

SOUTH CAUCASUS IN THE PHASE OF RUSSIAN-UKRAINIAN WAR: NEW SECURITY CHALLENGES AND POSSIBLE SCENARIOS FOR DEVELOPMENT

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Abstract

The paper mainly examines the economic, political and military situation in the South Caucasus after the start of Russian-Ukrainian war. In the paper we are focused on the question of what kind of consequences does the Russian-Ukrainian war has on the countries of the South Caucasus. Relying on the analytical-forecasting approach, we also are trying to forecast what developments can be expected in this region. On this regard we especially look onto the facts from Armenia's perspective. Of course, the discussion of the situation in Georgia and Azerbaijan was also under our great attention, because we also had set a task to compare the processes that took place in the three countries of the region.

The modernity of the topic can be measured, first of all, by its global political significance: Russian-Ukrainian conflict continues to be on the top of world political processes. On the other hand, it is actual when studying political and economic processes in the post-Soviet territory. By and large, as a result, the South Caucasus is a part of the European and Middle Eastern security sphere, or at least has an important role in them. Therefore, the ongoing developments in this region are not local and may also affect the European, Middle Eastern and the processes also in other regions.

Russian-Ukrainian conflict has affected on foreign policy behavior of the Southern Caucasus countries. The region is now under the turbulence zone, so we are not aware from being faced by new challenges and security issues. Since we have highly evaluated the impact of the conflict on the countries of the region, we have also tried to make certain predictions regarding possible future development scenarios, which could be as recommendations for foreign policy decision making structures of Armenia.

Keywords: Russian-Ukrainian conflict, South Caucasus, Armenia, Georgia, Azerbaijan, security systems, Nagorno-Karabakh conflict, energy and diplomacy, European integration, Belt and Road Initiative.

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Introduction

The Russian-Ukrainian war, perhaps, continues to be one of the top problems of world politics, if not the most urgent. The so-called “special military operation” launched by Russia in Ukraine in 2022, which immediately turned into a full-scale war, leaved its political, military and economic mark on all regions of the post-Soviet space, including the South Caucasus. The Russian-Ukrainian war, with its scale, with the number of participating and interested actors, could be said to be the largest-scale militarized process in the Eurasian region after the end of the Cold War. The Russian-Ukrainian conflict deeply affects political processes in South Caucasus. From the perspective of the countries of the South Caucasus, the start of this war had a distinctive impact, both in terms of new challenges and opportunities. However, one factor was common to the all countries of the region: it is the shocking effect and the need to quickly and correctly navigate the situation. From the regional perspectives, it is still early to exactly shape the results of the war and make final consequences, but the past year and half provides an opportunity to record certain facts and draw conclusions.

The research question of the study is the following: how the Russian-Ukrainian war affected and continues to affect the South Caucasus, what are the possible scenarios in the foreign political developments of the regional countries? The main goal of the topic is to first of all present what consequences the war between Russia and Ukraine has on geopolitical and economic developments in the South Caucasus, as well as how the conflict reshapes the relations between the regional countries.

For the implementation of our research, we first of all used the event analysis and historical argumentation methods. The method of event analysis gives us the opportunity to observe the existing facts in the chain of events. The next method of our research is scenario analysis, which will provide an opportunity to understand how the war in Ukraine can affect the geopolitical and geo-economic environment of the South Caucasus, what possible scenarios of development can be awaited at the region.

The research is entirely devoted to the developments that have taken place in the last one and a half years. The research has been done almost parallel to the ongoing events, striving to first of all give the actual chronology of the events with the means of content and event analysis, and then also to make predictions about their further developments. Therefore, official announcements, reports, and speeches were mainly the sources for the study. Press releases have been used only to record the chronology of events. And some research-analytical materials helped us to study the position of Russian, Ukrainian and Western researchers on the issue. We also used the official sources of Georgia and Azerbaijan, as well as research materials published by Georgian and Azerbaijani experts, in order to present the current situation in the two countries.

Southern Caucasus during Russian-Ukrainian war: evaluation for the first and half year

Economic dimensions

In classical theories of geopolitics, when a powerful state goes to war, the effects of the conflict are usually instantly felt in neighboring regions. This leads to a paradigm shift, or at the very least, a crisis of the global order (Minassian 2022). So the conflict not only touched the region with all the sides, but also turned the regional countries as a non-active players in the conflict.

