Azerbaijan In Global Politics Crafting Foreign Policy

Azerbaijan Diplomatic Academy
School of International Affairs

Azerbaijan In Global Politics: Crafting Foreign Policy

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This book is dedicated to the 90th anniversary of
Azerbaijan's Diplomatic Service

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PREFACE

THE FOREIGN POLICY OF AZERBAIJAN: AFFECTING FACTORS AND STRATEGIC PRIORITIES

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With the collapse of the Soviet Union the Azerbaijani people gained a historical chance to reestablish their independence and to develop and strengthen the statehood of Azerbaijan. At that time very few believed in Azerbaijan's survival and success as a sovereign state, due to the military aggression of neighboring Armenia as well as internal political instability and economic hardship.

After the election of Heydar Aliyev as President in 1993 Azerbaijan started successfully implementing its strategy aimed at consolidating its sovereignty and independence: prerequisites for the sustainable development of the country and the prosperity of its people. Azerbaijan's National Leader Heydar Aliyev enhanced state institutions, expanded much needed foreign relations, realized a comprehensive energy strategy, laid the ground for the country's long-term perspective. Heydar Aliyev's policy to strengthen Azerbaijani statehood has been successfully continued by his successor, President Ilham Aliyev.

Today's Azerbaijan takes its roots from the Azerbaijan Democratic Republic: the first democratic and secular republic in the Muslim world. Having existed for 23 months, it collapsed due to the shifting geopolitics of the region. But, in this short historical period major institutions of statehood

were established, including the Ministry of Foreign Affairs. Today, we proudly celebrate the 90th anniversary of Azerbaijan's Foreign Service.

Azerbaijan is a rapidly developing young democracy with a steadily growing economy and stable political system. Azerbaijan uses its economic and political assets instrumentally towards the realization of its national interests and consolidation of its global and regional position. Azerbaijan has become a regional leader and a reliable partner in international relations. Our country is a key player in all regional issues and no regional project of strategic importance can be realized without Azerbaijan's engagement and active involvement.

The foreign policy options and strategic choices of Azerbaijan are determined by the following affecting factors:

The aggression of Armenia against Azerbaijan – The aggression of Armenia against Azerbaijan, including military occupation, ethnic cleansing, violation of the rights of approximately 1 million Azerbaijani displaced people and refugees, as well as the devastation of historical and cultural heritage of vast parts of the country, remains the major determinant of the country's security environment and is a key factor affecting the formulation of the foreign and security policy of Azerbaijan.

Global processes – Since Azerbaijan regained its independence, the entire international system has undergone dramatic changes and the events of the past two decades indicate that the system is still intrinsically competitive. States are pursuing divergent and at times conflicting foreign policy goals. Polarized perceptions of the contemporary world, manifested in the juxtaposition of the concepts of "bipolarity" and "multi-polarity" revitalized competition for political and economic influence in different parts of the world. This competition, if sustained, will have negative repercussions on the global and regional security environment.

Strategic geographic location – Azerbaijan's geographic location is strategic in many ways. The position of the country at the intersection of major trade routes along the emerging East-West and North-South transport and energy corridors provides an important asset to turn the country into an energy and infrastructure hub. To ensure this hub role for the country, it is crucial that Azerbaijan take full advantage of its geographic location.

Ample natural resources – The rich natural resources of Azerbaijan not only open prospects for the country's prosperity and national welfare, but also constitute a valuable asset, strengthening national security, political independence and sovereignty. Exploration and transportation of the vast hydrocarbon resources of the Caspian Sea to world markets was a key element of what later became known as Azerbaijan's energy strategy. This was a cornerstone of Azerbaijan's foreign policy designed by National Leader Heydar Aliyev and consistently implemented by President Ilham Aliyev.

Contemporary security threats and risks – The activities of international terrorist groups, militant separatist movements, ethnic and religious extremists, organized crime networks, illegal migration, drug and human trafficking, proliferation of weapons of mass destruction, risk of sabotage on critical energy and transport infrastructure and a more recent phenomenon – cyber attacks – affect the global and regional security environment. These challenges commonly referred to as the "new threats" require adjusting foreign policy concepts and tools with a view of eliminating these threats and risks and minimizing their negative impact on the overall security of Azerbaijan.

Responsibility and uniqueness – The history of Azerbaijan is by large the history of a battlefield between different regional powers and a constant struggle for genuine independence. This "heritage" requires Azerbaijan to be a responsible member of the international community in order to contribute to the strengthening of international mechanisms, which ensure the sovereignty and rights of small nations. Our responsibility also takes its roots from the very nature of Azerbaijan, which has always been a place of coexistence and tolerance between different faiths, ethnic groups and philosophies. Azerbaijan is indeed a unique secular state with predominantly Muslim population in terms of ethnic and religious tolerance with very deep roots. Not only did Azerbaijan become the first democratic republic in the Muslim world in 1918, but Muslims, Christians, and Jews have

peacefully co-existed here for centuries. As a bridge between cultures Azerbaijan feels responsible for the promotion of these values for the good of the international community.

Azerbaijan pursues an independent foreign policy based on the principle of sovereign equality of all states engaged in the international system, regardless of their size, military power and economic might. Transparency and predictability are the key features of our foreign policy. Azerbaijan has a keen interest in fostering peaceful coexistence and good neighborhood in its region and beyond by developing friendly, mutually advantageous bilateral and multilateral relations with all countries.

