupied territories in transportation projects and thus boost prospects of strengthening its own position in the region. Even a mere participation of Georgia in the discussion of such initiatives will amount to the recognition of “independence” of the occupied territories. A current approach of Russia to Abkhazia and Tskhinvali region virtually excludes any compromise on the part of the Kremlin that would provide a sufficient ground for Georgia to agree to the operation of transportation routes through those territories.

In June 2021, Pashinyan’s political party, the Civil Contract, won the parliamentary election by a landslide. Despite a catastrophic military

defeat suffered by Pashinyan's government a few months earlier, the political group of "Karabakh clan," which held power since the late 1990s to 2008, was not able to beat the Civil Contract and garnered only 21% of the votes.⁶⁰ Having obtained a strong democratic mandate, Pashinyan succeeded in appointing members of his team to key positions and weakening the influence of the "party of war" in Yerevan. In the months after the signing of the agreement, Yerevan, citing various reasons, hindered the launch of substantial talks on the Zangezur corridor project, i.e. the link to Nakhichevan. However, as the political power of Pashinyan's government has strengthened in the past few months, an internal resistance to the reopening of the corridor has subsided, but approaches to this issue adopted by Aliyev and Pashinian remain incompatible. Aliyev believes that much like in case of Lachin corridor, the movement through the Zangezur corridor must be unrestricted and free from customs' checkpoints. Pashinyan holds a different opinion, insisting that the Lachin and Zangezur corridors must have different statuses.

The reopening of Zangezur corridor is a priority of the new post-conflict reality for Azerbaijan and Turkey. On 26 October 2021, the leaders of the two countries laid the foundation stone for Horadiz-Jabrayil-Zangilan-Aghband highway which is part

of Zangezur corridor.⁶¹

One should also mention a historic experience of regional cooperation, which is, for most of it, negative. With the exception of a system forcibly imposed by the Soviet Union, the South Caucasus cannot be credited with a single more or less significant cooperative initiative originating in the region that has been at least partially successful. In the light of current situation, where, despite changes, the root causes of the conflict are still unresolved and consensus has not been achieved, it is difficult to find a basis for a deeper and harmonious cooperation between the three countries.

Energy

Two pipelines of international importance can be singled out from energy infrastructure facilities existing in Georgia and the South Caucasus. They connect Azerbaijan's oilfields in the Caspian Sea to the Georgian seaport of Supsa and Turkish seaport of Ceyhan. The 883-km-long Baku-Supsa pipeline is of relatively smaller capacity, allowing to carry 150 thousand barrels of oil a day. The largest shareholder of the Baku-Supsa pipeline is the British Petroleum. Other shareholders include the Azerbaijan's International Oil Company, the US Chevron and ExxonMobil, Norway's Statoil, Japan's Inpex and Itochu, Turkey's Turkish Petroleum and India's Oil and Gas Corporation.

Another oil pipeline of international importance that runs across Georgia, Baku–Tbilisi–Ceyhan (BTC), is of a larger scale: its length comprises 1,768 km (of which 249 km runs through the territory of Georgia) and it is one of the longest pipelines in the world.⁶² It can carry a million barrel per day, though as of today, it carries a maximum of 800 000 barrels a day. Fully commissioned in 2006, the pipeline supplies oil extracted from the Azeri–Chirag–Gunashli field in the southern part of the Caspian Sea to oil processing facilities in Turkey, Israel and the Mediterranean basin. Since 2008, in addition to Azerbaijani oil and condensate, the pipeline also carries such commodities supplied by Turkmenistan and Kazakhstan.

In case of the Baku–Supsa and the Baku–Tbilisi–Ceyhan oil pipelines Georgia has a role of a transit country alone. Direct transit revenues of Georgia amount to USD 50 million annually.