As for the economic dimensions, the countries of the region found themselves in mostly advantageous positions as a result of the newly created situation. First, under the conditions of large-scale economic sanctions against Russia, the countries of South Caucasus became a more important market for Russia. On the other hand, South Caucasus countries got an opportunity to fill the demand vacuum created in the Russian market. In the foreign trade turnover of all countries of the region with the Russian Federation, a significant increase in export volumes has been recorded. In 2022, Russia's trade with the South Caucasus increased nearly 1.5 times, from \$7.4 billion to \$11.3 billion. Trade with the states of the South Caucasus in 2022 amounted to a mere 1.3 percent of Russia's foreign-trade turnover, about \$850 billion (Souleimanov, Fedorov 2023).

The transit importance of the regional countries was also increased for Russia. Although some companies have also imposed restrictions on exporting their products to the countries of the South Caucasus or transiting through them to Russia, international experts in the economic field state that the countries of the region continue to be the main source of diversification for the Russian market^{1 2}. Of course, similar conversations are still at the level of suspicion, but it is not excluded that the countries of the South Caucasus may still come under certain Western, especially US, sanctions.

Georgia has officially banned the entry of sanctioned goods to Russia through its territory. But if we talk about the facts, Georgia's trade turnover with Russia in 2022 increased by more than 50 percent compared to the previous year. The trade turnover between Georgia and Russia in 2022 exceeded \$2.4 billion, which is 52% more than in 2021, according to the Georgian National Statistics Office³. Now Russia is in second place among Georgia's foreign trade partners, second only to Türkiye in the amount of about 300 million dollars. Taking into account the growing indicators during the current year, it is not excluded that in 2023, Russia may overcome Türkiye.

Russia also increased its economic presence in Georgia. In the first six months of 2023, 6,539 Russian companies registered in Georgia, and a total of 21,326 companies have been registered since the start of the war in Ukraine. From January to June, Georgia received 2 billion USD in income from Russia through remittances, tourism, and the export of goods which is 1.6 times more than the income received from Russia in

¹ The New York Times. "Russia is importing Western weapons, technology, bypassing sanctions." *June 09, 2023*. Accessed June 11, 2023. <https://www.nytimes.com/2023/04/18/business/economy/us-russia-chips-sanctions.html>.

² POLITICO. "'Ridiculous' to rope Georgia into Western sanctions against Russia, PM says." *May 24, 2023*. Accessed May 30, 2023. <https://www.politico.eu/article/economic-sanctions-from-georgia-would-not-affect-russias-economy-pm-says/>.

³ TASS. "Russia becomes Georgia's main trading partner in 2022 with share of over 16%." *March 24, 2023*. Accessed May 28, 2023. <https://tass.com/economy/1592843>.

January-June 2022 from the same sources. In the first half of 2023, income received from Russia accounted for 14.2% of Georgia's GDP, whereas in the first half of 2022, this figure was 11.7%⁴. Direct money transfers are also to be raised from Russia. As Asian development Bank states, money transfer inflows in the first 7 months of 2023 increased at an annual rate of 27.5% to \$2.7 billion, with nearly half of it coming from the Russian Federation. The ADB also forecasts 5% of economy growth for Georgia in 2024⁵.

In this regard, Azerbaijan recorded more modest results. In 2022, the trade turnover between Azerbaijan and Russia increased by 23.9% to reach \$ 3.71 billion and stood at 7% of the overall trade turnover of Azerbaijan. This means that Russia now ranks third among top trading partners of Azerbaijan after Italy and Türkiye⁶. However, Azerbaijan is assigned a different, more important role here. After the termination of the supply of energy resources from Russia, Azerbaijan got the opportunity to become one of the largest supplier of gas and oil to the EU. Currently, the issue is in the stage of preliminary rearrangements, but Azerbaijan has already increased the volumes of energy resources supplies to Europe. It is also no secret, at least there are reasonable basics to doubt, that Russian gas is also included in the share of supplied gas⁷ (O'Byrne 2022). In fact, it turns out that Europe is ready to buy Russian gas, but not from Russia. Baku perfectly uses the situation in Ukraine to solve his political problems, including the conflict with Armenia. We are sure that the energy factor can have a decisive influence on the formation of the position of European countries in the Armenian-Azerbaijani conflict.

With a remarkable economy growth of 4.6% in 2023, Azerbaijan was also faced with high inflation. Average annual inflation doubled from 6.7% in 2021 to 13.9% in 2022 on stronger domestic demand, rising food prices attributable to disruption caused by the Russian invasion of Ukraine, and higher prices for other imported goods. Prices rose by 19.5% for food, 8.6% for other goods, and 10.4% for services⁸.