Our country conducts its foreign policy based on the norms and principles of international law, which is a cornerstone of the existing international security system. Respecting the sovereignty, territorial integrity of all states and non-interference in other states' internal affairs are the guiding principles of Azerbaijan's interaction with other countries.

Azerbaijan's foreign policy priorities, aimed at the realization of the country's national interests and strengthening its global and regional position, are as follows:

The restoration of Azerbaijan's territorial integrity – The settlement of the conflict with Armenia stands out as an immediate security concern and remains the number one priority of our foreign policy.

Azerbaijan's conflict settlement position has remained unchanged from the first days of conflict resolution talks. We see no other option but withdrawal of the Armenian armed forces from all the occupied territories of Azerbaijan, restoration of the sovereign rights of Azerbaijan in these territories, return of the forcibly displaced population to their places of origin, establishment of conditions for restoring the communications and socio-economic growth of the Nagorno-Karabakh region of Azerbaijan within the overall economic development of the country and elaboration of legal status in the framework of a lawful and democratic process, which would ensure the peaceful coexistence of the Azerbaijani and Armenian communities of the Nagorno-Karabakh region and its autonomy within the Republic of

Azerbaijan. Nagorno-Karabakh's self-determination is possible only within Azerbaijan and only after the return of ethnically cleansed Azerbaijanis. Azerbaijan will never negotiate its territorial integrity.

The legal and political grounds for the settlement of the conflict are based upon the norms and principles of international law as enshrined in the UN Charter, Helsinki Final Act, United Nations Security Council resolutions 822, 853, 874, and 884, resolution A/RES/62/243 of the UN General Assembly adopted in 2008, as well as documents and decisions of the Organization for Security and Cooperation in Europe (OSCE) and the Council of Europe. All these documents affirm the sovereignty, territorial integrity and inviolability of the internationally recognized borders of Azerbaijan. Moreover, the NATO alliance at its Strasbourg/Kehl summit once again supported efforts towards a peaceful settlement of the Nagorno-Karabakh conflict within the territorial integrity of Azerbaijan.

Azerbaijan is committed to a peaceful settlement and will continue working with its partners and global and regional international organizations with a view to mobilizing support for the just and lasting settlement of the conflict, based on norms and principles of international law. However, the success of the peace process depends on a similar commitment and constructive approach on the part of Armenia, as well as on the active contribution of the international community: all OSCE member states, especially those represented in the Minsk Group and its Co-Chairmen.

Promotion of international peace and stability – Both traditional and new threats and challenges must be met by active international efforts. They cannot be eliminated unilaterally.

Azerbaijan is actively engaged in international cooperation within multilateral fora and bilaterally on fighting international terrorism and WMD proliferation. Azerbaijan is a party to all international legal documents against terrorism. Our country constantly shares information and provides required reports, as part of these agreements. Our participation in international peace operations also assists in bringing stability to a number of regions. Our peacekeepers have

stood shoulder-to-shoulder with other responsible members of the international community in Kosovo, Iraq and Afghanistan. Assistance and reconstruction efforts in Afghanistan by Azerbaijani government entities and Azerbaijani companies are creating opportunities for the population of that country.

Azerbaijan tackles non-proliferation both in the framework of the Non-Proliferation Treaty and in cooperation with other countries through export control and border security arrangements. Azerbaijan stands for strengthening the international non-proliferation regime and will continue to cooperate with the international community and relevant organizations for the imposition of adequate controls.

Fighting transnational crime and trafficking is high on the agenda in our relations with regional countries and within other frameworks, including the UN, OSCE and other international organizations.

The linkage between stability in the South Caucasus and global security in general is obvious. The unresolved protracted conflicts in the South Caucasus are of particular concern for regional countries and for the international community at large because their status undermines regional security and stability, hinders economic and political development and prevents genuine regional cooperation.

The promotion of an effective multilateral international system – Proceeding from the firm belief that international peace can be best achieved through an effective multilateral international system, Azerbaijan acknowledges the indispensable role of the UN and its Security Council in maintaining international peace and security in general and in our part of the world in particular. The norms and principles of international law enshrined in the UN Charter constitute the cornerstone of the existing international security system. Azerbaijan supports the reforms within the UN system aimed at increasing its operational capabilities, including strengthening the system of international law and enforcing adopted decisions with a view of responding more effectively to the challenges and threats of the 21st century.

Cooperation with the OSCE holds a prominent place in the foreign policy of Azerbaijan. The OSCE Helsinki Final Act and other documents set the

norms and principles regulating relations between the countries of the European continent and provide the basis for maintaining collective security. As with the UN, the OSCE needs to increase its efficacy through the delivery of tangible results based on its overarching documents and mechanisms.

Cooperation with the Council of Europe is also important for the promotion of national interests, effective implementation of domestic political and institutional reforms, as well as adapting Azerbaijani legislation to European norms and standards.

Azerbaijan deems regional multilateral cooperation as very important and as a Founding Father of GUAM (Georgia, Ukraine, Azerbaijan and Moldova or the Organization for Democracy and Economic Development), we contribute to better and more stable regional affairs.

