

MULTIPLE BORDERS OF NAGORNO-KARABAKH

ABSTRACT. Though the agreement on ceasefire between Armenian and Azerbaijani troops in Nagorno-Karabakh was concluded more than 25 years ago, there is no progress in the negotiations between the sides. The conflict is intrinsically related to the partition of territory between the areas de facto controlled by the non-recognized Republic of Nagorno-Karabakh, boundaries of which do not match the administrative borders of Nagorno-Karabakh Autonomous Region in the Soviet period, and Azerbaijan. This paper considers the geopolitical situation of Nagorno-Karabakh through the lenses of its cross-border interactions and bordering. This notion widely used in contemporary border studies means not only border delimitation and management, but also the constant process of change in their functions, regime, and social importance. Such change can result, for instance, from the transformation of political strategies, shifts on the international arena and bilateral relations, currency exchange rates and global market prices, as well as in the course of the everyday practice and interactions. The authors analyzed first the existing pattern of borders in the context of security. Then they characterized de-bordering and interactions between Nagorno-Karabakh and its patron state, Armenia, describing the adaptation of the Karabakhi population and economy to the lack of international recognition. The demarcation line with Azerbaijan remains one of the rare cases of a completely closed border. One of the main and potentially long-term obstacles in finding a solution is the cultivation of the «image of the enemy» on both sides of this border.

KEY WORDS: Nagorno-Karabakh, bordering, conflict, geopolitical situation

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INTRODUCTION AND THE THEORETICAL FRAMEWORK

More than 25 years have passed since the ceasefire in Nagorno-Karabakh, achieved in May 1994 after a bloody armed conflict, but the prospects of its resolution are not visible in the medium term. The efforts of intermediaries are so far inconclusive. Azerbaijan firmly insists on the principle of the integrity of the state territory and the inviolability of the borders inherited from the Soviet period, and thus advocates the return of the former Nagorno-Karabakh Autonomous Region (NKAR). The Armenian side believes that the people of Nagorno-Karabakh will never abandon independence won in battles.

The Karabakh conflict is inextricably related to the territorial delimitation between the regions under the control of the Nagorno-Karabakh Republic (NKR, now named Republic of Artsakh in accordance with the Constitution adopted in 2017), Azerbaijan, and Armenia. Despite the quasi-invariance of their pattern after the ceasefire, the instability of the situation in the region is clearly reflected in the functions, regime and symbolic meaning of the external and internal borders in this part of the South Caucasus.

The delimitation or unification of Armenia and Artsakh, the configuration and functions of the de facto borders between Artsakh and Azerbaijan are determined by nation building associated with the internal political situation, shifts in the identity of citizens and their understanding of the place of their countries (regions) in the world, as well as the state of economy, changing gradients in the standard of living, and the development of transportation networks connecting the states of the South Caucasus with the outside world. Finally, new attempts to change existing borders by military force are not ruled out.

Most publications in both Russian and European languages on Nagorno-Karabakh are devoted to the history

and stages of the conflict, interactions and the positions of the disputing parties (Markedonov 2012); as well as scenarios, prospects, models and settlement mechanisms, and the impact of the main external players (i.e. Russia, USA, EU, Turkey, and Iran) (Deriglazova et al. 2011; Markedonov 2018; Harutyunyan 2017). A number of authors compare the case of Nagorno-Karabakh with other post-Soviet conflicts. The significance of the Kosovo precedent for de facto state recognition is considered (Ozan 2008; Bayramov 2016; Tokarev 2017; Babayev et al. 2020). Many authors analyze domestic political causes and consequences of the outbreak of hostilities between Artsakh and Azerbaijan in April of 2016 – the so-called Four-Day War and the factors contributing to its quick end thanks to the efforts of Russia and other countries of the Minsk Group. In this context, they seek an explanation for the lack of progress in resolving the conflict. Some see such interests in the lack of open communication on the part of the intermediary countries that stems for their interest in maintaining relations with both sides (Bayramov 2016; Branch 2018). Others are trying to connect the Karabakh conflict to the lack of universally recognized criteria for the international legitimization of new states emphasizing that its only difference from other states is non-recognition (Berg et al. 2018; Caspersen 2012, 2015; Iskandaryan 2019). They argue that, objectively, neither Armenia nor Azerbaijan can afford to start a new large-scale war that would inevitably lead to unacceptable material losses and a breakdown in interaction with many key players (Ozan 2008; Babayev et al. 2020). However, political elites are actively using the conflict to legitimize their power and marginalize opponents (Minasyan 2011; Ayunts et al. 2016). The Karabakh conflict is of paramount importance in the political life and evolution of the identity of the citizens of Armenia and Azerbaijan. Therefore, the President of Armenia, L. Ter-Petrosyan, had to leave his post on suspicions of a