Armenia is the absolute record holder in economic matter. Armenia's trade turnover with Russia has doubled, exceeding five billion dollars⁹. Armenia stands out, for the first time in trade with Russia, the volume of exports exceeded imports. In 2022, Armenia also recorded its highest economic growth in the last 20 years, bringing it to 12.6 percent¹⁰. It must be mentioned, that relocations of about 2,600 companies, 6000

⁴ Transparency International Georgia. Georgia's Economic Dependence on Russia Continues to Grow: January-June 2023. *September 29, 2023*. Accessed October 29, 2023. <https://www.transparency.ge/en/post/georgias-economic-dependence-russia-continues-grow-january-june-2023>.

⁵ Asian Development Bank. ADB Sees Strong Growth for Georgia in 2023. *September 2023*. Accessed November 28, 2023. <https://www.adb.org/news/adb-sees-strong-growth-georgia-2023>.

⁶ Russia Briefing. "January 2023 Russia-Azerbaijan Bilateral Trade Up 62.4% YoY." *February 16, 2021*. Accessed May 29, 2023. <https://www.russia-briefing.com/news/january-2023-russia-azerbaijan-bilateral-trade-up-62-4-yoy.html/>.

⁷ European Parliament. "Parliamentary question P-003854/2022. Increased gas exports from Russia to Azerbaijan." *November 28, 2022*. Accessed June 10, 2023. https://www.europarl.europa.eu/doceo/document/P-9-2022-003854_EN.html.

⁸ Asian Development Bank. "Outlook of Azerbaijan." *April 2023*. Accessed November 28, 2023. <https://www.adb.org/sites/default/files/publication/863591/aze-ado-april-2023.pdf>.

⁹ TASS. "Trade between Armenia and Russia for the first time exceeds \$5 billion in 2022." *February 8, 2023*. Accessed May 25, 2023. <https://tass.com/economy/1573399>.

¹⁰ International Monetary Fund. "IMF Reaches Staff-Level Agreement on First Review for Armenia's Stand-By Arrangement." *April 13, 2023*. Accessed May 27, 2023. <https://www.imf.org/en/News/Articles/2023/04/13/pr23118-armenia-imf-reaches-sla-on-first-review-for-armenia-stand-by-arrangement>.

individual entrepreneurs, and 113 thousand non-residents to Armenia since March 2022 have contributed substantially to this remarkable GDP growth. Data provided by the Armenian Migration Service shows that 372,086 Russian citizens arrived in Armenia between January and June of 2022. However, it should be noted that most of them later has left the territory of Armenia¹¹.

The trend continues apace. The total trade volume for January-August, 2023 surpassed 4.16 billion USD, a record level since the collapse of the Soviet Union. Exports from Armenia to Russia in this period totaled 2.3 billion USD and for the first time exceeded the import figure, which stood at 1.86 billion USD (Mghdesyan 2023).

In fact, if we try to generalize the short-term economic impact of the war on the South Caucasus, we can evaluate it in positive dynamics. Of course, it is not excluded that in the long term period it may create new problems for the regional countries as well, especially for Armenia, since the latter is a member of the Eurasian Economic Union together with the Russian Federation. Some conversations about including Armenia in some sanctions from official Washington and Brussels sometimes come. However, taking into account contemporary development in Armenia-West relationship, we don't see big perspectives for this scenario.

Armenia also became a new home for thousands of high-tech workers from Russia. Dozens of U.S. high-tech companies relocated from Russia to Armenia following the 2022 invasion of Ukraine, increasing Armenia's high-tech labor force from around 20,000 to more than 30,000. However, US Department of State reports, many businesses have identified challenges with Armenia's investment climate in terms of the country's small market, limited consumer buying power, relative geographic isolation due to closed borders with Türkiye and Azerbaijan¹².

For the states of the Southern Caucasus, the new reality is a double-edged sword. Increased trade with Russia stimulates economic growth and helps solve socioeconomic issues. But it makes them more economically and politically dependent on a Russia whose international standing and internal order are deteriorating (Souleimanov and Fedorov 2023).

Political dimensions

The Russian-Ukrainian war started new transformations in the geopolitical environment of the South Caucasus. The created situation is a period of political trials for the countries of the region. The latter are facing a dilemma, because the collective West demands to express a specific position regarding the created situation. The either-or policy is more strongly felt by Georgia. If Armenia and Azerbaijan, as countries with traditionally closer political and economic ties with Russia, feel relatively little pressure from the

¹¹ EU Reporter. "How Armenia is helping Russia evade Western sanctions?" *January 27, 2023*. Accessed May 27, 2023. <https://www.eureporter.co/world/armenia/2023/01/27/how-armenia-is-helping-russia-evade-western-sanctions/>.