Azerbaijan's unique nature of belonging to both Western and Eastern culture presents opportunities to play an important role to overcome ignorance and intolerance in inter-religious dialogue. As chairman of the Islamic Conference of Foreign Ministers in 2007, Azerbaijan spared no effort to further strengthen the Organization of the Islamic Conference (OIC) structures and functions and create cooperation mechanisms with European organizations. Azerbaijan actively contributes to the dialogue among civilizations and was amongst the first countries to contribute to this cause. It is worth mentioning that the efforts of Azerbaijan in this area are led by First Lady Mehriban Aliyeva. Moreover, three major international events on intercultural dialogue have been organized in Baku with the involvement of international think-tanks and practitioners.

The development of mutually advantageous bilateral relations – Azerbaijan views regional cooperation as an indispensable factor for maintaining peace and stability in the region and has established mutually advantageous friendly relations with its immediate neighbors, except Armenia. The further development of relations with neighboring countries will allow for mutually acceptable solutions to outstanding regional problems.

A trilateral strategic partnership and deepening cooperation between Azerbaijan, Georgia and Turkey has developed as a factor of stability in the

region. Relations with Russia have reached the level of strategic partnership and continue to expand. Azerbaijan conducts dialogue with Iran in a progressive and forward looking manner, and develops relations with the Central Asian states in an effort to act as a bridge across the Caspian Sea for Europe.

Azerbaijan cooperates with its strategic partner, the United States, in bilateral and multilateral formats aimed at combating global challenges and threats. Azerbaijan is a part of the US-led anti-terror coalition and fully supports the international community's struggle against terrorism. Azerbaijan has undertaken a number of significant steps to that end. We are also working on expanding cooperation with the U.S. in the economic sphere, energy security and in promotion of democratic development.

Geographically located at the crossroads of the East and West, Azerbaijan provides a natural outlet for the goods and services of European countries to rapidly growing Asian markets, and vice versa. In this context, relations with Middle Eastern and Asian countries occupy an important place in the foreign policy of Azerbaijan. These regions, with emerging political power centers and rapidly growing economies, open prospects of mutually beneficial cooperation in the economic, telecommunications and other spheres.

Integration into European and Euro-Atlantic structures – Azerbaijan shares the values of the European and Euro-Atlantic community. Developing Trans-Atlantic multilateral security cooperation schemes contributes to security and stability in the European continent and beyond. Azerbaijan was one of the first countries to join NATO's "Partnership for Peace" program in 1994 and fully utilizes available partnership mechanisms with NATO through the Euro-Atlantic Partnership Council and other instruments. Azerbaijan has successfully completed the first cycle of the Individual Partnership Action Plan (IPAP) and has started to implement the second IPAP cycle, which will guide NATO-Azerbaijan relations for the years ahead.

Azerbaijan's cooperation with the EU goes beyond the country's security needs and expands into economic, political and social spheres. The EU-Azerbaijan Action Plan adopted in 2006 within the "European Neighbor-

hood Policy" strengthens political dialogue between Azerbaijan and the EU, develops cooperation in the sphere of political, economic and institutional reforms and creates a basis for raising cooperation to a qualitatively new level. The implementation of the EU-Azerbaijan Action Plan will help further reinforce the political and economic interdependence between the EU and Azerbaijan. We also welcome the EU's Eastern Partnership Initiative and expect it to be an accelerator for our cooperation with the Union.

Sustainable development and expanding the Eurasian energy and transport corridor – The development of the oil sector of Azerbaijan, including the construction of oil and gas pipelines and other relevant infrastructure, already contributes to the development of the economy of Azerbaijan and generates additional incentives for regional and global cooperation. This cooperation, resulting in the successful implementation of regional infrastructure projects such as Baku-Supsa, Baku-Novorossiysk, Baku-Tbilisi-Ceyhan export oil pipelines and South Caucasus gas pipeline has increased the importance of the South Caucasus region, contributed to European and global energy security and laid the foundations for the exploitation of new, vital energy sources for Europe. Azerbaijan's hydrocarbon resources coupled with its strategic geographic location transform the country into an important energy source and an integral part of the international energy supply system. Azerbaijan is increasingly viewed as a pivotal player in the region and an important actor in the international arena not only as an energy producer and exporter, but also as an important transit country.

The location of the country creates opportunities to diversify Azerbaijan's access to world markets. Developing international transportation corridors through the South Caucasus region and strengthening the transit capabilities of Azerbaijan is one of the key elements of our strategy for the diversification of our economy and development of the non-oil sector. In this context, Azerbaijan is actively engaged in the implementation of the "Transport Corridor Europe-Caucasus-Asia" (TRACECA) project as well as the North-South transport corridor. Azerbaijan is also cooperating with Turkey and Georgia in promoting the geostrategi-

cally important Baku-Tbilisi-Kars railway link project. The realization of this link will be an important step in fostering and expanding regional cooperation and at the same time will create new regional opportunities with global impact.

An international environment characterized by competition for markets and foreign investments as well as the need to engage in existing international commercial networks, with a view of coordinating fiscal and monetary policies, requires pursuing an active foreign economic policy. We are interested in developing relations with regional and non-regional countries to contribute to sustainable economic development by attracting foreign investments into the non-oil sectors of the Azerbaijani economy, to ensure unimpeded access for domestic products to international markets and to enhance trade, investment and growth. Azerbaijan's philosophy of economic development is simple – the prosperity of our neighbors is mutually beneficial.

