



INFO PACK

Iran's Shifting Position on Nagorno-Karabakh

Turan Gafarlı

TRT WORLD
**research
centre**

Iran's Shifting Position on Nagorno-Karabakh

Turan Gafarlı

© TRT WORLD RESEARCH CENTRE

ALL RIGHTS RESERVED

PUBLISHER

TRT WORLD RESEARCH CENTRE

August 2020

WRITTEN BY

Turan Gafarlı

PHOTO CREDIT

ANADOLU AGENCY

TRT WORLD İSTANBUL

AHMET ADNAN SAYGUN STREET NO:83 34347

ULUS, BEŞİKTAŞ

İSTANBUL / TURKEY

TRT WORLD LONDON

200 GRAYS INN ROAD, WC1X 8XZ

LONDON / UNITED KINGDOM

TRT WORLD WASHINGTON D.C.

1819 L STREET NW SUITE, 700 20036

WASHINGTON DC / UNITED STATES

www.trtworld.com

researchcentre.trtworld.com

The opinions expressed in this Info Pack represent the views of the author(s) and do not necessarily reflect the views of the TRT World Research Centre.

Introduction

In recent weeks, Azerbaijani government officials and social media users have spotted Iranian trucks at the border between Iran and Azerbaijan. It is important to note that the trucks crossed the border near the Karabakh region, a highly sensitive region in the South Caucasus. Although Karabakh is internationally recognised as Azerbaijani territory, the self-declared Nagorno-Karabakh Republic continues to exist as a subordinate structure established by Armenia in the occupied territory.

This info pack seeks to explore Iran's position in the conflict. Tehran has consistently endorsed the ter-

ritorial unity and sovereignty of Azerbaijan. At the same time, it has demonstrated itself to be a reliable economic partner and neighbour for Armenia. In the past, Iran took a vocal stance on the conflict and has previously offered to mediate between the parties on several occasions. Currently however, Iran's increasing partnership with Armenia and the separatist regime in Nagorno-Karabakh has added complexity to an already complex regional dynamic. This info pack examines Iran's foreign policy toward Nagorno-Karabakh in the context of Tehran's relations with both Armenia and Azerbaijan. It also looks into current developments and the shifting security paradigm in the region.



Source: Heritage Foundation research based on information from Radio Free Europe/Radio Liberty, "Leaders Discuss Nagorno-Karabakh Conflict; Kerry Expresses 'Strong Concern'" September 5, 2014, <http://www.rferl.org/content/nagorno-karabakh-/26567727.html> (accessed January 5, 2015), and SOCAR Romania, "The Global Scale of the State Oil Company of Azerbaijan Republic," <http://www.socar.ro/en/SOCAR-AZERBAIJAN> (accessed January 5, 2015).

