The Armenia-Azerbaijan Conflict

What Role Now for the EU in the South Caucasus after Nagorno-Karabakh?

The military takeover of Nagorno-Karabakh by Azerbaijan and the forced displacement of over 100,000 Karabakh Armenians are a failure of EU diplomacy. The EU’s unwillingness to prevent Azerbaijan’s actions raises doubts about its ability to act effectively in the international arena. If there is no deterrence to additional threats, peaceful conflict resolution will further erode. The EU can only be a relevant peace actor if member states like Germany and France take more responsibility in conflict resolution.

– The EU’s increasing role in negotiations for a peace agreement between Armenia and Azerbaijan on Nagorno-Karabakh raised hopes for more EU engagement in conflict resolution in the South Caucasus. It failed because of the lack of support of member states.

– EU countries like Germany and France need to take a larger role in building up leverage on the conflicting parties, especially toward Azerbaijan. There is a need to deter further aggression by Azerbaijan by sanctioning, for example, gas, and by freezing assets.

– If the EU and its member states cannot prevent further Azerbaijani aggression, peaceful conflict resolution will be further undermined. It is crucial to deter authoritarian norm-setting through the combination of liberal peace and robust peacekeeping.

– Armenia must be supported in its path to democracy and should have the perspective of EU membership if it so desires.
Azerbaijan’s military takeover of Nagorno-Karabakh in September and the forced displacement of over 100,000 Karabakh Armenians are a blatant failure for EU diplomacy. The EU’s unwillingness and incapacity to prevent and respond to Azerbaijan’s actions comes as a bitter disappointment – all the more after two years of failed mediation. It also exposes deeper flaws in the bloc’s policy in the region and raises doubts about its ability to act effectively in the international arena. With no adequate response to this aggression and no deterrence to additional threats, peaceful conflict resolution and multilateral negotiation formats will further erode, with consequences beyond the South Caucasus. The EU’s credibility as a key actor in its neighborhood will be severely undermined. Its current approach to conflicts in the South Caucasus needs a fundamental rethink.

THE EU’S GROWING INVOLVEMENT

The EU’s weak response to Azerbaijan’s takeover of Nagorno-Karabakh on September 19th/20th is especially problematic in light of its efforts to mediate between Armenia and Azerbaijan since late 2021. The territory, with its large ethnic Armenian population, had claimed independence but under international law belongs to Azerbaijan. Since the end of the first Nagorno-Karabakh war in 1994 and until the early 2020s, the EU had kept a low profile in the resolution of the conflict. It was not involved in the main multilateral negotiation format set up in the 1990s, the Minsk Group of the Organization for Security and Cooperation in Europe (OSCE), co-chaired by the US, Russia, and France. In addition, the key EU policies in the region – the European Neighbourhood Policy (ENP) and Eastern Partnership – lacked a security dimension and did not directly address conflict resolution. The EU was rather a key funder for mediation projects between both countries, such as the Confidence Building Early Response Mechanism (COBERM) and EU4Dialogue. But the lack of EU reaction in the second Nagorno-Karabakh war in 2020, which ended with a ceasefire negotiated under the aegis of Russia outside the Minsk group, glaringly exposed the EU member states’ disinterest in the conflict.

In 2020, the 44-day war marked a turning point in the EU’s involvement. Since December 2021, the EU has considerably stepped up its engagement by acting as a mediator between Armenia and Azerbaijan – a role that also arose as Russia increasingly focused on its war against Ukraine. The high-level tripartite meetings organized under the auspices of the president of the European Council Charles Michel offered a platform for Armenian Prime Minister Nikol Pashinyan and Azerbaijani President Ilham Aliyev to discuss a comprehensive settlement of the conflict – one that addressed the status of Nagorno-Karabakh, the security of the Armenian population there, the process for the delimitation of the Armenia-Azerbaijan border, issues of connectivity including the so-called Zangezur corridor, a connection between Azerbaijan and its exclave Nakhichevan via the Southern Armenian province Syunik, as well as demining and the fate of prisoners of war. In addition, the EU intensified its presence through the active involvement of the Special Representative for the Caucasus and the deployment of a civil monitoring mission in Armenia on the border with Azerbaijan (European Union Advisory Mission – EUAM). The latter was initially staffed with personnel deployed from the EU monitoring mission in Georgia and became a fully-fledged mission in early 2023. In less than two years, the EU’s engagement in Nagorno-Karabakh approached that of other conflicts in the region.