¹² U.S. Department of State. 2023. "Investment Climate Statements: Armenia." Accessed November 28, 2023. <https://www.state.gov/reports/2023-investment-climate-statements/armenia/>.

West, Georgia, probably, will not be forgiven for not joining the sanctions against Russia and not providing military support to Ukraine.

Official Tbilisi has adopted a rather interesting political course according the conflict. The peculiarity of the latter lies in the fact, that two directions with different points of view has been formed in the country. The day the Russian-Ukrainian war started, Georgia's Prime Minister Irakli Garibashvili announced that Georgia would remain neutral to the conflict. So, when the US and European countries announced the launch of new packages of sanctions against Russia, the Georgian Prime Minister announced that they would refrain from joining them. On the other hand, President Salome Zurbashvili demands that the current government fully joins the anti-Russian struggle. In the first period of the war, even she confidently announced that Georgia would join all sanctions against Russia¹³. In this matter, she has quite a lot of support in Georgia. Although the conducted sociological polls show that the majority of the population of Georgia does not support this approach¹⁴. Zurbashvili also blames the ruling party for the failure of Georgia's European integration policy. As is believed, for more than one year Georgia was not granted EU membership candidate status for its position on the Ukrainian issue.

Georgia's ruling party, Georgian Dream, for one and half year tried to seek a neutral political behavior. Prime Minister Garibashvili has repeatedly stated that Georgia keeps the sanctions applied by third countries against Russia, it provides humanitarian aid to Ukraine, but does not join the sanctions against Russia. As Garibashvili noted at the economic forum in Qatar, joining to the sanctions would destroy Georgia's economy, it would damage the interests of the country and it would damage the interests of Georgia's people¹⁵.

Georgia is currently sheltering around 25,000 Ukrainian war refugees. Georgia was also one of the 38 countries that applied to the International Criminal Court to investigate Russia's war crimes in Ukraine, resulting in the issuing of an arrest warrant for President Vladimir Putin¹⁶. On February 1, 2023 the Parliament of Georgia adopted a resolution on possible military escalation in Ukraine. It states that Georgia recognizes the territorial integrity of Ukraine and condemns any encroachment on it¹⁷. However, there is no mention of Russian aggression in the text of the resolution, although the Georgian opposition demanded to include this position in the document. In fact, the ruling Georgian Dream party managed to pass a resolution with a rather restrained content and largely non-committal towards Ukraine. We believe, that Georgia's balanced policy in the Ukrainian issue is justified. The challenges that arose in Russian-Georgian relations after 2008 were instructive for Tbilisi, and now the latter evaluates the situation more

¹³ Agenda. "President Zurbashvili: Georgia participates in all int'l financial sanctions and resolutions to support Ukraine." *April 1, 2022*. Accessed May 29, 2023. <https://agenda.ge/en/news/2022/1036>.

¹⁴ Civil Georgia. "President Zurbashvili Talks EU, Russian Occupation, Ukraine." *November 21, 2023*. Accessed June 9, 2023. <https://civil.ge/archives/515613>.

¹⁵ Agenda. "Georgian PM: Gov't imposing sanctions on Russia would "destroy our economy"." *May 24, 2023*. Accessed June 5, 2023. <https://agenda.ge/en/news/2023/2026>.

¹⁶ Politico. "Georgia hedges its bets on the EU—and Russia." *June 6, 2023*. Accessed June 11, 2023. <https://www.politico.eu/article/georgia-bet-european-union-and-russia-independence-day/>.

¹⁷ Agenda. "Parliament adopts ruling party-initiated resolution in support of Ukraine." *February 1, 2023*. Accessed June 10, 2023. <https://agenda.ge/en/news/2022/228>.

rationally, putting the strategic approach of not putting its own economic interest at risk in the foreground.

Some Georgian experts think, that this policy does not have future, Georgia is playing with fire and it is very dangerous according European integration perspectives (Avdaliani 2022a, 2022b; Avdaliani 2023a, 2023b). On 8th of November, 2023, European Commission recommended to grant EU candidate's status to Georgia¹⁸. The European Council will take the decision on granting the status in December 2023. But it must be mentioned, that Georgia's future in EU integration processes is not as clear, as it can be shown. The European Commission recommended the European Council to grant Georgia the bloc's candidacy with nine conditions, with new conditions referring the fight against disinformation and foreign information manipulation about the EU and its values¹⁹. EU member states are yet to sign off on the recommendation: that decision will come in December, but the mood is already celebratory in Georgia.