willingness to reach a compromise with Azerbaijan by returning a section of the occupied areas that did not belong to the NKAR. His successors, L. Kocharyan and S. Sargsyan, were the natives of Karabakh and former leaders of the struggle for its independence. The fundamental obstacle to conflict resolution is the demonization of the opposite side, assigning to them the full responsibility for the tragic events of 1988-1994 (Harutyunyan 2003; *Myths and conflicts...*, 2013). At the same time, some authors stressed that not all citizens shared official narratives and quite a few tended to blame the conflict on the Soviet Union and present Russia (Radnitz 2019). In 2009-2010 and 2014, J. O'Loughlin, J. Toal and V. Kolosov, with the help of local colleagues and leading Russian sociological agencies, conducted representative polls in Nagorno-Karabakh, as well as in Abkhazia, South Ossetia and Transnistria. These studies revealed the attitude of various social strata and ethnic groups to the patron and the parent states, and other external actors, the degree of support for the political regime, the views and prospects of state building, and possible ways to resolve the conflict, etc. (O'Loughlin et al. 2015; O'Loughlin et al. 2017).

Thus, available works on the current state of economy, identity, political life and social problems of Karabakh, its interactions with other countries, and internal differences in the republic, although small in territory and population, but very diverse in geographical conditions, are few. These are mainly studies of Armenian authors (see, for example, Dadayan 2006; Sujyan 2010; Shakhnazarian 2009, 2011; Mgdesyan et al. 2016).

The objective of this article is to analyze the geopolitical situation of Nagorno-Karabakh through the lens of cross-border interactions and changes in its borders – the process of bordering. This term, a key concept in modern border studies, means not only the formation and management of borders, but also the ongoing process of transformations in regime, functions, and social meaning – for example, as a result of change in political strategies, shifts in the international situation and bilateral relations, exchange rates and world market prices, as a result of daily activities of political institutions and the practices of cross-border interactions, etc. (Newman 2011). In accordance with the functional and structuralist approaches in border studies, one of their tasks is to study the strengthening or weakening of the barrier role of borders in different historical periods or in different areas – re-bordering and de-bordering (Kolosov et al. 2013). Sources of information for the authors were official statistics from Armenia, Nagorno-Karabakh and Azerbaijan, published data and semi-structured interviews taken from academic experts, officials and leaders of NGO in the course of the field research conducted in September of 2019.

In the first section, the authors provide a brief historical context to the Karabakh conflict and contemporary borders in the region, then they present the current *de facto* border pattern and perceptions by the sides related to security. The next two sections are devoted to re-bordering and de-bordering as a reflection of the development of the conflict and the uncertainty of the prospects for its resolution, internal political and economic processes in Nagorno-Karabakh.

CONFLICT IN NAGORNO-KARABAKH: REDRAWING POLITICAL BORDERS

The territory of Nagorno-Karabakh became part of the Russian Empire in 1813 under the Gulistan Peace Treaty with Persia. After the collapse of the empire in 1917, the Armenian population of Karabakh and Zangezur refused to obey the authorities of the newly created Democratic Republic of Azerbaijan, which led to an armed conflict that

was suppressed by the Red Army. Initially, considering the national composition of the population, the new authorities, with the consent of the Azerbaijani side, included these territories into Armenia. However, in July of 1921, Karabakh was left within the borders of Azerbaijan with the provision of autonomy, presumably in the interests of rapprochement with Kemalist Turkey, which recognized Soviet power. In 1923, the NKAR was created. However, the administrative borders of the NKAR did not coincide with the ethnic boundaries: three districts with the predominance of the Armenian population – Shaumyan, Dashkesan and Khanlar, as well as Kedabay and Shamkhor districts with a significant Armenian minority remained outside the NKAR. Almost simultaneously, a Kurdistan district was formed, which separated NKAR from Armenia (back in the 17th century, the Persian authorities moved the Kurds here). On its territory, which later entered the Lachin district, there was a road between the administrative center of NKAR Stepanakert and Armenia (Lachin corridor). According to the 1926 census, Armenians made up 90% of the NKAR population, but by 1989 their share had dropped to 76%. Based on the opinion of the Armenian side, economic policy of Baku toward the autonomy and, in particular, the allocation of budgetary funds, as well as neglect of cultural needs of the region, the creation of artificial barriers for relations between Karabakh and Armenia were unfair and caused discontent among the Armenian population of the NKAR. This repeatedly led to protests.

