Karabakh Conflict: It’s All About One Man and Currency Values

Things have been tense on the Nagorno-Karabakh frontline for a long time. Somehow, over the past few years, we have heard more and more of active hostilities, the deployment of heavy weaponry and heated engagements with these new weapons.

Nagorno-Karabakh is now effectively a fortress rather than merely an ethnic Armenian enclave in Azerbaijan, due to the Nagorno-Karabakh Republic declared there by the occupying forces being backed by the Armenian authorities and the international Diaspora. Observers on the ground have no doubt that it is now enduring the heaviest fighting in years.

According to UK’s Guardian, quoting the enclave’s defence ministry, “For the first time since the ceasefire, Azerbaijan has used tanks on the Karabakh frontline,” Richard Giragosian, the founding director of the Regional Studies Centre, an independent think tank in Yerevan, has said that this offensive began on December 4, when Azerbaijan targeted Armenian positions along the “line of contact” separating the enclave from Azerbaijan proper.

In the last few months the names of soldiers who have died at this front have been published in the Armenian press - all of them young boys, born in the ’90s. To general disgust, it has been established for a long time that all those young lives, on both sides, are being lost in a no-win war which is the product of political expediency and the price of oil.

However, things have just become much more sinister. The continued existence of this conflict does indeed serve various more powerful international interests, including those of Turkey and those who support its regime. But now it is being prolonged, and all those people are dying, simply to protect one man.

What is this about?

Traditionally, escalations of this conflict are tied to specific events, such as meetings between heads of state or between Armenian delegations and officials from the US, Russia, or France. The latest outbreak of fighting coincided with a drastic fall in the value of the Azeri Manat, which lost much of its value over the past year. At the end of December Azerbaijan’s central bank abandoned its dollar peg and allowed its currency to tumble by almost a third, the latest sign of how the fall in oil prices is hurting energy-dependent economies.

Many observers have concluded that the oil price fall has been blatantly calculated, part of the larger oil and sanctions war between Saudi Arabia, the US and the Russian Federation. It is therefore inconceivable that the conflict would be immune to such high-level machinations.

It can be argued that both the price fall and the outbreak of heavier fighting is a coded threat to topple the Azeri régime, which already suffers from a bad case of Dutch Disease, not having a diversified economy, and a chronic overdose of endemic corruption. Baku already relies on oil and gas for almost 95 percent of its export revenues, the rest being made up of hazelnuts and agricultural commodities. Without these revenues both political stability and
GDP will go into a nose dive. The price fall being imposed upon it makes Azerbaijan’s bargaining power weaker by the day. Consequently, the need to regain its territory to shore up public support becomes ever stronger. Due to OPEC overproduction and further declines in oil prices, all the marginal and non-OPEC countries will have to either dip into their sovereign wealth funds to keep their economies afloat or hope to diversify their economics. But it may be too late for Azerbaijan to do either because it has already spent much of its fund on this war, to curry favour with Turkey and other allies, as well as its own population.

Things will also get very serious in Azerbaijan if Iran gets back into the oil business, as it is threatening too, with Western support. This would create a back door export route to Turkey which will help it keep the BTC pipeline flowing. Iranian trucks hauling petrol via Georgia can already be seen openly heading in the direction of the border, further undermining Azerbaijan’s ability to remain a viable state in its present form.

But there is one thing wrong with this plan. The Karabakh conflict will not remain frozen if Azerbaijan goes under. Armenia will have free reign and a new Azeri government will be powerless to prevent it claiming the buffer territories it occupies as well as Karabakh itself. So it has to be kept engaged just enough to weaken it, but not enough to ensure its defeat. This is why the man all this fighting is protecting has suddenly come back on the scene. **Timing is everything**

Prolonging the Karabakh conflict serves two main players: Turkey and the US. Turkey feels that as the new regional bigwig it is obliged to respond to Russia's sanctions and thwarting of its plans to occupy Northern Syria. Intensifying the Nagorno-Karabakh conflict by proxy is merely another way of stirring the pot, as it knows it cannot win such a conflict, but simply do enough to prolong it for whatever period is necessary.

The US and some of its allies have a different interest. Having thought that they could control the groups they have inserted into the various Middle East conflicts, they are now watching billions of dollars of funding for anti-Assad groups go up in smoke. They need breathing space to rewrite the narrative on Syria because Russia has ripped the old one to shreds with its successful bombing campaigns.

So who can be relied upon to act in the interests of both these sometimes conflicting parties simultaneously? Step forward the man the conflict is now about - Matthew Bryza, the former Ambassador and US envoy to the Caucasus, who is so compromised, but at the same time so protected, that he will ensure the status quo is maintained, in exchange for a scandal not breaking until it can no longer affect him.

