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## Azerbaijan's frontline weakness raises Karabakh risks

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Nagorno-Karabakh is a serious and immediate challenge to security and stability in the South Caucasus. It could quickly expand into a broader and more deadly conflict if Russia, Turkey or Iran intervened. Potentially even more destabilising than the brief August 2008 Russo-Georgian war, it would disrupt strategic energy transport routes and key military air corridors, set back economic development and stifle foreign investment, and undermine the inherently fragile course of democratisation in the South Caucasus.

### What next

Although a ceasefire has held since May 1994, the danger of a fresh war in the South Caucasus is increasing, as Azerbaijan grows more frustrated with lack of progress in the Karabakh peace process. With tensions and ceasefire violations escalating, renewed hostilities between Azerbaijan and Armenia seem ever more likely. The main restraint on a return to war stems neither from international pressure, nor from the potential disruption of energy supplies through this strategic region. Rather, the key deterrent lies in the state of Azerbaijan's armed forces, and recognition of their limited capabilities.

### Analysis

After another round of high-profile diplomacy ended in deadlock, Azerbaijani officials returned to the rhetoric of resorting to force to resolve the Karabakh issue. The failure of the Kazan summit between the Azerbaijani and Armenian presidents brokered by Russian President Dmitry Medvedev (see PROSPECTS 2011 Q4: Russia/CIS - September 7, 2011) has only increased Azerbaijani frustration.

One of the last remaining protracted conflicts in the former Soviet Union, the Karabakh deadlock:

- thwarts regional development and reintegration;
- continues to hinder attempts at normalisation between Turkey and Armenia;
- has isolated small, landlocked Armenia, since both Azerbaijan and Turkey have kept their borders closed;
- tends to enhance Russian power and influence; and
- serves as an obstacle to democratisation.

### Impact

- Hostilities in Karabakh would threaten such energy transport routes as the Baku-Tbilisi-Ceyhan pipeline and trigger a spike in oil prices.
- War would disrupt the air corridor over Azerbaijan that forms more than 70% of the tenuous US military supply line into the Afghan theatre.
- Russia might step in, consolidating its influence, isolating Georgia and endangering democratisation processes in Azerbaijan and Armenia.



### Humiliation, rage and revenge

For Azerbaijan, defeat in the early 1990s represented much more than the loss of the Armenian-populated Karabakh enclave. It also resulted in the loss of several districts of Azerbaijan proper, which have been occupied by Armenian forces since 1994. In this broader sense, the Karabakh conflict stands as a painful national humiliation for Azerbaijan. Most tellingly, many Azerbaijanis do not see the defeat as final: while Armenia may have won the battle for Karabakh, it did not necessarily win the war, which for Azerbaijan has not ended.

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Azerbaijan does not see its defeat as final

It is precisely this combination of humiliating defeat and loss of territory that has greatly increased tension over the 'frozen' conflict and triggered threats of renewed war by Azerbaijan.

### Arms race

Several recent developments reveal the new, more serious danger of war. First, an undeclared arms race is under way in the region, driven by Azerbaijani spending. After steady increases, Azerbaijan's defence budget surged from 175 million dollars in 2004 to 3.1-3.3 billion this year, accounting for roughly 20% of the overall state budget.

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Azerbaijan is spending more on arms, but not effectively

Yet it is not the level of spending that really counts. It is where the money goes and how it is used that matter most for military efficacy and readiness. Despite this surge, the impact has been very limited in terms of forging any real military capacity, mainly owing to entrenched corruption within the Azerbaijani armed forces.

### Weapons procurement

The second factor is that Azerbaijan is now devoting a significant proportion of its defence budget to real procurement, with a substantial 1.4 billion dollars set aside this year for the acquisition of new, modern offensive weapons systems, ranging from armoured vehicles to multiple rocket launcher systems.

Other acquisitions include spending some 750 million dollars on two S-300 anti-aircraft systems from Russia (see AZERBAIJAN/RUSSIA: Ties reflect interests, not trust - August 3, 2011), a defensive weapons system roughly comparable to the US Patriot missile system, which would be deployed to protect such critical infrastructure as offshore oil rigs and pipelines.

Azerbaijan has also been actively developing its own defence industry, with technical support from Pakistan, Turkey and Israel. While this burgeoning sector has concentrated on the domestic production of small arms, ammunition and some limited infantry support vehicles, there has been an additional expansion of the effort to acquire more cutting-edge offensive equipment, ranging from night-vision goggles to unmanned aerial vehicles.

This effort is backed by its own line item in the defence budget, and Azerbaijan seems especially ambitious in carrying it forward and has been eager to expand cooperation in the defence sector with Pakistan and Turkey in particular, while also entering into negotiations with South African defence companies. This is a strategic move to avoid over-dependence on either Russia or the West for restocking and re-equipping its arsenal in the event of wartime operations.

### **Force posture and threat perception**

A third factor is the force posture and threat perception of the Azerbaijani armed forces. More specifically, their deployment reflects three distinct roles:

- *Capital and maritime security.* In the east, most of the better-trained and best-equipped units are committed to 'force protection' in Baku, and participate in maritime security in the Caspian Sea. These elite units receive first choice in equipment and support, and enjoy the highest standard of training.
- *Counter-proliferation and counter-insurgency.* Reflecting their second-tier standing, units stationed in the south along the border with Iran are assigned to counter-proliferation, while units in the north handle border security and limited counter-insurgency operations in the light of the threat from Islamist groups in neighbouring Dagestan.
- *Frontline deployments.* The least-equipped force is composed of the frontline units stationed along the borders with Armenia and Karabakh, to the north-west and west respectively. Given lack of equipment, poor conditions and tensions along the frontline, these units suffer from low morale, lack of unit cohesion and poor discipline, each of which has generally contributed to a greater danger of threat misperception. Moreover, almost paradoxically, it is the inherent weakness and lack of discipline among the frontline units that make the danger of renewed hostilities and escalation more -- not less -- likely, given the tendency to over-react to incidents and misread the battlefield environment.

In this way, the traditional fog of war is even more pronounced, creating a dangerously unstable and unpredictable situation along an already tense frontline.

### Arms embargo

One measure to minimise this risk might be to address rising defence spending and rearmament by preventing any further deliveries of offensive weapons to all sides, strengthening the non-binding embargoes imposed on the parties to the conflict by the Organisation for Security and Cooperation in Europe and the UN. Such a move might also help to restrain all sides from any further build-up, reiterate that there is no military solution to the Karabakh conflict and reimpose some control over the delicate military balance of power in the region.

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Poor quality of forces on  
Karabakh frontline increases  
danger of accidental outbreak  
of war