In 1988, the Council of People's Deputies of the NKAR appealed to the Supreme Soviets of the USSR, Azerbaijan and the Armenian SSR with a request to transfer the region to Armenia. This official request was the first one to violate the monopoly of the central authorities on changing the territory and borders of the union republics and autonomies. This petition meant for the Kremlin the beginning of an acute conflict between the two republics. Its satisfaction could become a dangerous precedent and cause a chain of unforeseen consequences in many parts of the country and ultimately provoke its collapse (Markedonov 2018). The Kremlin tried to solve the Karabakh problem in the usual technocratic way by changing local Communist party leaders and allocating funds for the construction of housing, schools and hospitals, as well as providing access to Armenian television programs. Ultimately, Moscow sided with Azerbaijan, supporting its territorial integrity.

The decision of the regional council sharply aggravated the political situation in both Azerbaijan and Armenia resulting in a strong impetus to the long-standing discourse on the historical past, territories and borders. The main slogan in Karabakh and Armenia at that time was «miasum» – unification. The turning point was the Armenian pogroms in the industrial suburb of Baku, Sumgait, and then other cities. In turn, these events caused ethnic cleansing and massive flow of Armenian refugees from Azerbaijan and Azerbaijani refugees from Armenia and Karabakh. This coincided with widespread outbreaks of violence that led to the death of dozens of people and escalated into a military conflict starting in 1993 turned into a real war using all types of armed forces. On September 2, 1991, NKR independence was declared. Its territory included the NKAR and the Shahumyan region of Azerbaijan, inhabited by Armenians. The Azerbaijani authorities blocked the delivery of goods from Armenia to the NKAR, and then to Armenia proper, and Armenia to Nakhichevan (the Azerbaijani territory separated from the main part of the country by the territory of Armenia). The ceasefire was signed only in May 1994.

The contemporary pattern of borders and security challenges

The result of the Armenian-Azerbaijani armed conflict was a radical change in the de facto political borders in the South Caucasus. 92.5% of the territory of the former NKAR and five districts of Azerbaijan, declared the «security zone», were comprised of Kelbajar and Lachinsky, previously separated from Armenia, Kubatlinsky, Dzhebrailsky and Zangelansky, as well as parts of the Agdam and Fizuli districts – all passed under the control of NKR. At the same time, small territories of Martuni and Martakert districts of the NKAR, as well as the Shahumyan district and in part the Khanlar district, which entered the NKR during the conflict, went to Azerbaijan, forming 15% of its newly redrawn territory.

Not recognizing the NKR's right to self-determination, the Azerbaijani side considers the borders established as a result of the 1994 armistice to be temporary. The Karabakh side does not consider them fair, since the territory of the former NKAR and the Shahumyan region are not fully included in the Republic of Artsakh. The basis of the peace talks between Armenia and Azerbaijan conducted through the mediation of the OSCE Minsk Group including Russia, the USA and France are still the Madrid principles put forward in 2007. They provide for the transfer by the Armenian side to Azerbaijan of those territories occupied by it at the time of the armistice in 1994 beyond the former NKAR, although with an important reservation about the Lachin corridor. However, the Armenian side is skeptical of possible international security guarantees and is convinced that control over the occupied territories is of strategic importance for Karabakh, since it provides it with a relatively short border with Azerbaijan allowing maneuvering along the inaccessible Mravsky Range. Over a period of two decades, NKR invested considerable resources in the border reinforcement, including about 250 km of concrete fortifications, minefields and wire barrels.

There is another reason for the reluctance of the NKR to leave the occupied territories – control over water resources. At the end of hostilities, Azerbaijan lost access to the Sarsang reservoir built in 1976 on the Terter River in the territory of the NKAR. It provided water to six districts, most of which are now controlled by the Armenian side. Outside of the occupied territories there remained a part of the Terter district with a population of 102 thousand people, mainly refugees from Armenia and the former NKAR. Now the Azerbaijani side protests against the unfair distribution of water by Karabakh. This is in contrast to the previous situation when the Armenian side was extremely dissatisfied with the fact that most of the water from sources in the NKAR was spent in the lowland areas of Azerbaijan. Of the 128 thousand hectares of agricultural land irrigated from the Sarsang reservoir, 110 thousand were outside the NKAR (Babayan 2019).