SHORTCOMINGS OF THE EU’S ENGAGEMENT

Despite these efforts, the EU’s mediation was built on two false premises. First, the EU was overly confident in assuming that the two sides were negotiating in good faith for a peaceful resolution. From the outset, Azerbaijan showed no intention of reaching a deal through negotiation, in contrast to the...
Armenian prime minister’s readiness to recognize Nagorno-Karabakh as an integral part of Azerbaijan in exchange for security guarantees for the Armenian population. In addition, Karabakh Armenians and Azerbaijanis were close to an agreement on a peaceful solution so there was no need or urgency for the Azerbajani military to take over the region in September.7 In fact, Azerbaijan’s actions in the aftermath of the 2020 war point to its lack of any intention to peacefully integrate the Armenian population of Nagorno-Karabakh, respect their cultural heritage or ensure their rights. These include the destruction of Armenian cultural heritage sites in the parts of Nagorno-Karabakh over which it regained control in 2020, as well as violations of the ceasefire agreement’s provisions related to prisoners. Azerbaijan’s actions immediately after taking over Nagorno-Karabakh confirm its intentions – such as renaming Stepanakert/Khankendi’s main street after Enver Pasha, one of the key perpetrators of the Armenian genocide.

Two interwoven factors hindered EU mediation. First, one of the two conflicting parties did not share the EU’s goal of a comprehensive settlement – the only possible path to a sustainable peace. Second, the EU’s own stance as a neutral facilitator, equally balanced between the two sides, further undermined the process. This reinforced Azerbaijan’s perception that it could have free rein to reach its own objectives, and it ultimately failed to prevent a new escalation. Instead of appearing to be a neutral mediator, the EU should have gained leverage by acting as an honest broker, an open and transparent mediator, taking into account the concerns of all sides but also mediating on the basis of principles. These principles include the peaceful solution of conflicts, rejection of violence, the importance of human rights and the credibility of agreements made, and assurances given, by both conflicting parties.

Second, the EU adopted the position of a neutral facilitator between Armenia and Azerbaijan. This is because – unlike other conflicts in the post-Soviet realm – the conflict pitted two countries in its Eastern Partnership policy against each other. Also, in contrast to places in the post-Soviet region such as Transnistria, South Ossetia or Abkhazia, it did not directly involve Russia. However, the EU’s stance proved increasingly untenable in the face of Aliyev’s irredentist claims to Armenian territory, increasingly referred to as “Western Azerbaijan.”9 This narrative was combined with repeated incursions into territories internationally recognized as part of Armenia, particularly the strategic province of Syunik and along the border with the Azerbajani exclave of Nakhichevan. These encroachments led to border clashes with casualties on both sides and risked direct state-to-state conflict. They also showed that Azerbaijan was ready to challenge the territorial integrity of the Armenian state.

The EU should have acted as an honest broker

Azerbaijan’s attack against Nagorno-Karabakh triggered only a weak initial response from the EU. This took the form of verbal condemnations and calls to stop military activities, combined with a package of €5 million in humanitarian aid primarily for the Armenian population displaced from Nagorno-Karabakh. Brussels later provided €10.5 million as immediate humanitarian support for the refugees, and it plans to support the Armenian government with another €15 million.10 While EU aid is important for Armenia, the country will need more support over the long term for the more than 100,000 refugees who will remain there. Crucially, despite the blatant disregard of previous assurances given to the EU and evidence of ethnic cleansing, no sanctions were adopted against Azerbaijan.

In essence, developments in and around Nagorno-Karabakh laid bare the key weaknesses of EU foreign policy. First, they signalled the lack of engagement and common position of EU member states. Charles Michel’s mediation, as well as the establishment of EUAM with the support of French President Emmanuel Macron, were certainly important milestones in bolstering the EU’s role in the negotiation process between Armenia and Azerbaijan. But all these initiatives were only a small step toward a bigger role in conflict resolution. Michel’s competition with European Commission President Ursula von der Leyen undermined his initiative. While he tried to establish the EU as a neutral facilitator, a position fraught with limitations but also understandable in light of the two countries’ participation in the ENP, von der Leyen praised Azerbaijan as a “trustworthy partner,” an important gas supplier and transit hub for the EU as Russia’s war against Ukraine rages on.11

Crucially, EU member states showed both a lack of support for Michel’s initiative and no willingness to help provide security in the region. Michel has no resources of his own to build up leverage on the conflict parties, especially toward Azerbaijan, which has become the dominant military actor in this conflict. France has been one of the most vocal member states in asking for a sustainable resolution of the conflict, one that would also address the rights and security of the Armenian population in Nagorno-Karabakh. At the same time, as a co-chair of the Minsk Group for decades, France was not particularly active in solving the conflict. German Chancellor Olaf Scholz’s participation in the meeting between Aliyev and Pashinyan at the European Political Community (EPC) summit in Chisinau, Moldova, in June (together with Macron) was a positive step. Germany is also playing a major role in the EU monitoring mission in Armenia. But Germany also lacks the political will to take more responsibility in resolving the regional conflict and helping the EU put pressure on the conflict parties, especially Azerbaijan.