Bryza was once the US Ambassador to Azerbaijan; however, not for long. In 2005 his wife, Zeyno Baran, a Turkish-born foreign policy analyst at the Hudson Institute who has worked with Neo Con think tanks in the past, told a U.S. Senate hearing that she opposed the Congressional resolution on the Armenian Genocide. At the time Bryza was busy telling reporters that Turkey was his "second home," but when he also made statements in denial of the Armenian genocide, his ambassadorship was short-lived.

Now Bryza has shown up in Turkey but not as a diplomat. He is now working with oil interests that has a slippery reputation. He is a board member of Turcas Petrol, which is linked to the Party of War in the US and the corporate interests behind it. It could not be otherwise. Bryza worked for the Bush White House prior to joining the State Department. You don’t get such jobs, or leave such jobs, without both giving and returning favours.

Both also have links with members of the former government of Georgia, and its fugitive ex-president Mikheil Saakashvili, who was propped up by Bryza and has now been given safe haven in Ukraine by its US-installed government. When Saakashvili was removed in Georgia he embarked on a short but highly controversial teaching gig at the Fletcher School of Government. Matthew Bryza graduated from Stanford University with a BA degree in International Relations, and also from the Fletcher School of Law and Diplomacy with an MA degree.

Saakashvili has family links with Turkish business interests and oil smuggling, which have been subject to investigation in Georgia and may now threaten his position in Ukraine. Zeyno Baran has links with Turkish intelligence, and the oil smuggling Saakashvili is involved in is undertaken through the Turkish-controlled Georgian port of Poti, which, as an extraterritorial port, can only be controlled by Turkey’s intelligence services rather than its national port or trading authorities.

So this is a man with all the right connections to serve both sides. But he is unlikely to be doing it voluntarily. This is because his links with Turkey, intelligence and corruption go even deeper than these.
The routes by which people become US Ambassadors are many and varied. In many cases, a foreign posting is a reward for some political favour. But it is unusual, and was a source of professional jealousy, that Bryza was able to step apparently seamlessly from a sensitive position in the Bush White House to a great height in the State Department without serving a more traditional diplomatic apprenticeship.

Jealousy turned to outrage when his top security clearances were discovered to have been awarded under false pretences. It then became a scandal, though only, as yet, within the intelligence community, when it was realised that he had been passing vital US intelligence to his Turkish intelligence agent wife for years. That intelligence, never entirely cataloged due to Bush administration obstruction, went to Russia, China, Iran and elsewhere.

The investigation into this matter was handled by the FBI, but it contents have never been fully disclosed. If the FBI report were made public now it would be the end of Bryza and a lot of other people. One of those could conceivably be Condoleezza Rice who had the power, through President Bush, to quash any investigation. She was also clearly able to violate any law—at least during the Bush years— and this is what has a number of appointees from that time running scared now.

**Cometh the hour, cometh the man**

So Bryza has a job to do in exchange for protection, as his controllers are not going to let him drag them down with him. Already he is preparing public opinion for no solution being found to the ongoing conflict. He has said that there is “no chance that a meeting between the presidents of Azerbaijan and Armenia would lead to a major breakthrough, because there is no communication between them right now. “You can’t get a breakthrough that is meaningful if you haven’t prepared the way,” he added in an exclusive interview with Trend on October 19th.

Bryza has also stated that Russia has no ambition to resolve the Nagorno-Karabakh conflict now, as it wants a “no peace, no war” scenario which will allow it to manipulate the situation. However he added that, “I don’t think there is good chance for the [OSCE] Minsk Group process to move forward now.” This would make Russia’s position irrelevant, unless it can be used to further some interest of Bryza’s. It is clear that a position is being taken here.

This same Matthew Bryza encouraged Georgia’s leadership to enter into the 2008 Georgia-Russia war. He advised the Georgians that the United States would intervene militarily, if necessary, should Russia do the same. But, as we all know, that didn’t happen. What was the outcome? Frozen conflicts, hundreds of dead, thousands of displaced and a supposed ally emasculated by its patron. Sound familiar?

Having shown what lengths he will go to serve his protectors Bryza has been given one more chance to save himself. He has a simple, clear and deadly agenda for doing that— and as always, it is the people the US is supposed to be helping who will suffer the consequences.

**Conclusion**

The only other point I might add is the recent civil unrest in Azerbaijan of higher prices and falling oil prices. Would escalating the conflict help tone things down domestically for Baku? I doubt it, but I guess the Aliyev regime doesn’t quite think so, because I imagine an expensive war would be even more expensive with a devalued currency.

As reported in recent days, “dragged down by the slump in world crude prices, Azerbaijan’s manat currency has fallen by about a third against the dollar in the past 30 days, sparking public protests that could be a taste of unrest to come for other oil-funded economies.”

Didn’t the government just reduce taxes or something in response instead? I think they got rid of value-added taxes on bread or some other essential item. But will that be enough to maintain the government in light of eroding international political support, as reflected in the international price of oil and shifting political winds, now that Azerbaijan strategic role in oil exports is no long strategic.

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