Azerbaijan has significantly expanded the scope of its foreign relations, become more visible and respected internationally, and has substantially advanced its foreign policy objectives. Except for Australia, we are diplomatically present in every continent. Bilateral agreements, mutual high level visits, international conferences and world forums have become an inalienable part of our daily diplomatic routine.

As President Ilham Aliyev stated at a recent conference for the heads of diplomatic missions, our foreign policy is successful in all directions; we will continue this course: our foreign policy tactics should be proactive.

The foreign policy strategy of Azerbaijan over the past eighteen years of independence has proven to be successful, because the country not only adapted to the constantly shifting international environment, but also managed to transform itself into a regional leader.

Azerbaijan's foreign policy is a balance between proactive strategy aimed at the realization of its national interests, strengthening its independence and sovereignty, restoring its territorial integrity, allowing it to find a *modus vivendi* with regional and non-regional actors which pursue their own, sometimes divergent, policies.

In conclusion I would like to greet all the readers of this book dedicated to the 90th anniversary of Azerbaijan's Diplomacy. I am confident that this volume, aimed at analyzing the challenges, efforts and achievements of Azerbaijan's foreign policy and charting a course for the future will give a better understanding of Azerbaijan's regional and international role and position to a global audience.

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CHAPTER I
Evolution of Azerbaijan's Diplomacy: Then and Now

THE REPUBLIC OF AZERBAIJAN IN INTERNATIONAL RELATIONS SYSTEM (1918-1920)

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Although Azerbaijan gained its independence on May 28, 1918, the South Caucasus' entry into the realm of international relations had already been in place for some time. The increased demand for fuel at the end of World War I focused attention upon the Caucasus region, and the fight for oil rendered Baku a central focal point for adversarial military blocs. The controversial changes taking place around the Caucasus at that period, in addition to the political aftershocks of the 1917 Russian revolution did not go unnoticed within the entire South Caucasus region, including Azerbaijan. In 1917, when the political situation relating to the South Caucasus was changing frequently, progressive political figures within Azerbaijan were gaining diplomatic experience just prior to independence, in terms of the historic circumstances of the Trabzon and Batumi conferences.

The overturn of absolutism in 1917 had accelerated the political processes in the South Caucasus region, especially with the Special Transcaucasian Committee (OZAKOM) established on March 9. Azerbaijan was represented by Mammad Yusif Jafarov (Məmməd Yusif Cəfərov), a deputy of the 4th State Duma. Azerbaijan expected a lot from the Russian February revolution, including independence. In M.A. Rasulzada's (M.Ə. Rəsulzadə) view, "the 1917 rev-

olution would give liberty to doomed classes and independence to doomed nations".[1] Muslim national organizations, which had started to become more active in Baku after the 1917 revolution, began a political struggle for the formation of Russian State on the basis of the principle of territorial autonomy.

The idea of national-territorial autonomy was discussed for the first time at Caucasian Muslims' Congress that took place in Baku on April 15-20, 1917. After intense discussions about this national issue, the congress came to a decision with the following summary: "The Democratic Republic of Russia with a Federative basis is to be recognized as the best state structure for providing the best for Muslim nations' interests".[2] The conflict between Turkists, who supported local national autonomy, and Islamists and socialists, who supported national cultural autonomy also resumed 10 days after the Baku congress, at the national congress of Muslims in Russia which started on May 1, 1917. On May 3, M. A. Rasulzada spoke at the congress and explained the importance of requesting territorial autonomy for Azerbaijan. His ideas led to heated discussions that continued until the May 6.[3] Finally, his idea of local autonomy was accepted with 446 votes against 271.[4]

However, the 1917 October Revolution put an end to people's hopes for national independence. The South Caucasian Commissariat was formed on November 15, after the Petrograd Bolshevik rebellion. The October Revolution also increased the interest of outside powers in the South Caucasus region. The Russian Army, which was at the Caucasus front-line, was experiencing extreme difficulties and with the South Caucasus Commissariat already established, the possibility of winning the war against Turkey began to look increasingly unlikely.[5] Thus, on December 5 an armistice consisting

[1] M.Ə. Rəsulzadə. Azərbaycan Cümhuriyyəti. Bakı, 1990, s.26.
[2] Azərbaycan Respublikası Dövlət Arxivi (APDA), f.970, s.1, i.18, v.3.
[3] А. М. б. Топчибаши. Мусульманские сьезды в России. Парис,1932, с.34 (рукопис). Bu əlyazma Parisdə gürcü mühaciri Akaki Çxenkelinin arxivindən götürülmüşdür.
[4] С. М. Исхаков. Российские мусульмане и революция (весна 1917 г.- лето 1918 г.). Москва, 2004, с.176.
[5] З.Авалов. Независимость Грузии в международной политике (1918-1921). Париж, 1924, с.30.