Since late 2022, only a handful of EU member states, above all France and Greece (due to their longstanding historical ties with Armenia), but also Lithuania, have called on Azerbaijan to lift its blockade of the Lachin corridor – the land route between Nagorno-Karabakh and Armenia via Azerbaijani territory. After Azerbaijan took over Nagorno-Karabakh by force, some other EU countries – primarily Hungary – fiercely opposed sanctioning the country or even criticizing its actions.

The weak involvement of and dissensus among member states are intertwined with a second limitation, namely the EU’s inability to consistently engage on the basis of its own founding principles. Over the past fifteen years, the EU has repeatedly failed to use political conditionality vis-à-vis Azerbaijan in response to violations of human rights, whether domestically or regionally.12 The bloc has turned a blind eye to the country’s growing domestic authoritarianism and aggressive stance toward Armenia, and instead regards Azerbaijan as a “reliable energy partner,” as von der Leyen put it. Cases of bribery by Azerbaijan – whether in the Council of Europe, the European Parliament or in national parliaments – have also failed to elicit any firmer stance. In fact, only the European Parliament, which has no significant role in foreign policy, has consistently called for a more rigorous approach to the relationship with Baku.

Unilateral settlements do not solve conflicts

Lastly, the EU’s leniency reflects a flawed analysis of developments in the region. Considering its past actions (repeated incursions into the Armenian territory and a nine-month blockade of the Lachin corridor), Azerbaijan’s takeover of Nagorno-Karabakh by force did not come as a surprise.13 Azerbaijan’s free hand in pursuing its goals – regardless of international law, its own commitments, and assurances given to the EU – not only sets a dangerous precedent for “authoritarian conflict resolution” in the

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region, its narrative challenges the very existence of the Armenian state, an ominous sign for Armenia’s security and territorial integrity. It is therefore high time that the EU acknowledges there is a new security order in the making in the South Caucasus, and that players like Turkey, Russia and Iran are positioning themselves in this competition. The EU must therefore take action to foster security in its neighborhood. It should do so on the basis of principled engagement, in line with its own values and the rules-based order. This entails promoting a comprehensive, sustainable and therefore balanced conflict settlement. As Europe’s own history vividly illustrates, unilateral settlements do not solve conflicts but instead generate new spirals of violence.

**A PATHWAY FOR FUTURE EU POLICY AND ACTION**

The forced exodus of Armenians from Nagorno-Karabakh has created a new reality. Not only has the Russian-brokered ceasefire agreement become dysfunctional, decades-long attempts to create a peaceful solution have ended by force. The takeover of Nagorno-Karabakh only perpetuates the past cycles of violence going back to the first war in the early 1990s, as well as the “winner-takes-all” assumption that prevailed between 1994 and 2020, when Armenia failed to promote a sustainable solution. It is also a new stage in the escalation of the conflict between Armenia and Azerbaijan. Since Russia has been weakened and has shifted its interest in the South Caucasus due to its war against Ukraine, a new regional order is in the making. A key question is: Who will define the new rules of the game? Is it Azerbaijan with force, the support of Turkey and agreement with Russia, or is it the EU, with its approach of liberal peace? Apart from the EU, there is no other actor that could offer an alternative concept to authoritarian conflict settlement. The OSCE has been sidelined since the 2020 war and has become dysfunctional since Russia took up arms against Ukraine.

This means the EU must build up leverage toward the conflict parties and become an honest broker in the conflict. The aim is to provide security for the Armenian state to obtain an agreement that fosters sustainable peace. This cannot come from force and humiliation. It can only develop in an environment that guarantees both the territorial integrity of the Armenian state and the possibility for the Karabakh Armenian population to return—or, in the words of the statement co-signed by 24 EU member states and presented before the UN Human Rights Council on October 11, “...create the conditions for the voluntary, safe, dignified and sustainable return of those who wish to go home.” Leaving ethnic cleansing unaddressed only provokes more violence and promotes acceptance of further such action. This can also have consequences for other conflicts, such as in the Western Balkans where violence recently erupted between Kosovo and actors from Serbia. A combination of an international negotiation format provided by the EU and tools that can guarantee security is needed. If the UN cannot agree on a mission that would monitor the situation in the field, the EU should provide such an option. But EU countries need to provide the sources and support for these instruments. The EUAM is going in the right direction, but it needs at least double the personnel to provide complete monitoring of the Armenian border with Azerbaijan and a more robust mandate, including sending monitors with military background and knowledge.