For all the celebrations, Georgia still remains behind Ukraine and Moldova in the European waiting room. In its recommendation, the European Commission noted that Georgia is at odds with the European Union's common policy of economic isolation of Russia over Ukraine. The European Commission specifically said that Georgia needs to align itself with the trajectory of the EU's external relations to make progress toward membership²⁰.

EU ambassador to Georgia, Pawel Herczynski, gave some press remarks about the Publication of the EU Enlargement Report. Congratulating the Georgian people on this remarkable event, he also has mentioned - "...the recommendation to grant Georgia the candidate status is linked to fulfilling important steps. Addressing these steps will be crucial to move to the next stage. This is the nature of the enlargement process: constant reform so that the country can be ready to take its place as a full member of the European Union. While the report acknowledges the progress made by Georgia, it also underlines that important work remains to be done in essential reform areas such as the rule of law, the freedom of the media, and holding free and fair elections..."²¹.

To conclude, it must be mentioned, that candidate status is not a guarantee that a country will become an EU member state. Still, the announcement will likely calm political tensions in Georgia, which has been arisen after February 2022. Georgian Dream will, however, benefit from the fact that real progress on Georgia's path to the EU was achieved and it will use this argumentation as a tool for propaganda during 2024's election year.

¹⁸ Civil Georgia. "European Commission Recommends EU Candidacy for Georgia." November 08, 2023. Accessed November 24, 2023. <https://civil.ge/archives/568259>.

¹⁹ Front News Georgia. "EU Commission recommends Georgia's candidacy with nine conditions." November 08, 2023. Accessed November 24, 2023. <https://frontnews.ge/en/news/details/49022>.

²⁰ European Commission. "Georgia 2023 Report." *November 08, 2023*. Accessed November 24, 2023. https://neighbourhood-enlargement.ec.europa.eu/system/files/2023-11/SWD_2023_697%20Georgia%20report.pdf.

²¹ Delegation of the EU to Georgia. "Press Remarks by the EU Ambassador to Georgia, Pawel Herczynski on the Publication of the EU Enlargement Report." *November 08, 2023*. Accessed November 24, 2023. https://www.eeas.europa.eu/delegations/georgia/press-remarks-eu-ambassador-georgia-pawel-herczynski-publication-eu-enlargement-report_en?s=221.

From the political perspectives, official Baku is one of the main beneficiaries from the results of this war. Russia's temporary withdrawal or weakened positions from the South Caucasus strengthened Baku's positions in the region and made him more unbending in decision making processes. The latter is trying to take advantage of the created situation and quickly implement its geopolitical plans. In this matter it enjoys the full support of Türkiye. We are sure, that the re-elected Erdogan will remain faithful to the policy of support towards Azerbaijan. Although today we see some external political pressure on Azerbaijan about his aggressive policy towards Armenia, it sometimes doesn't work.

On the top of Azerbaijan's foreign policy agenda we will find so-called "Zangezur corridor" issue. The corridor is considered to be an international level transportation way which will connect Azerbaijan and Türkiye by the territory of Armenia at regional level and China-Central Asia with Europe at a larger level. In general, from the point of political perspectives, this is a part of Türkiye-Azerbaijani pan-Turkish ambitious program, which aims to support land connection between Turkish-speaking countries. Azerbaijan's advantageous position in this matter is primarily determined by the fact, that the latter has received a new tool set to influence on European countries policy making processes: that is, to diversify the energy gaps created in Europe, which arose after the cessation of energy supplies from Russia.

'Zangezur corridor' got new geostrategic meaning for Azerbaijan after Russian-Ukrainian war. After some difficulties according implementing the northern belt in China's Belt and Road Initiative, connected with the war in Ukraine, the central route, which passes through the Southern Caucasus as well, gets higher importance. Over the past year, Azerbaijan has not only intensified cooperation with China in this direction, but also increased his relations with China in other spheres in economy and politics.

Armenia's interests coincide with Iran's in the matter. For the latter, the border with Armenia is of vital importance, so Tehran reacts rather harshly to the plans of Baku and Ankara to create a sovereign corridor through the territory of Armenia. Of course, the Republic of Armenia is not against becoming a part of the new international transport highway, but the peculiarity of the problem here is that Baku offers to take part in the management of the highway passing through the territory of Armenia. Official Tehran has repeatedly warned Azerbaijan that it is still unacceptable for him to form the corridor in this format. One of the direct warning came in October 2022, when Iranian President Ebrahim Raisi warned against any border changes in the region during his meeting with President Aliyev (Toroyan 2023). In addition to the verbal warnings, the Islamic Republic also opened a consulate general in the city of Kapan - the center of the Syunik region of Armenia. This can be interpreted as a direct indication of Iran's plan to expand relations with Armenia and warn Azerbaijan once again against border changes.