of 14 articles was signed in Arzinjan (Ərzincan).[6] Since the collapse of the Russian Caucasian front, the Entente countries started to form volunteer military units in order to keep the Turkish army busy in this region. To this effect, preference was given to those of Christian nationalities and in order to speed up the creation of these military units, covert financial help was given to them. The British council in Baku writes in this regard that "Armenians were the only ones to receive assistance from us and they used this with great mastery in order to promote their interests against Caucasian, and especially Baku's and Yelizavetpol's Muslim population."[7] Some Englishmen that understood the situation started to be more careful regarding the entire Azerbaijan issue. British representative E. Noel who was commissioned to the region wrote to his fellow British representative Cox in Tehran that they should think about joining loyal Azerbaijani Muslims with Muslims from India and Mesopotamia and putting them against Germanophiles from Turkey and Iran. He believed that if the British succeeded in doing this, then the population of Iran's Azerbaijani province would prefer to join the Caucasian Federation, thus breaking away from Iran. Noel believed that this could be a strong argument in solving the Iranian issue.[8] The idea of independence for the Iranian Azerbaijan province and idea of it joining the Caucasian Federation had appeared in diplomatic correspondence as far back as 1908-1909. V. F. Minorski, Russia's charge d'affairs in Tehran at that time, notes in his correspondence to the temporary government's Foreign Affairs Minister P. N. Milyukov and then to M. I. Tereshenko who replaced him that, "Azerbaijan's independence" has already been discussed many times at the Muslims' congress in Russia that had already taken place, and according to well spread rumours also in Tabriz (Təbriz). What could be the consequences

[6] Aktaş Nimet Kurat. Türkiye ve Rusiya. Ankara, 1990, s.332-333.
[7] Azərbaycan Xalq Cümhuriyyəti. Böyük Britaniyanın arxiv sənədləri. Elmi redaktoru və ön sözün müəllifi Y.Mahmudov, tərtib edəni N.Maksevell, Bakı, 2009, s.68.
[8] Azərbaycan Xalq Cümhuriyyəti. Böyük Britaniyanın arxiv sənədləri, s.69.

of such political trends?" According to V. F. Minorsky, the benefits of a unified and self-governing state of Azerbaijani Turks was obvious. "Inside Iran, this national group is the strongest and largest minority ethnic group. As for Russia, Azerbaijan's separation (from Iran – Jamil Hasanli.) would only tie them stronger to the South Caucasus."[9]

The activization of the Ottoman Empire at the beginning of 1918 directly lead to the crisis of the South Caucasus Commissariat. On February 23, the South Caucasus Seym was founded as a new form of State institution. After the creation of the Seym, the first issue brought to discussion was about the beginning of peace negotiations with Turkey. Azerbaijani representatives that were represented in the Seym entered diplomatic negotiations for the first time in Trabzon. Representatives from all three nationalities of the South Caucasus were selected for the delegation going to the Trabzon negotiations. This delegation was headed by Akaki Chkhenkeli. Azerbaijani representatives included M. H. Hajinski, X. Khasmammadov, M. Mehdiyev, I. Heydarov and E. Sheykulislamov.[10]

On the eve of the representatives leaving for Trabzon, Soviet Russia signed on March 3 the Brest-Litovsk agreement, and with this the border line regarding Kars, Ardahan (Ərdahan) and Batumi was restored to the demarcation of pre 1877-1878 Russian-Turkish war.[11] The Trabzon congress was officially opened on March 14, 1918. The Head of the Turkish delegation, Rauf Orbay, declared in his opening speech that Turkey wanted to sign a long-term armistice treaty with the South Caucasus. Throughout the negotiations, the South Caucasian delegation's insistence the Batumi and Kars provinces, their refusal to acknowledge the terms of the Brest-Litovsk armistice treaty, along with other issues only further intensified the differences between the negotiating parties. These differences resulted in the collapse of the Trabzon negotiations. The Azerbaijani delegation's view regarding these territorial disputes were that since the majority of the Kars and Ardahan population was Turkish, the terms of the Brest-Litovsk agreement regarding these two provinces should be appliyed.

News received from Baku about the slaughter of Muslims that took place in the March of 1918 by Armenian and Bolshevik forces further complicated the situation at the peace negotiations and within the Seym. From the information about the slaughter in Baku, which started on March 30 and continued for three days, 12,000 Muslims were killed under the pretense of being anti-revolutionary.[12] Shortly after the Baku slaughter, similar tragic events also took place in Shamakhi (Şamaxı). In a short period of time, close to 7,000 Muslims were killed, 1,653 of whom were women and 965 children.[13] The Muslim fraction was shocked by these massacres and asked for urgent measures to be taken against the Bolsheviks in Baku. Otherwise the Muslim fraction would boycott the Seym.

The Dashnaks were "inspired" by the Baku events, and on April 13, persuaded the South Caucasus Seym into declaring war against Turkey. This war lasted for a week and ended with the total defeat of the Georgian-Armenian forces and loss of Batumi to the control of the Turks. With strong pressure from the Ottoman Empire, on April 23, 1918, the Seym declared the South Caucasus an Independent Democratic Federative Republic.[14] This step completed the legal process of separating South Caucasus from Russia. On

[9] С.М.Алиев. История Ирана. XX век. Москва, 2004, с.90-91.
[10] Azərbaycan tarixi. Yeddi cilddə, V cild. Bakı, 2001, s.296.
[11] Ю. Ключников и А. Сабанин. Международная политика новейшего времени в договорах, нотах и декларациях. Часть II, Москва, 1926, с.123-127.