Yet another energy corridor of international importance crossing the territory of Georgia is the South Caucasus Pipeline (CSP), also known as Baku–Tbilisi–Erzurum pipeline. The purpose of the SCP is to transit, via Georgia, natural gas extracted from the Shah–Deniz and other Caspian Sea fields to Turkey wherefrom it is transported to European markets. According to the agreement on the gas pipeline project, Georgia is not only a transit country but also a consumer of the natural gas. Two contracts

are currently in effect — option gas contract (related to the volume of transit) and additional gas contract, enabling Georgia to purchase natural gas at a cheaper price. The option gas contract allows Georgia to purchase up to 5% of transited gas per year. This contract is valid until 2066. The contract on sale and purchase of additional gas is valid until 2026 and through it, Georgia purchases 500 million cubic meters of natural gas every year.⁶³ Georgia began to receive the supply through the pipeline in 2007 and against a politicized energy supply from Russia, secured a vitally important alternative to the Russian natural gas. Natural gas received from Shah Deniz improved the energy supply of Turkey too.

The basis of the SCP was the Southern Gas Corridor (SCG) initiative, which includes six countries. For its part, the SCG is part of East-West energy corridor. USD 45 billion was spent on the project and it was the largest energy project in the world in 2014–2020. At present, the SCG consists of three pipelines: the South Caucasus Pipeline (SCP) (including its extension SCPx), the Trans-Anatolian Pipeline (TANAP), and the Trans-Adriatic Pipeline (TAP) which has become operational since November 2020. The purpose of SCG is to supply natural gas from Shah Deniz gas field to Italy via Georgia, Turkey, Greece and Albania. After the corridor starts operating in its

full capacity, the European market will receive an additional 10 billion cubic meters of gas annually from the Caspian region. It is planned to double the volume and supply 20 billion cubic meters of natural gas to EU countries every year. For illustration purposes, in 2020, Europe's main supplier, Russia, provided 174.9 billion cubic meters of gas.⁶⁴

At the initial stage, the Southern Gas Corridor (SCG) will meet only 2% of the European demand, but one should take into account a potential this gas pipeline has in case of adding gas from other fields in Azerbaijani or Turkmenistan.

Of greater importance is the supply of natural gas from the Caspian Sea region to Turkey whose energy market is also dominated by Russia since the 1990s. In 2018, Turkey purchased 24 billion cubic meters of gas from Gazprom, thereby becoming a largest consumer of the Russian energy company.⁶⁵ Russia and Turkey are connected to each other by two pipelines running across the bottom of the Black Sea: the Blue Stream that became operational in 2005 and has the annual throughput of 16 billion cubic meters, and the TurkStream that became operational in 2020 and has the installed capacity to carry 31.5 billion cubic meters. With these pipelines Russia supplies Turkey without intermediaries and can also provide gas to Europe via Turkey, bypassing Ukraine. Bearing in mind Russia's foreign policy, in addition to the economic aspect, this has

a geopolitical importance as the Russian gas is one of main levers used by Moscow in its relationship with Europe.

In this context, the importance of Southern Gas Corridor (SCG) increases both for Turkey which in addition to a more favorable price acquired a reliable alternative of natural gas supply, and Europe which is able to relieve, even insignificantly, its dependence on the Russian gas. Between January and July 2020, Turkey received 6 billion cubic meters of natural gas from Azerbaijan, up by 25% as compared to the same period a year before. By entering into new contracts, Turkey constantly increases the volume of gas supply from Azerbaijan, which it can receive via Georgia without paying any political price.

When discussing processes in the energy supply field in the region one must mention the reports about the discovery of natural gas reserves as a result of exploration works carried out by Turkey in the Black Sea. According to statements made in the summer of 2020, Turkey discovered natural gas reserves of 520 billion cubic meter in several fields in the Black Sea.⁶⁶ The numbers may, of course, change with the further exploration works, but expectation about the improvement of Turkey's energy balance has been created.

When talking about possible changes that the Second Karabakh War may entail, we must not forget that it was an intensive political and

diplomatic support of the United States that paved the way for the implementation of energy projects in the region. Washington made substantial political and financial investments for strengthening political and economic sovereignty as well as energy independence of the countries in the Black Sea region. Georgia was one of largest beneficiaries of that political support and investments which have improved its economic as well as political stance. Thanks to this strategic line of the USA, Turkey and Azerbaijan became the staunchest allies and partners of Georgia. Furthermore, a degree of region's integration with the rest of the world has increased too. Trade and logistic links were developed between the regions of South Caucasus, Central Asia and Mediterranean Sea. That dynamic was particularly beneficial for Georgia which, owing to its geographic location, secured its place as an irreplaceable link in the East-West and South Caucasus trade and transportation corridors.