Building up leverage toward Azerbaijan is crucial to building a format where both sides are willing to make compromises. While security guarantees for Karabakh Armenians were a red line for Pashinyan, he was ready to recognize Nagorno-Karabakh as part of Azerbaijan. Pushing Azerbaijan toward a compromise would mean first rethinking the country’s role as a provider of gas (and oil) to Europe. At the moment, Azerbaijan supplies around three percent of European gas consumption, which is rather marginal. Doubling the current amount by 2027 will be difficult, because resources are not sufficient, domestic gas consumption is growing, and a lot of investment in pipeline infrastructure and new gas fields is needed. As it happens, buying Russian (and Turkmen) gas for domestic consumption to free up greater volumes to export to the EU is not only unsustainable for the country but it also undermines the EU’s goal of limiting Russia’s ability to sell gas on the global market.

15 Ibid.
Key Azerbaijani companies in the oil and gas sector could be the main target of the sanctions, making it more difficult to merely redirect the resources to other countries.

Secondly, the EU should deploy sanctions if Azerbaijan further uses force to undermine the territorial integrity of Armenia, be it with regard to the Zangezur corridor, or against other parts of Armenia. This would mean personal and travel sanctions for decision-makers and those involved in such aggressions. Since Aliyev and his family decide everything in Azerbaijan and own most of the assets, there should be a freeze of those bank accounts, assets, and investments abroad. Corruption schemes coming from Azerbaijan should be systematically targeted by EU and US policy. It is important to put these instruments on the table now in close coordination with Washington to deter further aggressions against the Armenian state.

Additionally, there could be incentives for the Azerbaijani state, through offers of investment in the seven territories over which Azerbaijan regained control with the 2020 war, whether in infrastructure, houses for people who return or green energy infrastructure. But this should come with preconditions, namely, to protect the Armenian cultural heritage and enable the return of the Armenian population if they want to. In addition, investments should be transparent and not serve the private interests of elites. Investment in a transit corridor and between the Caspian Sea and the Black Sea via Azerbaijan could be another incentive.

Since the EU member states are not united on these issues, this can only work if a coalition of EU member states pushes it forward. France and Germany could create a coalition of the willing with other like-minded EU countries in order to take more ownership in the conflict settlement between Armenia and Azerbaijan. Berlin could balance Paris’s close relations with Armenia, and France could follow its words with actions in supporting visa liberalization for Armenians and providing the announced military support. This coalition can provide security via peacekeeping and monitoring, complementary to or as a substitute for the UN. But it also needs more support for sanctions from German Chancellor Scholz if Azerbaijan uses military force against the Armenian state.

Armenia needs support in its rapprochement with the EU and on its democratic path, which began with the Velvet Revolution in 2018, yet has been disrupted since the 2020 war. It should have the perspective of EU membership if it is interested and if it is willing and able to leave the Russian institutional framework of the Eurasian Economic Union and the Collective Security Treaty Organization. A visa-free regime would be an important signal to Armenian society. Armenia has a Comprehensive and Enhanced Partnership Agreement with the EU similar to the Association Agreements signed by Ukraine, Moldova and Georgia, without a free trade agreement, since it is part of the Eurasian Customs Union with Russia. This agreement can easily be upgraded to a fully-fledged Association Agreement (which Armenia previously negotiated between 2010 and 2013) should the country be interested. However, such an offer can only work if it is combined with security guarantees for Armenia.

While institutional security guarantees from the EU or NATO are unlikely, EU member states, in the framework of the European Peace Facility, and NATO members like the US, could help train the Armenian army. Military trainers could be deployed on the ground, which would also help deter Azerbaijani attacks. The recent exercises of US and Armenian troops for peacekeeping missions are a step in the right direction. The EU needs to understand that Russia increasingly coordinates with Azerbaijan and Turkey, and that several Azerbaijani actions against

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Nagorno-Karabakh or Armenia must have been agreed with Moscow since they were preceded by a withdrawal of Russian “peace forces” in Nagorno-Karabakh. Russia also changed its position on the disputed region and agreed with Azerbaijani control of Nagorno-Karabakh. Therefore, there are no credible Russian security guarantees for Armenia, and Russian officials have made clear that they support the so-called Zangezur corridor and understand it from the perspective of economic benefits.

Despite Azerbaijan’s growing geopolitical and geo-economic importance for the EU – and in light of Russia’s aggression against Ukraine, the sovereignty of states, and human rights – authoritarian agenda- and rule-setting make peaceful conflict resolution a more dangerous prospect over the long term than the benefits derived from a relationship with Azerbaijan, namely a limited supply of gas or possible transit routes. The forced exodus of Armenians from Nagorno-Karabakh is a case of ethnic cleansing that demands a much more serious reaction. In terms of the territorial integrity of the Armenian state, not reacting means the acceptance of shifting borders and land in Europe. That would mean a return to a world of power and force and would also open a Pandora’s box of similar actions elsewhere in the EU’s neighborhood, including the Western Balkans. The rules-based order will further erode if EU member states are not willing to act now.

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