[12] Fövqəladə İstintaq Komissiyasının üzvü A.E.Kluqenin Bakı şəhərinin müsəlman əhalisi üzərində törədilən zorakılıqlar haqqında komissiyanın sədri A.Xasməmmədova məruzəsi. İyul, 1919.//Azərbaycan Respublikası Prezidentinin İşlər İdarəsinin Siyasi Partiyalar və İctimai Hərəkatlar Dövlət Arxivi (ARPİİ SPİDHA), f.277, s.2, i.27, v.18; 1918-ci ilin martında Bakıda törədilmiş türk-müsəlman soyqırımı haqqında geniş məlumat üçün, bax: С.Рустамова-Тохиди. Март 1918 в Баку. Азербайджанские программы в документах. Баку, 2009.
[13] Fövqəladə İstintaq Komissiyasının qərarı. 28.07.1919.//ARDA, f.1061, s.1, i.108, v.7.
[14] T. Swietochowski. Russia and Azerbaijan. Borderland Transition. Columbia University Press, New York, 1995, p.66.

April 28, the newly formed South Caucasus Independent Democratic Federative Republic was recognized by the Ottoman Empire. A mutual agreement regarding the continuation of the unfinished Trabzon negotiations in Batumi was also formalized. Although the peace delegation that went to Batumi was extremely large, the main issues were supposed to be solved by M. A. Rasulzada and M. H. Hajinski from Azerbaijan, A. Chkhenkeli and H. Nikoladze from Georgia, and R. Kachaznuni and A. Khatisyan from Armenia.[15] The Batumi congress opened on May 11 and had only one meeting. A draft agreement about "Peace and friendship between the Ottoman Empire and the South Caucasus Confederative Republic" prepared by Turkish party was presented to the delegation from South Caucasus for discussion. In this draft, Turkey demanded new territories as a result of the sacrifices that it had endured on the battlefield. Although the Turkish proposal had implications for Armenia and Georgia, Azerbaijan was also interested in listening to the Turkish proposal. On the contrary, because of the South Caucasian State's indifference to the violence within Soviet Baku and towards the Muslims from Irevan province, the Azerbaijani delegation's interest in Turkey's offer was increasing.[16] Moves to occupy Azerbaijan by Soviets of the Baku People's Commissariat, of which S. Shaumyan was the head, in the spring of 1918 ensured that the issue of receiving help from outside became an urgent necessity. A memorandum presented on May 26, 1918, to representatives of the South Caucasus State by the head of the Turkish Batumi delegation, Khalil Mentesha (Xəlil Menteşə), upon receiving information about violence committed by Bolsheviks in Baku province, stated: "... As is known to your Excellency, the Caucasian situation is very critical and complicated and needs to be resolved. Baku and the hundreds of thousands of Turks and Muslims who suffer under the bloody paws of hajduks who call themselves revolutionaries. This unfixable tragedy that threatens these poor people grows daily. The situation of Turkish and Muslim

[15] T. Swietochowski. Russian Azerbaijan, p.125.
[16] T. Sünbül. Azerbaycan Dosyası. Ankara, 1990, s.83.

nations of the Caucasus' other regions that suffer also from attacks by these uncountable organized robber bands, is not promising either. Excellencies, please note, no state that deserves to carry this name can put up with such criminals from a neighboring territory and remain unpunished."[17]

In such a historical moment, on May 28, 1918, Azerbaijan's declaration of independence was announced. Although all states with Muslim origins were formed based solely upon religion, the People's Republic of Azerbaijan was the first Turkish State that was built on modern world principles. For a number of important reasons, the formation of the Azerbaijan national secular state was an important event in the nation's destiny. M. A. Rasulzada writes in this regard, "Having published the Declaration of May 28, 1918, Azerbaijan, in a political sense, proved the existence of the Azerbaijani nation. So, the word Azerbaijan stopped being just a simple geographic, ethnographic and linguistic word and became a political entity."[18]

In the first government cabinet formed by Fatali khan Khoyski on 28th of May, 1918, Mammad Hasan Hajinski took the Foreign Affairs Minister position. In the second government cabinet formed by Fatali khan shortly after, this post was again granted to M. H. Hajinski. He stayed at this post until October 1918 and went into history as the first Foreign Affairs Minister of People's Republic of Azerbaijan.

From almost the very first day of its establishment, the Republic of Azerbaijan started to engage in foreign politics, trying to enter into relations with other governments. On May 30, information signed by the Chairman of the Cabinet of Ministers, F. K. Khoyski, about the creation of the Republic of Azerbaijan was sent to the foreign ministries of all countries by radiotelegraph.[19] The Batumi negotiations that were started by South Caucasus'

[17] T. Sünbül. Azerbaycan Dosyası, s.83-84.
[18] İstiqlal, 1933, 28 may.
[19] Nazirlər Şurasının sədri Fətəli xan Xoyskinin müstəqil Azərbaycan Respublikasının yaradılması haqqında bir sıra dövlətlərin xarici işlər nazirlərinə radioqramı. 30.05.1918 //ARDA, f.970, siy.1, i. 4.