When talking about new energy corridors, gas or oil pipelines, we must also take into account that the cornerstone of such large-scale infrastructure projects is their cost effectiveness. Of course, a political factor is a decisive one in taking such decisions, but without a solid financial basis such projects fail to clear the stage of political statements. Despite a political suitability and geopolitical attractiveness of this or that project,

it is impossible to build new energy corridors without attracting multi-million and often multi-billion worth investments. Realization of such investments will require not only minimization of risks associated with building a project that runs through the territory of recent conflict, but also a relevant connotation.

Current geopolitical ambiguity, fragility of relations between the parties to the conflict and mediators, persistence of root causes of the conflict are all the factors that hinder the attraction of investments needed to launch large-scale infrastructure projects in the conflict zone.

Unless new offshore gas or oil reserves are discovered in the Caspian Sea, it is difficult to imagine that projects of the capacity similar to Baku-Tbilisi-Erzurum and Baku-Tbilisi-Ceyhan will be questioned.

When speaking about a probability of new energy projects in the South Caucasus one should also take into account the prospects which the European energy policy offers to such projects. Brussels' priority is clear-cut: it is planned to significantly increase the share of green and renewable energy in the EU energy consumption in the coming years. In addition to the overall EU policy, national strategies of EU countries are also oriented on the development in this direction. It is worth noting that nuclear energy, which was

demonized over many years, has been regaining the “clean” energy.

If developments take an unfavorable for Georgia turn, the damage resulting from the change in the direction of transport and transit routes will not be limited to lost revenues and cheap natural gas. Since the late 1990s, Georgia succeeded in matching the state interests with the interests of the West by taking up the function of a transport corridor between the West and the East, which exists outside the control of Russia and Iran. Consequently, it will be a mistake to view transport and infrastructure projects only from their economic and financial perspective and ignore their strategic dimension. A proof of that is the attention of the US and other leading Western country towards the Anaklia Deep Sea Port and other similar infrastructure projects planned in Georgia.

At the same time, the development of transport infrastructure in the region, better links in the South Caucasus increase stability and in general, attractiveness of South Caucasus as a region, which will improve, not diminish Georgia’s transit function.

Thanks to Georgia, Turkey and Azerbaijan now have the opportunity to deepen their trade and energy partnership independently of Russia. It is hard to imagine that either or both of these countries would choose the territory of a country

whose security is critically dependent on Russia for a new transport or energy corridor instead of Georgia. It should be noted that apart from the Gyumri military base and a possibility of virtually unrestricting maneuvering throughout Armenia, border units of Russian federal security forces are stationed along the almost entire perimeter of Armenia's borders, including Armenia's border with Iran and with Turkey. A possibility of opening new and resuming old transport links, which has been even pledged in the tripartite agreement, does not mean that Turkey and Azerbaijan will turn their backs on the already existing corridors. Of course, it was not accidental that Moscow put a provision on the reopening of transportation routes in the agreement as a condition of ceasing the hostilities. Enhancement of control over transport and energy links between Turkey and Azerbaijan will be an additional benefit gained by Moscow from the Karabakh conflict and to this end it will not refrain from exerting pressure on Armenia. To what extent Ankara and Baku will be prepared to weaken the favorable status quo for them in this issue and assume new risks is a separate question.

Transport

A new reality that has outlined after the Second Karabakh War is an opportunity for Georgia to

cautiously review its logistics capacities, assess relevant weakness and proactively eliminate those flaws that may jeopardize the fulfillment of the country's important strategic function. Unfortunately, with more than 12 months on after the end of hostilities and accelerated talks about alternatives of which some will bypass Georgia, neither government bodies nor expert community has started to even seriously discuss this issue, let alone undertake relevant measures. The processes underway in the South Caucasus throughout 2021 show all the ominous signs that Tbilisi must pay attention to and act upon.

The solutions needed to prepare the country for the new order that is emerging after the second Karabakh war and the risks that this new order entails are to be found in the country. It has been known for a long time that Georgia, at best, only partially utilizes the transportation and energy possibilities offered by its geographical location. In contrast to the oil and natural gas networks, the use of country's transport capacities – be it road, sea or rail – has been far from satisfactory.