On the other hand, after the war in Ukraine, Azerbaijan's relations with Russia intensified. This is primarily due to the fact that both sides have increased their importance for each other. Azerbaijan can become a lifeline for Russia in its energy policy, and Azerbaijan needs to relax Moscow's vigilance as much as possible and complete its political plans in the region. On February 2022, before the war, Russia signed an agreement on cooperation in strategic fields with Azerbaijan (Heydar and Kucera). According to it, Azerbaijan is committed to supply gas to Europe with the

participation of Russia. In fact, with this agreement, Russia has somewhat balanced its tools of political influence over Azerbaijan. We also do not rule out, that under the conditions of Russia's failure in Ukraine, Azerbaijan can quickly get out of Moscow's influence.

What about Azerbaijan's policy towards Russian-Ukrainian war, it continues to play on two strings. As for official level announcements, Azerbaijan has been among the most vocal supporters of Ukraine's territorial integrity and sovereignty. Since the start of the war, Azerbaijan, through the subsidiary of its state energy company, SOCAR Ukraine, has been providing free gas and petroleum to vehicles in Ukraine used for humanitarian missions. Azerbaijan has also regularly dispatched humanitarian aid to Kyiv. Over the course of the ongoing war, Azerbaijan has sent medicines, medical supplies, and food products to the people of Ukraine, with the total amount of humanitarian aid reaching approximately 15 million euros (Toghrlu 2023). We could also see Moscow's complaint about Azerbaijan's policy on Ukrainian issue.

As for Armenia, it keeps neutrality in the Ukrainian conflict. Official Yerevan tries to avoid direct announcements about it. The reason is obvious: in the strained military-political situation created around Armenia by Azerbaijan and Türkiye, Armenia needs allies the most. Therefore, maintaining and developing relations with Russia and the West is of strategic importance for Yerevan. However, the dialogue with official Moscow does not seem to be going very well. We saw difficulties in this regard even after the 2020 war, but the situation sharply worsened after the new political situation in Nagorno-Karabakh on September this year. Armenian authorities began to accuse Russia of not fulfilling its direct responsibilities in this matter, which led to new tension in relations between Yerevan and Moscow. The two sides are now in a diplomatic exchange of fire, blaming each other.

If we look at the situation from the security point of view, we can surely state, that Armenia is on the list of the most affected by the situation. USA and European countries are trying to fill the political and military vacuum created here as a result of the weakening of Russia, but this policy works not so effectively as we accepted. There are several reasons for it. First of all, the South Caucasus has no strategic importance for the West, so the Western countries wait too long before showing any activity here. The USA and European countries are still showing restraint in areas of vital importance for Russia, and the South Caucasus is one of them. From all this we can conclude that Russia, although has been retreated from South Caucasus a little, it remains the main political player in the region. On the other hand, Türkiye has become stronger in the region, and the latter has its own tools to put pressure on Europe and on the USA. In fact, no matter how much Armenia tries to conduct a balancing policy, the official Yerevan has to first sit at the table with the traditional actors of the region.

As for official Yerevan's policy towards Ukrainian war, Armenia stays neutral. As Armenian Prime Minister Nikol Pashinyan told CNN Prima news during an interview on June 2023- "Armenia is not Russia's ally in the war with Ukraine. And our feeling from that war, from that conflict, is anxiety because it directly affects all our

relationships”²². On early September 2023, Armenia sends its first humanitarian aid to Ukraine since the start of the war. Both official Moscow and Russia’s political and expert field reacted rather painfully to this. Even Armenia’s ambassador to Russia Vagarshak Harutyunyan was urgently summoned to the Foreign Ministry of Russia to give some explanations on this regard²³.

Leaving aside the fact whether the humanitarian aid sent by Armenia to Ukraine was justified, especially taking into account the fact that the latter expressed its open political support to Azerbaijan in the Nagorno-Karabakh issue, two important issues should be emphasized here. First of all, this was a humanitarian aid that was not directed against Russia. Of course, since the issue concerns a state at war with your ally country, official Yerevan should have been much more cautious in the matter of Ukraine and maybe should not have sent aid with high level escort. On the other hand, official Moscow’s reaction to Armenia can’t be acceptable, if we take into account the fact, that it shows a much more tolerant behavior towards Azerbaijan, which’s support to Ukraine is much more.