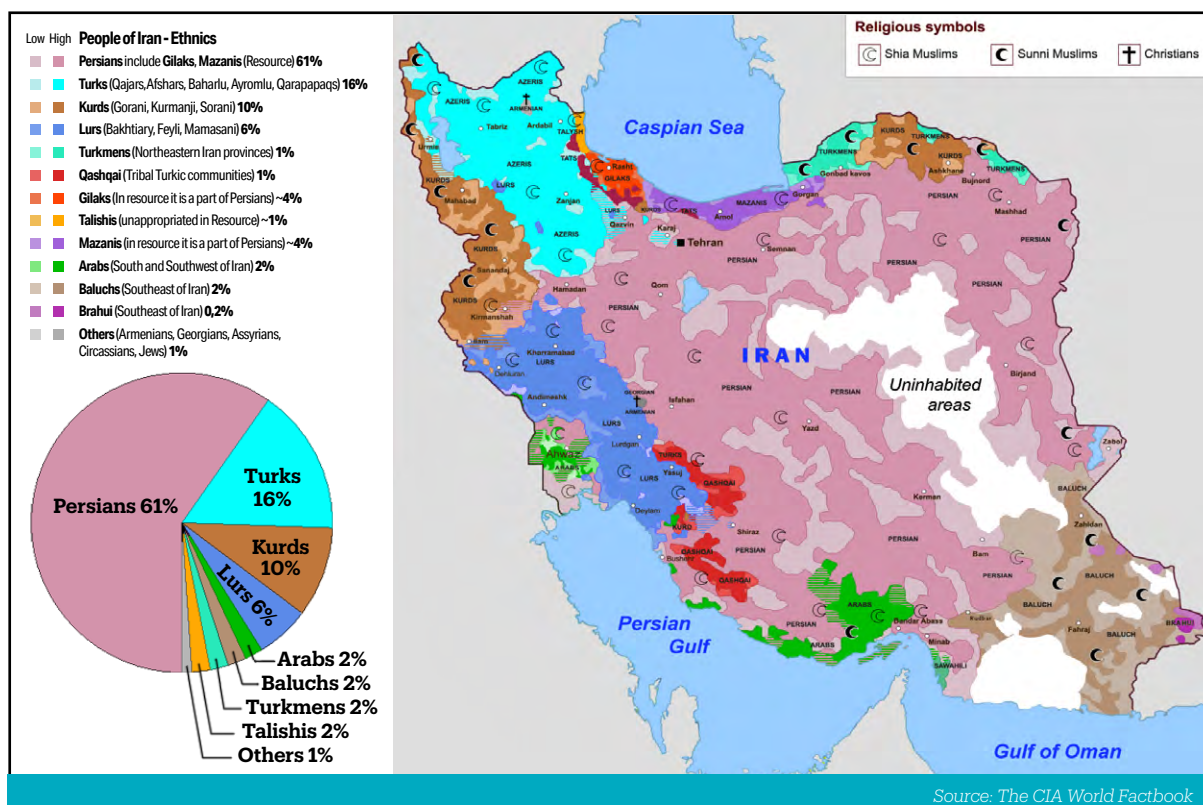
Background: Iran-Armenia and Iran-Azerbaijan Relations

Following the dissolution of the Soviet Union, the South Caucasus became a highly unstable region. Ethnic tensions have made up only part of the challenge to stability in the region. While centuries-long border disputes ignited a war between Armenia and Azerbaijan in the 1990s, other significant issues also affected the newly formed nation-states of the region. Economic, political and social instabilities were exacerbated by war, an uncontrolled privatisation of former state enterprises and a mass exodus of the population to the West following the fall of communist regimes. These factors lead to a power vacuum in the area and Azerbaijan was particularly affected during the early years of the First Karabakh War.

Iran was naturally concerned about developments in the region. The dissolution of the Soviet Union was a monumental event to which Tehran arguably managed to successfully adapt. Iran's long-standing agenda of exporting revolution abroad has been seen in Iraq, Syria, Lebanon and Yemen. This was not the case, however, in the South Caucasus of the 1990s, even though newly independent

Azerbaijan is predominantly Shiite Muslim. Azerbaijan's ruling class had strong ties with either Russia or Turkey and the population was mostly secular in its outlook, favouring integration with the West.

Azerbaijan and Iran share a 765 km border, touching upon the occupied Karabakh region and the Nakhichevan Autonomous Republic, a part of Azerbaijan. Analysts argue that the major obstacle preventing improved relations between Baku and Tehran was the nationalist government which came to power in Azerbaijan in 1992. Then Azerbaijani President Abulfaz Elchibey continuously raised the issue of ethnic Azerbaijani Turks who lived in Iran. At that time, Tehran began to see the millions of Azerbaijani Turks living in its territory as a potential security risk and a point of leverage for the government in Baku with regards to possible territorial claims. It should be noted that the ideology of the Elchibey government was based on the irredentist concept of "Whole Azerbaijan", which seeks to unite historic Azerbaijani territories including parts of Iranian sovereign territory.



In addition to the fear of potential pan-Turkic nationalist claims, Iran viewed its exclusion from major oil deals with Baku in the 1990s with suspicion. Georgia was selected as a major transit partner for Azerbaijani oil, later natural gas as well, instead of Iran, a decision based largely on the preferences of Azerbaijan's Western partners. After all, with its great energy potential, Azerbaijan was a potential competitor to Iran. It had invited American and British investors to the region, which Iran opposed. Furthermore, there was conflict concerning the status of the Caspian Sea. Iran did not back down from this discussion until [the legal status of the Caspian was officially declared in 2018](#). The convention signed on the legal status of the Caspian Sea defined the waters as neither sea nor lake, giving it a 'special legal status' where the surface water would be commonly accessible while the seabed would be divided up. Despite these challenges and the current US sanctions against Iran, which make trade more difficult through the Iranian financial bodies, both countries now enjoy successful economic relations based on major transportation projects, tourism, food products and energy.