Today, the most commonly used indicator to measure the level of development and attractiveness of a given country's logistics is the World Bank's Logistics Performance Index (LPI).⁶⁷ Key criteria for the evaluation of logistics are: the efficiency of customs and border management

clearance (customs); the quality of trade and transport infrastructure (infrastructure); the ease of arranging competitively priced shipments (international shipments); the competence and quality of logistics services (logistics competence and quality); the ability to track and trace consignments (tracking & tracing); the frequency with which shipments reach consignees within scheduled or expected delivery times (timeliness). These criteria provide quite an accurate picture of the development of logistic capabilities in a country.

Georgia appears in the World Bank's relevant studies since 2010. According to 2010 LPI, Georgia with its score of 2.61, ranked the 93rd among 155 countries; in 2012, Georgia improved its LPI rating by 16 positions, moving up to the 77th rank with the score of 2.77. A positive dynamic, however, has stopped since 2012: according to the 2014 LPI, Georgia fell by 39 ranks, compared to the previous indicator, and ranked the 116th with the score of 2.51; the result further deteriorated in 2016, when Georgia moved down by additional 14 positions to the 130th place with the score of 2.35; the most recent LPI for the year 2018 showed a slight improvement, the 199th place with the score of 2.44.

Judging by the results of World Bank's surveys published over the past decade, the level of development of Georgia's logistics system is rather poor: since 2012, Georgia has not been listed among

the top 100 countries. Despite a slight improvement between 2016 and 2018, a negative dynamic of Georgia's LPI is apparent. Ranking 199th among 160 countries, Georgia is, naturally, behind all developed countries, but it also lags behind countries such as Uzbekistan, Armenia, Kyrgyzstan, Ukraine, Kazakhstan, Russia, Tajikistan, majority of African and Middle East countries. Such negative dynamics suggest that Georgia's logistics system is, at best, stagnant, which is reflected in an annually declining efficiency and competitiveness. It must be noted that the country failed to achieve a target for the LPI improvement set in the Social-economic Development Strategy of Georgia—Georgia 2020,⁶⁸ which was to increase to 3.1 in 2017 and further to 3.3 in 2020, according to the document. Although the LPI for the year 2020 has yet to be published, it is less likely that Georgia has managed to increase its score from 2.44, earning it the 119th place in 2018, to 3.31 that would propel it into the group of top 40 countries.

As the World Bank survey indicates, the deterioration of Georgia's logistics system is the result of declining performance over time in the following areas: 1. the efficiency of customs and border management clearance; 2. the ease of arranging competitively priced shipments; 3. the quality of trade and transport infrastructure; and 4. the quality of logistics services.⁶⁹

With the logistics system of such a poor efficiency, Georgia is not only vulnerable to new challenges, but also is not attractive even in the existing reality. For Georgia to maintain its strategic transit function, it is necessary to immediately start building additional infrastructure and upgrading/completing the existing one. Problems related to the management and operation of shipments must be eradicated, etc.

In parallel with resolving internal problems, the country needs to take effective steps outside its borders. One of the shortcuts to increase cargo turnover is to readdress cargo shipments from Central Asia to Europe towards Georgia. Considering the local specifics, large exporters of those countries have close links with government bodies, which is an avenue for Georgia's embassies to actively explore. For example, Kazakhstan annually ships to Europe 150 million tons of cargo via Russia and only 1 million ton via Georgia.

Analysis of Georgia's transit statistics, infrastructure development, use of existing capacities and related rankings demonstrates that Georgia's transit function, which is crucial for the country's economy and security, must be largely attributed to its geographical location rather than to a coherent policy of mastering this function and adequate efforts to pursue an appropriate policy. Therefore, one should not be surprised by a brusque

reaction to the changes in reality that Georgia has passively benefited from. The continuation of such an approach in a period of rapid and significant changes will be damaging to Georgia.

The key to unlocking Georgia's transport and transit potential lies within the country. Even today, more than a year after the second Karabakh war, Georgia remains the most favorable place in the South Caucasus for international and large-scale infrastructure projects, but it must be considered that this is not due to the opportunities created by Tbilisi or a proactive policy pursued by it, but due to the non-compliance with the agreement signed between Armenia and Azerbaijan. Efforts should be made immediately to capitalize on this favorable situation for Georgia.