Armenian-Azerbaijani conflict during the Ukrainian war

Russian-Ukrainian war and the Second Nagorno-Karabakh War in 2020 have a huge impact on security, connectivity and the conflict zones in the South Caucasus. With the comprehensive Western sanctions against Russia, Europe’s interest in the Middle corridor towards Asia through the South Caucasus is growing (Meister 2023a, 2023b).

Armenia-Azerbaijan conflict consists of two main components. The first is the status of Nagorno-Karabakh region. After the second Karabakh war in 2020, Russian peacekeeping troops has been settled around Karabakh-Azerbaijani border and in Nagorno-Karabakh region. The period of operation of peacekeeping forces is limited to 5 years, with the possibility of extension in the future. After the start of the Ukrainian war, Azerbaijan intensified its pressure in this direction, trying to get full guarantees from the official Yerevan that the latter has no claims according the region. The situation created in Ukraine has given official Baku hopes that sooner or later Russia will have to withdraw its troops from Nagorno-Karabakh. This scenario was not from the genre of fantasy, because Russia could go to concessions in Nagorno-Karabakh issue for the support of Azerbaijan and Türkiye in Ukraine. However, on the other hand, it should be remembered that the Nagorno-Karabakh conflict is the only lever with which Moscow can exert pressure on Baku, so it will do everything to keep this tool under his control. In general, final solution of Nagorno-Karabakh conflict will mean the start of Russia’s ending influence in South Caucasus. On one hand, Russia will weaken its physical presence in the region, and on the other hand, it will lose its authority in Armenia. With Russian troops stuck in Ukraine, Moscow’s military and political weaknesses have

²² The Prime Minister of Armenia. “Prime Minister Nikol Pashinyan’s interview with CNN Prima News.” *June 1, 2023*. Accessed November 25, 2023. <https://www.primeminister.am/en/interviews-and-press-conferences/item/2023/06/01/Nikol-Pashinyan-interview-CNN-primanews/>.

²³ Mediamax. “Russian MFA hands over a note of protest to Armenia’s ambassador.” *September 8, 2023*. Accessed November 25, 2023. <https://mediamax.am/en/news/foreignpolicy/52427/>.

become increasingly obvious. As a result, Azerbaijan has been taking steps toward resolving the conflict in its favor (Souleimanov and Fedorov 2023; Neset et al. 2023).

From December 2022, Azerbaijan subjected Nagorno Karabakh to a physical blockade. In September 2023, after a nine-month-long blockade Azerbaijan started military operation in Nagorno-Karabakh. The military operation was accompanied by a humanitarian crisis, as a result of which the entire Armenian population of Nagorno Karabakh, facing the threat of physical annihilation, left the region. At the moment, Azerbaijan fully controls Nagorno-Karabakh. It is still not clear what awaits the people who left the region, but one question is clear: at this moment Azerbaijan does not intend to discuss the issue of the rights of the Armenian people of Nagorno Karabakh with official Yerevan.

At the end of September, the authorities of Nagorno-Karabakh were forced to negotiate with Azerbaijan in order to save the population of the region from physical annihilation. As a result of the negotiations, Stepanakert was forced to give in to Azerbaijan's pressure, that is, to announce the dissolution of the Nagorno Karabakh Republic. Nagorno-Karabakh President Samvel Shahramanyan's decree called for all institutions and organizations of the Republic of Artsakh to dissolve from January 1, 2024²⁴.

The next component in Armenian-Azerbaijani conflict is about the normalization of bilateral relations. This task, besides the humanitarian and civil sides, also has two main political components: the issue of border demarcation between Armenia and Azerbaijan and the opening of the corridor from Azerbaijan to Türkiye through the territory of Armenia. Azerbaijan seeks to implement the border demarcation process based on data that is beneficial to him only, without real argumentation. So, using the favorable situation, Azerbaijan tries to get territorial concessions from Armenia. It also wants to control the corridor to Türkiye, which is going to pass the territory of Armenia (Galitsky 2022).