The regime of the two longest and symbolic borders of Nagorno-Karabakh is typical for non-recognized states: high permeability of the border with Armenia (the «patron» state) and the complete absence of interactions through the separation line with the Azerbaijan (the «parent» state). Cross-border shootings in 2012-2016 became more frequent. During the «Four-Day War» in April 2016, Azerbaijani troops tried to advance deep into the territory controlled by Nagorno-Karabakh. The configuration of the separation line has slightly changed in favour of Azerbaijan, which regained control over the 8 sq. kms of territory.

Azerbaijan's policy was to bring about an economic and political crisis in Artsakh through a combination of military-political pressure, moderated armed confrontation at the de facto border, and diplomatic activity (Minasyan 2016). The

most important element of this policy has become a long-term transport blockade. Before the conflict, most of the cargo for Armenia went through Baku, not through Georgia, as it is now (it should be borne in mind that, due to the Georgian-Abkhaz conflict, access to Russia from Georgia by railway is closed). The only railway line connecting Karabakh with the outside world passed through Azerbaijan and was closed in 1991. Supporting Azerbaijan as its closest ally, in the midst of hostilities in Karabakh, Turkey closed the border with Armenia in 1993. Gyumri – Kars railway is still not functioning.

The issue of road usage in the NKAR with the Armenian SSR has always been difficult. The road network was built in such a way as to direct the flow of vehicles through areas outside the autonomous region. Soon after the start of full-scale hostilities, the Armenian side seized control of the Lachin and Kelbajar districts which separated Artsakh from Armenia. The Yerevan – Goris – Stepanakert road, 340 km long, passes through the so-called Lachin corridor, which has become «a lifeline» for Karabakh and for a long time remained practically the only transportation route that allowed the NKR to avoid complete isolation. It was immediately reconstructed. In Soviet times, due to the extremely poor condition of the Lachin section of the Stepanakert – Yerevan road, drivers heading to Armenia were forced to travel hundreds of kilometers through Azerbaijan. In 2017, another road along the coast of Sevan and further through Vardenis came into operation, which significantly improved the geopolitical position of the non-recognized republic. Carriers prefer to use this route, since it is shorter, it has fewer turns and better coverage. According to rough estimates, the passenger flow from Stepanakert to Yerevan and back is about 250-300 people per day¹. On the border, two checking points (on Eghegnadzor highway and on Vardenis highway) control the entry and exit of foreigners (except those from the CIS countries other than Azerbaijan and Turkmenistan) and over import /export of goods. Foreign citizens are required to obtain visas in the representations of Nagorno-Karabakh in Yerevan or immediately upon entry. The visa fee for foreigners who stay in Artsakh for less than 21 days was canceled as of late April of 2019.

An important impact on the perception of the nation's security by the political elite and citizens is provided by the demographic situation, which, in turn, is both a reflection and factor of territorial conflicts. Natural movement of population and migrations can change the ratio between major ethnic groups relatively quickly.

Ethnopolitical processes in the NKR and neighbouring regions have a long and complicated history. As noted above, according to the 1926 census, Armenians made up 90% of the population in the former NKAO, but by 1989 their share had fallen to 77%. According to the Armenian side, the Azerbaijani leadership pursued a deliberate policy of changing the ethnic structure of Karabakh, encouraging the resettlement of Azerbaijanis and Kurds from the densely populated plain territories to new settlements created around the cities of the NKAR. Moreover, among the Azerbaijani population, the birth rate was significantly higher than among the Armenians. The population dynamics of the NKAR was also influenced by demographic losses during the World War Two (35% of the population was drafted into the Soviet Army). Migration outflow to other regions, approximately equal to the natural increase, is much greater than from Azerbaijan and Armenia. Though the birth rate remained relatively high and mortality was low, which was due to the predominance of rural residents and a young sex

¹ In 2012, the Stepanakert airport was reconstructed. However, it is closed due to the lack of a license from the Azerbaijani State Civil Aviation Administration. The Azerbaijani side is threatening to bring down planes that try to land in Stepanakert.

and age structure, in 1926-1989 the population of the NKAR increased by a third – significantly less than in Azerbaijan. Shifts in the composition of the population were one of the main causes of the conflict.

By the time of the conclusion of the ceasefire agreement in May 1994, the number of residents of Artsakh had decreased by almost 50 thousand compared to 1989. Such a decline was the result of losses in the war with Azerbaijan and the «exchange» of the population with it. Almost all Azerbaijanis were forced to leave the NKR (about 40,000 left the former NKAR itself, and even more abandoned the seven regions of Azerbaijan annexed as a result of the war). At the same time, according to various estimates, 30-40 thousand Armenian refugees from Baku and other cities of Azerbaijan now live in the non-recognized republic. Consequently, the population of Artsakh has become ethnically homogeneous (99.7% are Armenians) (Averyanov 2014). The Azerbaijani side denies the legality of all elections in Karabakh, including on the grounds that refugees from the NKAR did not participate in them.