States were continued by the new national republics and agreements about "peace and friendship" were signed separately by each state's representatives. As a result of these negotiations, a "Friendship agreement between the Ottoman Empire and the Republic of Azerbaijan" was signed on June 4. The Minister of Justice Khalil Mentasha and the Commander-in-Chief of the Caucasian frontline Ferik Mehmet Vehib Pasha represented Turkey and the Minister of Foreign Affairs M. H. Hajinski and the Chairman of the National Assembly M. A. Rasulzada represented Azerbaijan. This was the first agreement that the Republic of Azerbaijan signed with a foreign government. In its preamble, this agreement stated that the "Government of the Ottoman Empire on one hand and the Government of the Republic of Azerbaijan that proclaimed its sovereignty on the other hand have come to a mutual agreement to establish close friendship relations built upon political, legal, economic and intellectual basis."[20] The agreement had 11 clauses and the fourth clause stated that, "in order to strengthen peace and order, if there is a need to provide for the country's security, the Ottoman Empire takes the responsibility of providing military aid to the Republic of Azerbaijan." American historian F. Kazimzada writes in connection with this clause of the agreement, "unlike its neighbors, Azerbaijan was not losing anything with the June 4 agreement, on the contrary, it was hoping to free Baku by relying on Ottoman help."[21] Azerbaijani representatives that were in Batumi at that time decided to ask for aid from the Ottoman government relying on clause 4 of the June 4 agreement. To this end, the Chairman of the National Assembly M. A. Rasulzada and the Minister of Foreign Affairs M. H. Hajinski asked the Ottoman government to send its army to Azerbaijan.[22] The Ottoman government accepted the Azerbaijani representatives' request but

[20] Osmanlı imperatorluğu hökuməti ilə Azərbaycan Respublikası arasında dostluq müqaviləsi. 04.06.1918. // ARDA, f.894, siy.2, iş 88, v.1.
[21] F. Kazemzada. The Struggle for Transcancasia (1917-1921) New-York, 1951, p.128.
[22] A. N. Kurat. Türkiye ve Rusiya. s.530.

wanted to do it in such a fashion so that Germany, which was already envious of Turkey's Caucasus politics, would not object. That is why the Turkish government decided to form the "Islam Army" from the Ottoman army with Azerbaijani volunteers. According to Anvar pasha, this would remove Germany's resistance.[23] Notwithstanding a very complicated international state of affairs, the Turkish army headed by Mursal pasha (Mürsəl paşa) entered Ganja (Gəncə) in the beginning of June. American historian T. Swietochovski writes that this army of 257 officers and 5575 soldiers was warmly welcomed by the population of Ganja.[24] The new Commander-in-Chief of the Turkish military units in the Caucasus, Nuru pasha, Anvar pasha's step brother, also came to Ganja to set up his headquarters. After the formation of the second Government Cabinet on June 17 by F. K. Khoyski, on June 23, the military situation regarding Azerbaijan's territory was declared and the life-and-death fight for Baku by the "Islam Army" began.[25]

On June 17 one of the first steps of the government was to form a political delegation that was going to be sent to the Istanbul International Conference where Germany, Austria-Hungary, Turkey, Bulgaria, Georgia, Azerbaijan, Armenia and the Mountaineers Union were going to meet. Taking into consideration the important role this congress was going to play in Azerbaijan's life, the government approved a diplomatic delegation of three people – M. A. Rasulzada, K. Khasmammadov and A. Safikurdski, and four other people as counselors and technical workers. They were given state authority to negotiate and sign agreements on political, economic and military issues with the participants of the Istanbul International Conference.. In addition, the government authorized the Istanbul diplomatic delegation to enter into and sign any political and military confidential agreements with the Ottoman State. Similar authorizations were also applied to relations with the

[23] Öke Kemal. Ermeni meselesi. İstanbul, 1986, s.164.
[24] T. Swietochowski. Russia and Azerbaijan. p.131.
[25] Адрес Календарь Азербайджанской Республики. Под. ред. А.М.Ставровского. Баку, 1920 с.22.

Mountaineers Republic.[26] Representatives from Azerbaijan arrived in Istanbul on June 24. As soon as the Azerbaijani delegation arrived, they presented a letter to Anvar pasha that explained the importance of protecting Azerbaijan's sovereignty. The letter stated that for Turkey's geo-political interests Azerbaijan should be both independent and strong. It also drew attention to the fact that Baku province and the southern part of Irevan province were under the control of Armenians and Armenian Bolshevik bandits and the Muslim population there had been ruthlessly killed. The letter also pointed out that Baku, an economic and spiritual center of Muslims, was under the control of Bolsheviks and it had systematically been destroyed at an alarming rate. "We humbly ask you to immediately free the city"[27] M. A. Rasulzada wrote the following to the Minister of Foreign Affairs M. H. Hajinski regarding the first meetings at the Istanbul conference, "We arrived in Istanbul on June 24 and were accommodated at the Pera Palacė. The next day we were at Talat pasha's (Tələt paşa) reception and the Minister of Foreign Affairs Anvar pasha, Khalil bek (Xəlil bəy), Sheykhulislam (Şeyxülislam) and other ministers were also there. The same day we were at the German Ambassador Bernstorff's reception. Anvar pasha advised us to declare our international borderlines. We ask the government to do this as soon as possible, if you cannot do it on time, we will prepare an appropriate declaration ourselves. All the representatives are here. Bernstorff received us politely and asked about our government's organizational policies, National Assembly and political parties. At the same time, he was interested whether we have an army and with what powers are we fighting the Bolsheviks for Baku."[28] After having a number of bilateral negotiations with the Caucasus States, Germany, which was looking