Against the backdrop of geopolitical and economic changes, a matter of particular concern is the suspension of large-scale infrastructure projects such as Anaklia Deep Sea Port, which would bring a badly needed renewal and diversification to Georgia's logistics network. The necessity to create a new strategically important transit infrastructure had also been stressed by the strategic partner of Georgia,⁷⁰ but, unfortunately, to no avail. Nevertheless, one cannot rule out that the end of the Second Karabakh War may attract the attention of the West to Georgia again.

DEMOCRACY

The victory in the Second Karabakh War under the leadership of Aliyev has extended his power for an indefinite term. The political opposition that is repressed and extremely weakened has lost virtually any chance of replacing Aliyev's regime in the foreseeable future. The victory of Azerbaijani armed forces under Aliyev's leadership led to an unprecedented civil consolidation of the country and minimized a likelihood of democratic changes. Ilham Aliyev is regarded today as the most successful leader of independent Azerbaijan.

On the other hand, his rival and democratically elected leader, Nikol Pashinyan, has become a symbol of the largest military defeat in the history of independent Armenia. Russia and Pashinyan's opposing "Karabakh clan" do not miss a chance to blame the outcome of the Karabakh war on Pashinyan's government. This strategy, judging by

the results of the June 2021 parliamentary elections in Armenia, has achieved a limited success, to put it mildly. Pashinyan and his political team managed to convince Armenian constituencies that the responsibility for the defeat suffered in the autumn of 2020 lied not with him and his team but with the “Karabakh clan” that governed Armenia and the Nagorno-Karabakh over 30 years. Besides, the conduct of the 2021 election in a “free and fair” environment has strengthened the reputation of Pashinyan as a democratic leader. Few leaders in the region would dare to call a snap election and conduct it without flagrant violations. Armenia is the only country in the South Caucasus that can be credited with such a feat.

In this regard, the Second Karabakh War may be viewed by Georgia from two perspectives: on the one hand, the authoritarian leader who, under undemocratic governance, succeeded in resolving problems that persisted for decades and recovering lost territories, while on the other hand, a democratically elected leader who suffered a bitter defeat and significantly worsened the situation of the country. Such vision of the events that unfolded in the autumn 2020 is damaging for democratic forces. However, there is an alternative view of the same event: despite a heavy defeat, a political leader kept his word, remained true to democratic principles, and won a landslide victory in what was

an extremely difficult time for him. This fact may illustrate precisely the advantages of a democratic system over an authoritarian one.

Azerbaijan's President Ilham Aliyev has never showed a critical attitude towards Russia. During his rule, Azerbaijan has not expressed interest towards joining NATO or the EU. In contrast to Pashinyan, Aliyev does not apply democratic rhetoric which Putin loathes so much. A cautious approach adopted by Aliyev gained the Kremlin's sympathy. Despite formal differences, Putin, in his statements, treats Armenia and Azerbaijan as similar and equal partners for Moscow. This does not mean that the relationship between Russia and Azerbaijan is free from any hotspots of disagreement. With its fossil-fuel-export-oriented economy Azerbaijan is a rival to Russia and a strategic partner of Russia's historic adversary in the region. Nonetheless, the ruling model and order of Azerbaijan is much closer to the configuration of Putin's regime than to the political systems of neighboring Georgia and Armenia.

CONCLUSION

No one can deny that the outcome of the 44-day war has created a new geopolitical landscape in the region. It is also apparent that the reopening of old transport routes and the launch of new infrastructure projects will improve the economic situation in and investments attractiveness of the region and also, increase the probability of maintaining the peace.

The prospects for using the opportunities that arose after the end of hostilities in September–November 2020 are less clear. Although large-scale military operations have ended and the tripartite agreement has been signed, relations between Turkey and Armenia have partially resumed, and new regional projects are being actively discussed, there remain several factors that cast doubt at this stage on the likelihood of fundamental changes in the region's existing transportation and energy infrastructure.