As of January 1, 2019, there were 148 thousand inhabitants in the republic. Its demographic situation is stable and favourable. Since the second half of the 1990s, despite demographic waves, the birth rate has been at the level of 15-20, the mortality rate is 8-9, the natural increase is 7-10 per 1000 inhabitants. Migration is now relatively small: it is estimated that about 4 thousand people are employed or for other reasons live outside the republic – as a percentage of the active population it is much smaller than in Azerbaijan (Sujyan 2010; Socio-economic situation... , 2019).

The Azerbaijani side accuses the Armenian side of deliberately settling Armenians in the districts that were not previously part of the NKAR in order to consolidate their belonging to the NKR. They provide various privileges to the migrants, while social infrastructure is being created. During the war in Syria, Armenia accepted about 17,000 Armenian refugees from Syria, some of whom, as rural residents, actually chose to live in Karabakh and are now engaged in agriculture. In the process of cognitive appropriation of these territories in the official discourse of the NKR, a gradual change of terminology is observed: from the «temporarily occupied territories» to the «security zone», then to the «liberated territories» and, finally, to the «territory of Artsakh». In the expert circles of Armenia itself these territories are ironically called «temporarily occupied – forever liberated.» Another confirmation of this process is the termination of the discussion about a possible «exchange» with Azerbaijan of all or part of these territories for recognition.

As a result, a significant demographic gradient has formed along the borders between Karabakh and both of its main neighbours, Armenia and Azerbaijan: the population density in Artsakh is much lower. Along the de facto border between Artsakh and Azerbaijan, this gradient also has a pronounced ethnic colouring, sharply dividing the areas with the Armenian and Azerbaijani (Muslim) populations.

DE-BORDERING: HOW «TRANSPARENT» IS THE BORDER WITH ARMENIA?

The high contact functions («transparency») of the border between Armenia and Nagorno-Karabakh reflects their deep integration in all areas. For Armenia, ensuring NKR security is inseparable from guarantees of its own security. Although formally there is a separate Defense Army of Nagorno-Karabakh, in fact, it is integrated into a single

security system with the Republic of Armenia. According to the 1994 interstate agreement between Armenia and the NKR on joint defense, military-eligible citizens of Armenia must undergo part of the active military service on the separation line with Azerbaijan¹. According to interviewed experts, «everyone in Armenia is interested in having strong positions on the Azerbaijan border».

Income and expenses of the NKR budget are balanced only thanks to the subsidies provided by Armenia, officially called interstate credit. Although they are reduced annually, in 2018 their share in the Artsakh budget amounted to about 50%² (in 2010 – about 66%) (Grigoryan 2017). More than 80 agreements were concluded between Armenia and the NKR and, in fact, a single legal space has developed. NKR formally issued local passports, but since these passports do not allow leaving Armenia, all citizens of Karabakh have passports of Armenia to be able to go abroad. Thus, there was no real need in internal passports and their release was suspended. Foreign economic relations are also carried out through Armenia, where the enterprises of exporters are registered, so the NKR products are exported under the guise of Armenia (Nemtsova 2014). Unified customs legislation is in force in Armenia and NKR, which made it possible to enter the Eurasian Economic Union market with its products, though isolation of the NKR, separated from Armenia by mountain ranges, increases transport and administrative expenses caused by the need to pass customs formalities in Yerevan. Restrictive norms of the Eurasian Economic Union also apply to Artsakh – for example, quotas allocated to Armenia for the purchase of certain types of agricultural machinery in third countries.

Some sectors of Artsakh's economy are highly dependent on exports. So, one third of the products of a traditional branch of Artsakh's specialization, the agricultural sector, accounts for about 11% of GDP and is exported abroad. In particular, canned fruits and vegetables produced by the companies *Artsakh Fruit*, *Artsakh Berry*, and *Artsakh Bio* are exported to Russia, Ukraine, France and other countries (Feshchenko 2014).

Production cooperation between Armenian and Karabakh is developing. Under the government program «Grapes», NKR farmers receive up to 70 thousand cuttings of phylloxera-resistant grape varieties. Under the relevant agreement, Yerevan Brandy Company purchases Karabakh grapes (Beglaryan A., 2013). The Stepanakert construction materials factory (now Karin CJSC) was acquired by the *Sirkap-Armenia* company.