We are sure, that official Baku's hasty policy regarding both the status of Nagorno-Karabakh and the adjustment of the borders with Armenia and the opening of the corridor through its territory to Türkiye, is due to the fact that the latter is hurrying to settle them until the end of the Ukrainian war. Azerbaijan is trying to implement a pressure strategy against Armenia. Azerbaijan has carried out military operations on the territory of Armenia or in the border zones several times after the war, trying to extract unilateral concessions from Armenia. After the end of the 2020 war in Nagorno-Karabakh, the largest military operation carried out by Azerbaijan against Armenia was in September 2022. As a result of military operations, the Armenian side had more than 200 victims and almost 300 wounded soldiers. According to Baku, the Azerbaijani side had about 80 victims²⁵. It was possible to stop the military operations through the active mediation of all interested parties, including Russia, European countries, and the United States. Later,

²⁴ CNN. "Nagorno-Karabakh will cease to exist from next year. How did this happen?" *September 28, 2023*. Accessed November 25, 2023. <https://edition.cnn.com/2023/09/28/europe/nagorno-karabakh-officially-dissolve-intl/index.html>.

²⁵ Reuters. More than 200 killed in Armenia-Azerbaijan border clashes – officials. September 16, 2022. Accessed May 20, 2023. <https://www.reuters.com/world/asia-pacific/armenia-says-135-soldiers-killed-clashes-with-azerbaijan-this-week-2022-09-16/>.

the European Union announced its intention to deploy a civilian observation mission on the Armenian-Azerbaijani border. At the late autumn of 2022 this intention was realized (Krivosheev 2023). However, it should be noted that this mission does not have any real leverage in terms of curbing the aggression of the Azerbaijani side. The EU intends to increase the number of its monitoring mission in the near future. Also, the issue of expanding the functions of the mission and the tools used is being discussed.

We are sure, that the rhetoric used by official Baku on the issue does not give optimistic grounds to think that the Armenian-Azerbaijani conflict can be settled in a short term period. Official Yerevan sometimes makes statements containing some optimism, but they are immediately aborted by impulses coming from Baku. We are also sure that the settlement of the conflict can become a reality only at the price of compromises. Unfortunately, Azerbaijan is still guided by a strategy that demands unilateral concessions from the Armenian side. A lot depends on Türkiye's position regarding the settlement of the Armenian-Azerbaijani conflict: Azerbaijan cannot succeed in its large-scale initiatives without the latter's support.

Conclusion and discussion

Russian-Ukrainian war is to start new strategic order reschedule in the South Caucasus. The first steps are done, but it is never clear how Russia will act in a moment. So, the situation is unclear and full of treats and unstableness.

- The continuation of war in Ukraine may bring some global political and economic changes in the South Caucasus. It can weaken Russia's influence in the region. On the other hand, as a result of weakening in Eastern Europe, Russia can seek to strengthen its presence in this region. Thus, Russia will try to strengthen its influence in the South Caucasus as compensation for weakening in Eastern Europe. On the other hand, the West will try to take advantage of the opportunity and increase the mechanisms of his direct influence in the region.
- Western countries, especially the USA, are trying to take advantage of the favorable geopolitical situation and strengthen their presence in the South Caucasus. However, it should be remembered, that the region has no strategic importance for the US, so the latter will show caution here, taking into account Russia's traditional influence.
- A fairly favorable international economic situation has been created for the countries of the South Caucasus. All the three countries in the region benefit from it. Armenia's and Georgia's benefits are mainly connected with direct financial inflows. As we have already stated above, Russian-Ukrainian war has greatly affected the development of Armenia's and Georgia's economy. Azerbaijan can take advantage in longer term perspectives, taking into account its involvement in global-shape energetic projects.
- As for military-political perspectives, the region will continue to be in turbulence zone, especially taking into account the new situation in Israeli-Palestinian conflict. Since the start of the 2023 war between Israel and Palestine, the situation in the South Caucasus has calmed down a bit. However, we believe it could flare

up again at any minute. At this moment, it seems that the West is making great efforts to prevent the relations between Armenia and Azerbaijan from entering a new phase of escalation.

- Armenia-Russia relations also faced new challenges during the Ukrainian conflict. Official Yerevan is moving further and further away from Moscow over time. Both the policy conducted by Russia regarding the Armenian-Azerbaijani relations, as well as the continuously developing relations of Armenia with the West, play a big role in this matter. Although official Moscow shows that it will not use hard power on Yerevan due to its foreign policy, recently Russia's pressure on Armenia is increasing. They are still mainly expressed in the form of economic sanctions and political statements.

Supplementary material

The supplementary material for this article can be found at <https://doi.org/10.46991/JOPS/2023.2.6.032>

Conflict of interests

The author declares no ethical issues or conflicts of interest in this research.

Ethical standards

The author affirms this research did not involve human subjects.

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