The Armenia-Iran relationship is based largely on a win-win formula. In addition to millions of ethnic Azerbaijanis, Iran also hosts thousands of ethnic Armenians who are entitled to special schools, churches and other socio-economic

privileges. Armenia's only route to the outside world is through Iran. The landlocked country is blockaded by both Turkey and Azerbaijan due to the ongoing occupation of Nagorno-Karabakh. Iran is helping to compensate Armenia in terms of economic and energy needs, especially since Armenia has been excluded from major regional projects such as the Baku-Tbilisi-Ceyhan Pipeline. It therefore comes as no surprise that Iran is Armenia's third largest economic partner after Russia and Germany.

As both countries suffer from an absence of foreign investors, free zones such as Aras and Meghri provide substantial economic benefit to both countries. Iran has good relations with Russia and Russian-led organisations, such as the Eurasian Economic Union, which is conciliatory toward Armenia. This is another example of the interdependence between the two states. Russia, however, is not interested in leaving the economic security of Armenia in Iranian hands. Moscow has continuously increased pressure on Yerevan to limit Iran's influence in Armenia. This has further damaged Iranian economic interests in the region, especially in light of continued American sanctions. Therefore, Armenia is vital for Iran, allowing for access to alternative markets, balancing power against Azerbaijan and for facilitating Tehran's assertion of regional dominance.



Iran's Stance in the Nagorno-Karabakh Conflict

Many experts are still trying to find an explanation for Iran's position toward the Nagorno-Karabakh conflict, which is seen as counter-intuitive, particularly in light of Iran's revolutionary ideology and its connection to Shi'ite militias and movements throughout the Middle East and Asia. Tehran supports a predominantly Christian Armenia against the majority Shi'ite Muslim country of Azerbaijan. Regardless of the predominantly Western narrative surrounding the Nagorno-Karabakh conflict, this was never a religious war. Many popular, mostly Western accounts portray a revisionist description of a 'barbaric', Turkic-Muslim Azerbaijani attack upon outnumbered Christian Armenians. However, Iran's stance in the conflict reveals that the conflict is [far from a religious confrontation](#). Iran relies upon pragmatism when it comes to the conflict in Nagorno-Karabakh. Iran has tried [to negotiate and mediate](#) from the beginning of the conflict. However, as the parties to the conflict are backed by Russia and Turkey respectively, Tehran lacks the necessary leverage to be able to play a major mediation role. However, Iran continues to be an important player, offering localised mediation in the face of the ceasefire violations over the last two decades.

The Islamic Republic has significant security concerns related to its Azerbaijani population, fearing that further clashes revolving around Nagorno-Karabakh could spill over into its territory since ethnic Azerbaijanis in Iran continuously show support to Baku's positions on the Armenian backed breakaway republic. The geographic proximity of the Nagorno-Karabakh conflict zone has forced Iran to maintain a balance between Armenia and Azerbaijan, while simultaneously pursuing its own interests in Nagorno-Karabakh. In an attempt to avoid a possible power vacuum in the region, as happened following the dissolution of the Soviet Union, Tehran has tried to develop its relations with Yerevan while retaining its ties with Azerbaijan.