Largely due to close integration with Armenia and blurring the border with it, the electric power industry is becoming a new sector of NKR specialization and now accounts for 7.5% of GDP. After the collapse of the Soviet Union, only the Sarsang hydroelectric power station with the capacity of 50 MW was operating on the territory of the republic. However, over the past 10 years, 15 small hydropower plants with a total capacity of 52 MW have been built. At first, the task was to achieve self-sufficiency and security of energy supply. In 2018, 385.1 million kWh of electricity was produced in Artsakh. At the same time, the total potential makes it possible to generate annually up to 700 million kWh (Karabakh 2011; Grigoryan 2017-2). In 2017, surplus electricity from Artsakh was already exported to Armenia (Mgdesyan 2019).

The close integration of Armenia and Artsakh is also predetermined by the actual unity of their credit and banking system. Formally, it is regulated by *Artsakhbank*,

¹ According to the official data, the number of the NKR armed forces is about 20 thousand people, which is 36% of all the NKR employment. Military service in NKR is prestigious, as it provides stable income (almost 1.5 times higher than the national average).

² However, half of this amount is the customs income of Armenia from the NKR foreign trade.

which performs a number of functions of the NKR Central Bank. However, it is registered in Yerevan and has a general license of the Central Bank of Armenia, which allows to circumvent restrictions related to the non-recognition of the NKR independence. *Artsakhbank* is an affiliate member of the Armenian national payment system *ArCa*, the international payment system MasterCard International, and the money transfer system SWIFT; it provides banking services throughout Armenia. Although in 2004 the NKR established its own currency, the Karabakh dram, the means of payment is the Armenian dram, to which the Karabakh dram is equal in value.

Thus, after the beginning of the current conflict between Armenia (Karabakh) and Azerbaijan and the collapse of the Soviet Union, the border between the two countries, which turned into the line between non-recognized Karabakh and independent Armenia, experienced a process of sharp weakening of its barrier function, reflecting the possibility of a complete merger of the two polities.

At the same time, the de facto political border between Armenia and Karabakh still remains an economic and cultural barrier, although it is relatively weak. The Karabakh dialect is so different from the normative Armenian language that it is difficult for primary school pupils to use it in Karabakh schools. For a long period, Karabakh was ruled as a separate territory. The different historical past left a mark on regional identity, although the main identity of the Karabakh people is Armenian with all its cultural and historical markers, representations about past events, prominent political leaders and cultural figures, etc. The long-standing conflict with Azerbaijan, at first latent and then acute, also predetermined some features of the identity and political culture of the Karabakh people: consolidation with the authorities in face of an existential threat (however, combined with distrust of them), hope for paternalism of the state, and egalitarianism. The social stratification in Karabakh is less evident than in Armenia, in particular, thanks to state benefits and social policy. Thus, in Armenia, within the framework of «optimization», the number of small-class rural schools is being reduced, and in the NKR they are being preserved.

One of the factors determining the specificity of the Karabakh regional identity is Artsakh, where the brand of «an island of Christian culture in the Muslim world» is willingly cultivated. This has long been a powerful source of migrants who have maintained ties with their homeland. Unlike Armenia, they migrated to Baku, other industrial centers of Soviet Azerbaijan, to Russia, and other union republics. The Karabakh people were always better at speaking Russian than the residents of Armenia. In Artsakh, they are proud of the fact that all four Soviet marshals of Armenian descent are from the region.

There are also differences between Armenia and Karabakh in economic policy. The influx of investments from the diaspora, along with other factors, formed the basis for the programs established by the NKR government for the development of certain regions and priority sectors through changes in the tax structure. Taxes were reduced (revenue tax from 15% to 5%, individual income tax from 30% to 5%, land tax from 15% to 6%). Significant volumes of foreign investments, economic and humanitarian aid through various channels lobbied by the Armenian diaspora (including the 3.5 million to 7 million dollars aid per year from in the US state budget) began to flow into Karabakh. As a result, new enterprises and even entire industries were created.

The mining industry, one of the main sources of tax

revenue, began to develop from scratch. For 25 years, the *Base Metals* mining company, owned by Moscow-based businessman of Armenian background V. Melumyan, has been operating in the republic. This company built a copper concentrate factory in Drmbon and is currently constructing a plant at the Kashen (Tsakhkashen) copper-molybdenum mine in the Martakert district.

Based on the former Karabakh silk factory in Stepanakert, sewing manufactures have been established that receive contracts from large Italian fashion houses (*Versace, Moschino, Prada, Armani*) and export their goods through Armenia.

