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Not quite a wonderful world

Genuine peace or not, the South Caucasus is likely to change permanently after this day — whether it will last is questionable

Genuine peace or not, things are likely to change in the South Caucasus.

Azerbaijan's President Ilham Aliyev and Armenia's Prime Minister Nikol Pashinyan seemed to be trying to outdo each other in the US capital over who would nominate Donald Trump for the Nobel Peace Prize. Grand words were spoken in Washington: peace forever, no more violence between neighbours who have been enemies for decades, trade, reconciliation and open borders. Even the Bible was quoted. At the end, the band played Louis Armstrong's 'What a Wonderful World'. Peace is that easy, one might think — 35 years of war and displacement, and then Trump came along.

But the glamour of the spectacle is misleading — only a declaration of intent was signed. On top of that, the actual peace agreement was only initialled by the foreign ministers. The road to the final signing is likely to be a difficult one. Azerbaijan is making maximum demands that are difficult for Armenia to meet. For example, the agreement is only to be signed once Armenia has adopted a new constitution. Since the current preamble contains a reference to Armenia's claim to Nagorno-Karabakh, Baku wants to see any possible derivation of claims removed. In all likelihood, a referendum will decide on a new Armenian constitution.

This will not be an easy task for Nikol Pashinyan. Already in the evening, the first voices from the opposition warned against selling out Armenian interests. Next year's parliamentary elections are will be decisive for the future course. Pashinyan has had his back against the wall since the defeat in the war in 2020 and the expulsion of the Armenian population from Nagorno-Karabakh in 2023. Neither the right of return for the displaced nor the release of Armenian prisoners were discussed at the White House. Both Aliyev and Pashinyan skilfully avoided questions on these issues. The process of demarcating the border is likely to take years. Ultimately, it has become apparent that both sides are fighting fiercely for every square metre.

The real winners

Despite all the peace doves, further outbreaks of violence cannot be ruled out. The statement agreed upon at the White House contains neither security guarantees nor a sanctions mechanism in the event that one of the two sides resorts to violence. Nevertheless, the staging in Washington could be considered a historic moment: the South Caucasus is likely to change permanently after this day — and possibly unfold its true potential for connectivity.

Azerbaijan naturally sees itself as the clear winner. Not only will Baku finally get the long-awaited connection to the Azerbaijani exclave of Nakhchivan (Trump had some serious pronunciation issues here), but the agreement should also lead to oil and gas pipelines and power lines. A memorandum to this effect has already been signed with the US energy company ExxonMobil. Connecting Nakhchivan to Turkey and thus to the Mediterranean and Europe opens up new markets. This will enable Azerbaijan to significantly increase its export volume, including to the EU. Accordingly, the EU Commission promised its support that same evening. Trump also lifted an arms embargo against Azerbaijan that had been in place since 1992.

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But the real winner was not sitting at the table — Turkey now has a free trade route to the Caspian Sea and on to Central Asia and China. Although there was no mention in the initial reaction of the opening of the border, which Armenia had long hoped for and which had been closed since the early 1990s, this is likely to be the logical conclusion. This would open up new economic prospects, especially for eastern Turkey — and significantly strengthen Ankara's influence in the South Caucasus.

Iran, on the other hand, is less than pleased with the deal, as the 'Trump Road for International Peace and Prosperity,' which is under Armenian jurisdiction, runs along its northern border. Although Tehran officially welcomed the peace agreement, it did raise questions. Yerevan believes it will be able to contain these within the framework of government consultations, especially since Tehran has only limited room for manoeuvre anyway due to its massive weakening as a result of the conflict with Israel, a close ally of Azerbaijan.

Moscow, on the other hand, is likely to emerge as the clear loser from the deal. While the 2020 ceasefire still guaranteed Russia responsibility for

the land connection, this is no longer the case today. Moscow's dwindling role as a stabilising force in the South Caucasus is evident. Russia's dream of a 'sanctions-proof' north-south route through the Caucasus to Iran and on to India is now more in question than ever.

Relations with Armenia and Azerbaijan are already strained. Russia has repeatedly failed to fulfil its obligations as Armenia's ally. Russian peacekeeping forces had to stand by and watch as Azerbaijan imposed *a fait accompli* in Nagorno-Karabakh and were then asked by Baku to withdraw early, only to find themselves on the battlefields of Ukraine shortly afterwards.

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For Armenia, the agreement represents a liberation from Moscow's tight grip: the pipeline connection opens up the opportunity to source oil and gas from Central Asia in the future, thus creating a genuine alternative to Russia. A bilateral agreement also provides for cooperation in the field of nuclear energy. Until now, Armenia's ageing nuclear power plant has been operated by the Russian state-owned company *Rosatom*. Opening the border to Turkey would also remove the justification for the Russian military base of up to 10 000 troops on the Turkish border. Even deeper cooperation with NATO and the US suddenly seems conceivable.

It is unlikely to be a coincidence that, on the evening of the signing in Odessa, Ukraine, a combat drone struck an oil depot belonging to the Azerbaijani energy company SOCAR — nor is the attack shortly prior on a gas distribution station through which Azerbaijani gas was to flow into Ukraine. Last month also saw a spate of attacks on Ukrainian refineries processing Azerbaijani oil. In addition, there was a recent wave of arrests among the Armenian opposition, which is suspected of attempting a coup supported by Moscow. At the same time, Armenian trucks were stuck at the Georgian-Russian border for weeks — officially due to customs problems.

In Azerbaijan, too, the break with Russia is obvious, not least after the shooting down of an Azerbaijani passenger plane by Russian air defences. Ilham Aliyev has recently taken a clearer rhetorical stance in support of Ukraine than before, advising Ukraine never to accept occupation. The signs are clear — Russia will not give up its former dominance in the South Caucasus without a fight. A look at Georgia illustrates this. there,

the leadership, shaken by ongoing protests, is increasingly isolating itself from the West. It would hardly be surprising if Vladimir Putin were to try to exert pressure on a weakened government that has so far been largely ignored by Donald Trump in order to continue to be perceived as a strong man in the region.



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