The first factor is political. Despite the

agreement signed by conflicting sides, the root cause of the conflict – the status of the Nagorno-Karabakh regions is yet to be agreed between them. A probability of resolving this issue in the nearest future is low as Armenia and Azerbaijan adopt radically opposing approaches. Azerbaijan views the establishment of control over the region as the recovery of its territorial integrity and does not consider even a possibility of launching talks on its status. Yerevan asserts that the results of the Second Karabakh War have not affected the issue of determining the status of Nagorno Karabakh and calls on Azerbaijan to continue dialogue on this issue.

The second factor is a nonfulfillment of the ceasefire regime. After signing the 9-10 November agreement, a number of clashes took place between Armenian and Azerbaijani armed forces.⁷¹ They involved physical confrontation, capture of military servicemen, use of various weaponry, including heavy artillery. During a year after signing the agreement there were casualties too. There were instances of taking control of new positions by force as well as expelling Armenians from the positions already taken by them. Furthermore, Azerbaijani armed forces blocked the 21-km-long section of the Goris-Kapan highway, connecting Armenia to Iran, in Syunik region several times,⁷² set up customs checkpoints there and started to inspect shipments

from Iran to Armenia and charge customs duties on them. Tehran expressed its dissatisfaction with the new obstacles in the use of this road and pledged assistance to Armenia in building a new bypass road.⁷³ Discussion of new transport corridors can hardly be imagined when the parties have yet to agree as to who would control the existing transport routes. Repeated incidents of fire exchange at the Armenian–Azerbaijani border have shown once again that the change in the status quo after the Second Karabakh War must not be perceived as the form of final settlement of the conflict.

The third factor is a varying interpretation of clauses in the agreement. Paragraphs 8 and 9 of the tripartite agreement of 9–10 November, which along with other transport links envisage the resumption of the direct link between the Nakhichevan region and the rest of Azerbaijan, proved to be most difficult to fulfill. Armenia and Azerbaijan have not achieved agreement on the issues of the Zangezur corridor yet. The most recent meeting held in Brussels also highlighted the incompatibility of positions held by Azerbaijani and Armenian leaders⁷⁴ on the issues of Lachin and Zangezur corridors.⁷⁵

Russian peacekeepers have, traditionally, become a factor of destabilization. It seems, Russia has chosen a familiar model of behavior, with the main characteristic being the disregard

of terms of signed agreement. Azerbaijan claims that the number of units deployed under a five-year-extendable mandate, which, according to the agreement, shall not exceed 2,000 has already reached 7–8 thousand on account of adding civil officers.⁷⁶ Furthermore, Baku reminds the Russian peacekeeping forces that their duty is to prevent Armenian armed groupings from entering the zone under their responsibility. On 11 August 2021, after several clashes with the Armenian units, the Defense Ministry of Azerbaijan publicly called on Russian peacekeepers to fulfill the obligations assumed under the November agreement.⁷⁷ Yet another dissatisfaction with the Russian units, expressed by Baku, is that they allow Iranian trucks through transport corridors controlled by them without the consent from Azerbaijan. The Ministry of Defense of Azerbaijan voiced protest regarding this issue in its letters sent to the Ministry of Defense of the Russian Federation and the Command of Peacekeeping Forces.⁷⁸ Accusations against Russian peacekeepers are made by Azerbaijani MPs too, who blame them for “siding with the separatists.”⁷⁹ If such negative dynamics persists, the probability increases that Azerbaijan will apply its right under the 9–10 November agreement and will veto the extension of peacekeeping mandate in Karabakh upon the expiry of the five-year term. Even laymen in post-Soviet history can understand the level of

risk such state of affairs poses to regional stability. A glaring example of this is Georgia where Russia used “peacekeepers” as a pretext for aggression, first, and then, replaced them with numerous and heavily armed occupational forces. To claim its significant military success in the 44-day-long war, the consent on the deployment of a limited Russian peacekeeping contingent proved to be an acceptable compromise for Azerbaijan in November 2020. The time will show far-reaching consequences of this decision.

Bulk of comments made by high officials and expert community of Georgia during and after the conflict was focused on probabilities of the decline or loss of Georgia’s transit function. A year after the signing of 9-10 November agreement has shown that a likelihood of new projects that may jeopardize existing infrastructure of Georgia or functions performed by Georgia look, at best, a distant prospect. On the other hand, changes are inevitable in the region. Given the 27-years-long “frozen” phase of the Karabakh conflict, Georgia had ample time to prepare for such changes. Instead of worrying about possible decline of Georgia’s transit function because of alternative or competitive projects, the country now needs to act proactively to improve the existing and create a new infrastructure in its territory. The most immediate measures in this regard are to be

taken for the improvement of Georgia's logistical attractiveness. New jobs created and additional transit revenues received will have a positive impact on the economic situation in the country too. In addition, Georgia's strategic importance will be strengthened on the international scene.