Diaspora representatives provide support (equipment supply, training in new technologies) to small and medium-sized Karabakh entrepreneurs-winemakers. A well-known businessman in Armenia and Russia, G. Oganyan, invested \$5 million into Karabakh wine-making. Now 13 wine-making companies operate in the NKR (*Domaine Avetissyan, Stepanakert Brandy CJSC, Artsakh Alco, Artsakh Brandy Company CJSC, etc.*), exporting wines, brandy, fruit and berry vodka to Russia, some countries of Europe and North America.

In the Martakert region, thanks to the investments of the Swiss businessman V. Sermakesh, the production of black caviar was launched. The Anivyan family from the United States invested in the production of dairy products. Iranian Armenians invested in the production of polyethylene pipes in Shusha. One of the most modern hospitals in the South Caucasus operates in Stepanakert, built with funding provided by S. Karapetyan, whose name is on the Forbes list of Russia.

As a result, Artsakh's GDP began to grow in the 2010s by 10-11% per year (Nemtsova 2014), much faster than in Armenia. However, this growth did not lead to a significant increase in population income due to the large contribution to the economic growth of big (considering the scale of the NKR) mining enterprises, their profits exported outside the region. Nevertheless, the per capita GRP and average salary in the NKR, although lower than in Yerevan, is significantly higher than in two of the three neighboring peripheral marzes (provinces) of Armenia (Table 1), with the exception of Syunik known for its mining-metallurgical industry.

The institutional factor also influences the preservation of the barrier function of the Armenian-Karabakh border. The only local fixed and mobile communications operator «Karabakh Telecom» in Artsakh belongs to the structures close to R. Kocharyan, the first president of NKR and the second president of Armenia. Although in 2018 the NKR authorities announced the monopolization of the telecommunications market, no changes have occurred. High prices for mobile communication with NKR cause dissatisfaction in Armenia, as many citizens maintain family and business contacts with the Karabakh.

RE-BORDERING: ONE OF THE MOST CLOSED BORDERLINES IN THE WORLD

The de facto border (the separation line) between Nagorno-Karabakh and Azerbaijan, which has not changed much since the day of ceasefire, is the most striking and rare example of a new closed «frontal» border. The complete absence of cross-border interactions differs even from the borders of Abkhazia and South Ossetia with Georgia. The deployment of military units along the separation line, the special regime of the border zone on both sides, constant skirmishes, and the destruction during the war and immediately after it of a number of cities and other settlements turned the border territories into an economic desert. Occupied territories were one of the main agricultural

Table 1. The main socio-economic indicators of NKR and neighbouring marzs (provinces) of Armenia, 2018

	NKR	Syunik	Wayotsdzor	Gegarkunik	Yerevan	Armenia
Population, '000	147.0	138.4	49.6	229.7	1 081.8	2 972.7
Industrial production, mln drams	125 006	323 503	27 641	64 613	735 190	1 664 279
GRP, mln drams	310 253	377 200	64 900	197 800	3 508 500	6 005 100
Per capita GRP	2 110 563	2 725 434	1 308 468	861 123	3 243 206	2 020 083
Average salary, drams	161 181	234 601	118 280	109 133	194 754	172 727
Retail trade turnover, mln drams	107 353	22 717	8 264	27 367	1 027 812	1 410 774
Per capita retail trade turnover, drams	730 293	164 142	166 605	119 141	950 094	474 577

Source: *Socio-Economic Situation of Nagorno-Karabakh Republic in January-December 2018, Stepanakert, 2019. 140 p.*

areas of Azerbaijan; 70% of summer pastures used to be located there. No matter how the configuration of the border changes, it remains highly likely a strong barrier for many years.

The per capita GRP in Artsakh for 2018 calculated at purchasing power parity (PPP) is almost half that of Azerbaijan, which receives significant income from production and export of oil and natural gas: 10,730 and 17,940 USD, respectively. However, if we take the belt of districts adjacent to the separation line¹, then according to official statistics, the average salary in the non-recognized republic (Statistical... 2019), recalculated by PPP, is slightly higher than in neighbouring regions of Azerbaijan, with the exception of Dashkesan, a territory with productive agriculture and developed mining industry. There is no pronounced economic gradient along the border.

The main factor of re-bordering is the «image of the enemy», cultivated for many years in the internal political struggle of South Caucasian societies in protracted conflicts (Kvarcheliya, 2013). The terms «Azerbaijanophobia» and «Armenophobia», used to denote ethnic resentment, fear, hostility or other negative feelings towards Azerbaijanis and Armenians, have been noticeably disseminated in the literature, media, and scientific research of the two countries (Aldrich 2002; Suny 1993). In both Armenia and Azerbaijan, the growth of spontaneous nationalism is based on the selective interpretation of history, myths, symbols, and religious images (Shnirelman 2003; Yunusov 2018).