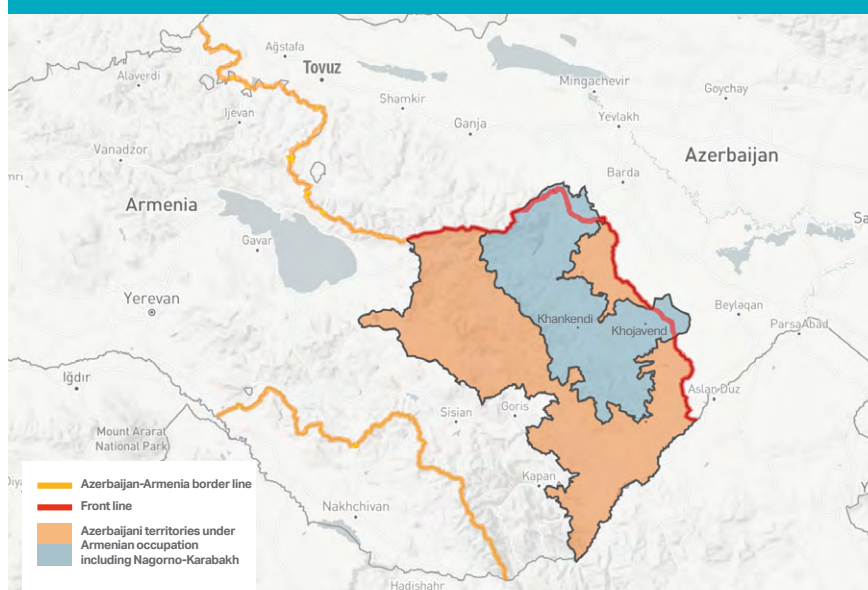
Turkey and Azerbaijan are close allies due to common language, history and culture, which has been officialised with strong economic and military partnerships. Furthermore, a strong and stable Azerbaijan with a vibrant economy and society holds potential to inte-

grate into Western institutions and increase its partnership with Israel, which could increase pressure on Iran. During the past 15 years, [Baku has purchased millions of dollars' worth of Israeli armaments](#). Tehran views Israel as a major threat to its national security. Therefore, the availability of Israeli weaponry in the region, especially unmanned aerial vehicles (UAVs), has made Iran uncomfortable and prejudiced against Azerbaijan.

After the recent clashes between Armenia and Azerbaijan in July, newly appointed Ambassador of Iran to Yerevan, Abbas Badakhshan Zohouri, and Armenian Defence Minister David Tonoyan [discussed](#) the extensive use of Azerbaijani UAVs during the confrontation as well as the recent military exercises jointly conducted by Azerbaijan and Turkey.

Lastly, Armenian influence in Iran's social, political and economic life is relatively high. The soft power of Armenians in Iran has resulted in the opening of several Armenian language schools, a strong position for the Armenian Church, political representation in the parliament and an active lobby for Armenian interests in Iran's highest bureaucratic offices. Compared to the limited state permission for social and political organisation of nationalist ethnic Azerbaijanis in Iran, Armenians even managed to achieve an official annual commemorate so-called 'Armenian Genocide' in Iran on a state level. The interdependence of the two nations has turned into cooperation, not only in economy and energy, but also in culture and opposition to mutual rivals.

The current border and front lines in the Nagorno-Karabakh Conflict



(Source: TRT World Research Centre)

The Recent 'Truck Crisis'

While Iran continues to be involved in various proxy and civil conflicts in the Middle East, the image of Tehran's quasi-neutrality in the Nagorno-Karabakh conflict has been damaged by the recent [spotting of supply trucks travelling](#) between Armenian-occupied zones and Iran. The crossing of fuel trucks, allegedly protected by the Iranian Revolu-

tionary Guard Corps (IRGC), has been interpreted as an open provocation by Baku. This could also be an indication of the extent to which Iran has been impacted by US sanctions, in that its options for pursuing economic and trade opportunities have forced it to into previously undesirable actions.

The Bridge that used by supply trucks to pass from Iran to the occupied Karabakh



(Source: Google Maps - Coordinates: 39°08'26.6" N 46°57'15.6" E)

Both Armenia and Iran have sought to take advantage of the high-stress period brought about by the global Coronavirus pandemic. In April 2020, during one of the worst months of pandemic, Armenia held [illegal elections in Nagorno-Karabakh](#) while Iran reactivated illegal cross-border transport routes. Seeking to generate foreign currency flows into the country, even if only on a relatively small scale, the transport of goods across the border represents a victory of sorts for Tehran. Footage broadcast on social media platforms showed long queues of fuel trucks and cars with Iranian plates trying to pass the bridge that connects Iran and the occupied territories of Azerbaijan, an obvious indicator of support for the separatist regime in Nagorno-Karabakh and Iranian attempts to support its

economy besieged both by US sanctions and the coronavirus pandemic. Iranian officials [denied the trade](#), claiming that the footage was the work of provocateurs. However, since the 1990s, it has been a known fact that the separatist regime in Nagorno-Karabakh has benefitted from a substantial supply of fuel delivered along the same route. These resources have been used in the war against Azerbaijan.