Considering the situation in the region and peculiarities of Georgia, it can be said that the most important thing Georgia must do to strengthen its strategic position is the implementation of infrastructure projects that will improve existing regional links. In such a case, along with defending Western and own interests, the country will start creating a situation in which it will be more difficult and senseless to bypass Georgia. High competitiveness of Georgia is the best way of maintaining its strategic role.

A particular attention paid by Moscow to the reopening of transport corridors is not accidental. In addition to its interest in having improved links with its military bases and the region, in general, Russia pursues one more goal in the region — to maximally isolate Georgia as the country defending and pursuing interests of the West. In such situation Georgia must double down on efforts to enhance its capacities as well as deepen and improve relations with Armenia and Azerbaijan.

At the same time, it must be noted that owing to its geographic location again, Georgia

will necessarily find a place in new initiatives of transport corridors and links. This has proved true in case of a project which looks most realistic among the initiatives announced after a year of the end of conflict and envisages the supply of goods from Iranian seaports in the Persian Gulf to Europe via Azerbaijan and Black Sea ports of Georgia.⁸⁰ With the increase of cargo volumes Georgia will come to face a necessity of raising the level of logistics development.

Among the results of the Second Karabakh War, the most significant which Georgia must pay a particular attention is the mistakes that led Armenia into a geostrategic dead end. In this regard, the opinions expressed by high officials about multi vector foreign policy of Georgia are alarming.⁸¹ A segment of experts believes that it was the mistakes in foreign policy that led Armenia into a strategic dead end when Armenians thought they “were Israel, yet in reality they became Palestinians.”⁸²

And finally, after a year of the hostilities and against the most recent escalation, the EU has displayed an initiative. President of European Council Charles Michel hosted presidents of Azerbaijan and Armenia under a tripartite format in the margins of Eastern Partnership summit held in Brussels in December 2021.⁸³ Besides accepting the invitations to Brussels, the leaders agreed

to a proposal about a new conflict prevention mechanism – a direct telephone contact between the defense ministers. The EU initiative makes it clear that in addition to the effort to deescalate the conflict, the EU also pursues the aim of renewing and enhancing the Eastern Partnership format which has suffered damage from recent events. The conduct of Aliyev-Pashinyan meeting in the margins of the summit indicates about a desire of Brussels to add a new function to this format. If a somewhat substantial progress is achieved, the EU will restore the damaged prestige of the most important format of the neighborhood policy and at the same time, will create a significant alternative to Russia as the only mediator between conflicting sides. Although in the current situation Brussels has significantly weaker levers to influence the parties, it can make very interesting offers to export-oriented Azerbaijan (the EU is Azerbaijan's main trade partner with the EU countries accounting for 51% of the total Azerbaijani exports⁸⁴) as well as to Armenia that has been partially blockaded over decades. The fact itself that two countries of the South Caucasus try to settle their disagreements with the mediation of the EU, is an important precedent. Georgia, as a participant in the Eastern Partnership and the most pro-Western country in the region, must be interested in the success of the EU in this initiative.

Furthermore, the enhanced role of the EU in the region and weakened influence of Russia is in a natural interest of Georgia; stability achieved under the aegis of the EU will benefit the country geopolitically as well as economically. It is also in Georgia's interest to improve trade relations between the two neighboring countries and the EU. Increase in the volume of exports and imports of Azerbaijan and Armenia will increase the transport infrastructure turnover running through Georgia, improve strategic importance of the country both in the neighborhood and in the West. Increase in purchases by EU countries of natural gas and oil extracted in the Caspian Sea and Central Asia will bring additional benefits, because main supply routes of this commodity also cross the Georgian territory. Consequently, it would be desirable for Tbilisi to support as much as possible the negotiations between its neighbors and Brussels under this format. This will also enable Georgia to distance itself from a 3+3 initiative that is dangerous for it.

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