At the same time, cross-conflict studies in both societies are largely taboo. An exception is a few works that consider the creation and translation of myths and dominant narratives in the South Caucasus (Myths and conflicts ..., 2013; Mikaelyan et al. 2011; Crombach 2019). They note that myths related to conflicts increase resistance to their resolution (Kvarcheliya 2013). As a result, the feeling of being a «victim» and the search for a «saviour» are used to manipulate public opinion (Hovhannisyanyan 2013).

According to many political scientists, the victim complex has spread through the Armenian society having arisen after the ethnic cleansing of 1915 at the end of the Ottoman Empire. The fear of becoming a victim again is being actively used today to justify control over Nagorno-Karabakh and hatred of Azerbaijanis (Tsiganok 2007). The ethnic prejudices of Armenians are based on deep-rooted stereotypes that identify Azerbaijanis with Turks, and therefore, associate with them the potential for a new genocide. In turn, Azerbaijanis also have a sense of persecution by the Armenians, and they use almost the same language, including the term

«genocide» to refer to the crimes of Armenians. Both sides portray each other as an aggressor who attacks innocent civilian population. Extremely negative representations of Armenians are spreading in Azerbaijan through television, media and history books.

Studies of Azerbaijani textbooks emphasize the use of nationalist discourse, which excludes the understanding of history as a narrative. Instead, essentialist models of historical realities and the current state of affairs are offered (Adibekyan, Elibegova, 2013). «Friendship between nations» has given way to revised national stories that are hostile to the other and offered as «truths» that children should remember, which leads to the consolidation of the image of enemy in the psychology of the nation (Myths and conflicts ..., 2013). In response, Azerbaijani scholars emphasize that school books in Azerbaijan framed by the Karabakh conflict were called upon to «educate patriots who are ready, if necessary, to take part in the next conflict» (Yunusov 2011).

The Karabakh conflict is a painful issue for Azerbaijani society, on which one can observe the unity of opinion of almost all politicians. In the Azerbaijani political environment, the opposition is endowed with the image of a marginalized and small group directly linked by financial interests to the «historical enemy» – Armenians and the Armenian lobby (Abbasov 2013).

Thus, a quarter century after the ceasefire, the positions of the parties not only have not come close, but on the contrary, the situation has become even more severe. This is also confirmed by opinion polls. The vast majority of Azerbaijanis and Armenians (about 80-90%) consider each other enemies of their country.

CONCLUSION

The geographical isolation, the transport blockade by Azerbaijan, the diversion of significant funds to confront it, and especially the lack of international recognition, are slowing down the economic development of Nagorno-Karabakh. However, as in other non-recognized (partially recognized) states in the post-Soviet space, residents and households have successfully adapted to the situation thanks to the constant assistance of the «patron» state (Armenia in the case of NKR). Integration with it and control over the border with Lachin and Kelbajar regions leads to the erasing of the border (de-bordering). Having received an Armenian passport, citizens of Nagorno-Karabakh have international mobility opportunities. The non-recognized republic conducts foreign trade through Armenia, receives foreign investments,

¹ Only areas completely controlled by the central government have been used, since data on the districts partially controlled by Stepanakert are not reliable.

and develops new sectors of the economy. Nevertheless, this border is preserved, and its future depends on the prospects for resolving the Armenian-Azerbaijani conflict. Although the hypothetical international recognition of Artsakh is not strictly connected with the resolution of the conflict and/or unification with Armenia, it is hardly possible without the other. It is not yet possible to exclude the feasible return of the sides to the formula «territory in exchange for status». Despite the lack of progress in the negotiations between them, there are solutions to territorial problems, especially since Azerbaijan is interested in safe communication with Nakhichevan through the territories inhabited by Armenians (Okunev 2019; The Nagorno-Karabakh Deadlock 2020). In any case, the resolution of the conflict will affect not only the functions, but also the configuration of the de facto NKR borders and will trigger a new wave of de-bordering and re-bordering.

The irreconcilable positions of the parties are, of course, associated with the need for both sides to politically mobilize the population in order to legitimize the authorities for

combating the external threat. The ceasefire line separating the Azerbaijani and Armenian forces has turned into a hermetically closed border – situation which constantly creates the risk of renewed hostilities. One of the main and potentially long-term obstacles in finding a solution is the cultivation of the «image of the enemy» on both sides of the de facto border, fostered through the state education systems.

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