[The US 'Maximum Pressure' campaign](#) against Iran has forced Tehran to find alternatives to bypass sanctions. In addition to the transport of fuel, Iran has reportedly continued to launder money through banks both in Armenia and in Nagorno-Karabakh. The Yerevan branch of Mel-

lat Bank, in addition to Armenian companies such as the Yerevan Telecommunications Research Institute and the Markel Closed Joint Stock Company, [have already been sanctioned](#) by the US because of perceived breaches. In August 2019, the US Department of Commerce imposed penalties and sanctions upon several Georgian and Armenian companies for their cooperation with Iran. Furthermore, Iranian food exports have been sold under the label of either Armenia or Nagorno-Karabakh in both Russian and European markets.

The situation has also created additional risks for illegal arms smuggling. Iran is known for its support of non-state actors in several Middle Eastern countries, supplying them with weapons, and financing. There is potential for a similar situation to develop in the case of Nagorno-Karabakh. This would also imply, however, that Iran is officially choosing sides in the conflict, which would effectively entail breaking ties with Baku. For its part, Armenian cooperation with sanctioned organs of the Iranian state creates dangers for the prospective of Yerevan's relations with the West.

The US is one of the major stakeholders in the region. Azerbaijan is a partner of Washington, not just because of its oil and gas wealth, but also for its balanced approach to both Russia and Iran. While Armenia is almost entirely dependent upon Russia's security framework and economic assistance from Iran, Baku is seen by the US as a stable partner in the region. Aspects of the relationship between Armenia and Iran, particularly in the context of allegations of smuggling and money laundering, indicate a degree of unreliability and unpredictability vis-à-vis those who seek stability and consistency in the international system. This

situation mostly concerns the relations between Yerevan and Washington since the US is known for its firm and aggressive stance against Iran, particularly since Donald Trump assumed office. In this case, Armenia has more to lose than Iran, since Yerevan's rapprochement to Western institutions could be put in jeopardy due to its cooperation with Tehran.

For Iran, besides having experienced one of the worst health crises in its history, it also continues to suffer from low oil prices, a falling currency and economic devastation resulting from US sanctions. After the assassination of General Qassem Soleimani, followed by the shooting down of a commercial plane and hitting one of its [own warships](#) with a missile, 2020 has been an exceedingly challenging year for Iranian policymakers. Seeking to develop its relations with regional allies, in this case Armenia, Tehran has built a new bridge over the Aras River, connecting Iran with occupied Karabakh. Iran also started to supply [energy from the Khoda Afarin Dam](#) to Nagorno-Karabakh, to the consternation of Baku.

Tehran's limited options for bypassing US sanctions has led to a situation where it is now cooperating with a break-away republic that is recognised internationally as being occupied Azerbaijani territory. Iran's evolving position could lead to a new and unprecedented chapter in the Nagorno-Karabakh conflict. On the other hand, Armenian support for Iranian causes may further push the US toward Azerbaijan. The view in Washington concerning the conflict and the region in general is evolving in parallel with recent developments.

The new bridge built between occupied territories of Azerbaijan and Iran



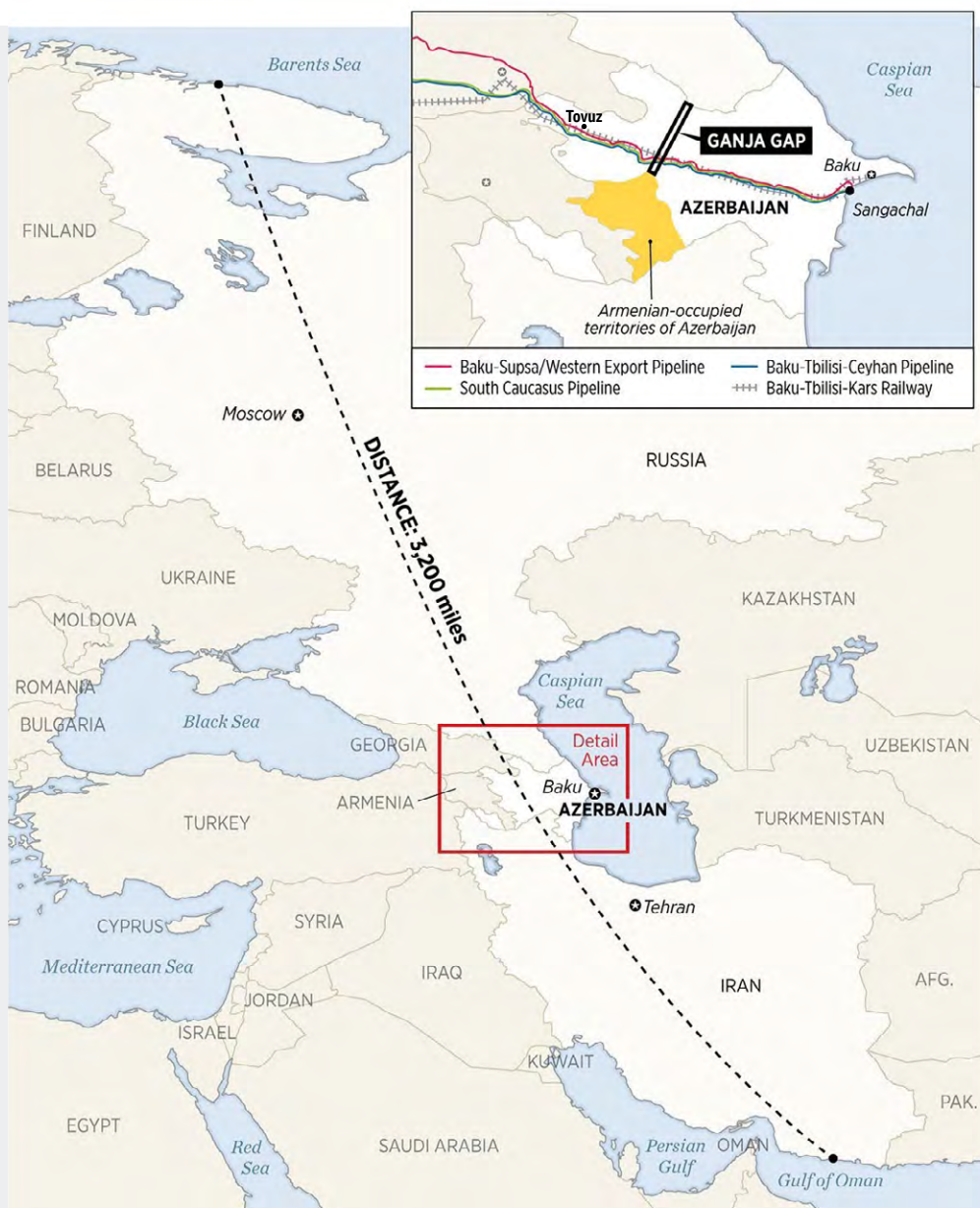
(Source: Google Maps - Coordinates: 39°11'04.2"N 47°02'23.0"E)

The Ganja Gap

To bypass Russia or Iran for overland trade between Asia and Europe there is only one option: Azerbaijan's territory means that there is only a narrow 60-mile chokepoint for trade. This is the Ganja Gap.

Note

Pipeline locations are approximate



Source: Heritage Foundation Research

Conclusion

Iran has a significant role to play in the Caspian region, particularly in the South Caucasus. Besides its historical and cultural bonds in the region, Tehran prioritises the security of its borders while trying to exert influence over its neighbours. Most recently, Tehran has seemingly shifted its policy towards the Nagorno-Karabakh. While Iran continues to advocate for the territorial integrity of Azerbaijan, Tehran has also become one of the major economic and political partners of Armenia. Apart from the political support for Yerevan against Baku, Tehran supplies energy and other supplies to the occupied Karabakh region. After the latest

social media footage of trucks passing into the occupied region from Iran, Baku has protested the situation and has accused Iran of supporting an illegal entity. Cooperation between Armenia and Iran is not limited to smuggling activities on the Iranian-Azerbaijani border. Armenia has also been accused of laundering Iranian financial assets through banks and companies registered in both Armenian and Nagorno-Karabakh. All of this has called Iran's official neutrality in the Nagorno-Karabakh conflict into question, particularly as the largely dormant conflict remains a threat regional stability, development and security.