[26] İstanbul şəhərində beynəlxalq konfransda iştirak etmək üçün nümayəndə heyətinin göndərilməsi haqqında Nazirlər Şurasının qərarı. 18.06.1918 //ARDA, f.970, siy.1, iş 138, v.3-5.
[27] M. Ə. Rəsulzadə, X. Xasməmmədov və A. Səfikürdskinin Türkiyənin hərbi naziri Ənvər paşaya məktubu. İyun, 1918, //ARDA, f.970, siy.1, iş 7, v.4.
[28] Azərbaycanın İstanbuldakı nümayəndəliyinin sədri M. Ə. Rəsulzadənin xarici işlər naziri M. H. Hacınskiyə məktubu. 28.06.1918 //ARPİİ SPİHDA, f.277, siy.2, iş 7, v.52-53.

for ways to get to Baku oil, decided that the key to solving the Baku problem is not in South Caucasus Republics but in Moscow.[29] The temporary existence of the Soviet (Council) of Baku People's Commissariat and its comprehensive protection by Soviet Russia were what brought Germany to that conclusion. From the beginning of June, the Germans opened secret diplomatic negotiations with Soviet Russia about Baku. The German state also made another secret move. Ukraine's hetman and Don Kazaks' ataman, Krasnov Spada, were received by Kaiser II Wilhelm. It was decided at the negotiations to use Kazak forces against the Turks and the English in the fight for Baku.[30] Spreading rumors about Germany having negotiations with Soviet Russia, Ukraine's hetman and Don Kazakhs' ataman secretly from Turkey raised anti-German feelings among the top political elites of the Ottoman State.

The precarious international situation that was revolving around Azerbaijan in the summer of 1918 increased the urgency for the liberation of Baku. At the end of World War I, Baku became the main object of struggle between the Ottoman Empire, Germany, England and Soviet Russia. Russian White Guard general, A. Denikin, was figuratively writing that Baku's oil featured predominantly within the hearts and souls of European and Asian politicians. By the spring of 1918, the race for Baku had started. The English used Anzali (Ənzəli), Nuru pasha used Azerbaijan, and Germany used Georgia, all as a means of the final goal of getting to Baku.[31] P. Hopkirk, a British special services agent who was deployed in the Near East, writes about Baku, "At the end of the last century, Baku had turned into one of the world's wealthiest cities. The discovery of oil reserves in this territory that is at the suburbs of Russian Empire became the main reason for various nations to flow in here… Professionals had believed that Baku has the capac-

[29] W. E. D. Allen and Paul Muratof. Caucasian Battlefields: A History of the Wars and Turco - Caucasian Border (1828-1921). Cambridge, 1953, p.481.
[30] W. E. Allen and P. Muratof. Caucasian Battlefields, p.481.
[31] А. И. Деникин. Очерки русской смуты. Москва, 1991, с.35.

ity for lighting and heating the whole Earth… At one point, Baku was producing more oil than the whole USA taken together."[32]

The Bolshevik-Armenian union that had managed to temporarily get a hold of Baku wanted to attack Ganja and strangle the Republic of Azerbaijan. On June 12, S. Shaumyan reported via telegraph to V. I. Lenin and I. Stalin about Baku military units attacking Ganja. The genocide wars against the Muslim population started to repeat with attacks on Ganja. The Muslim population started suffering from new plunders at the areas where military operations were taking place. This was linked with the fact that in this Baku Soviet army 70 percent[33] of the soldiers and all of the officers were Armenian.[34] The attack of Commune forces on Ganja was stopped in Goychay (Göyçay) at the end of June. However, fierce fighting went on there for four days, from June 27 and July 1. The failure of the Commune forces in the Goychay battle raised the number of deserters in the Bolshevik army. Shamakhi, which had a strategic location on the route to Baku, was liberated on July 20. At the end of July, Turkish-Azerbaijani forces made it to surroundings of Baku. The delay in liberation of the city by the Islam Army that had quickly liberated Shamakhi and came to within the perimeter of Baku was a result of the intensification of the diplomatic struggle over Baku. The report prepared by the German consulate in Istanbul in the beginning of July 1918 stated: "If we come to an agreement with the Bolsheviks, then we will get Baku's oil mines and reserves in integrity and unharmed. If, on the contrary, the Bolsheviks have to flee the city then they will fire up the mines, and then neither us nor the Turks will be able to use the oil reserves. And without oil, the Caucasus railway will be stopped soon".[35] The same idea was also repeated by Germany's ambassador to Istanbul, Bernstorff, during a meeting with M. A. Rasulzada. Bernstorff mentioned that in case of the Islam Army attacking Baku, the Bolsheviks would devastate the city and destroy the oil fields.[36] M. A. Rasulzada explained the intensification of the political struggle around the "Baku issue" to the Minister of Foreign Affairs M. H. Hajinski in his letter from Istanbul, "apparently Germany's argument against attacking Baku was that if Baku gets attacked the Bolsheviks will fire up the oil fields and reserves. Whereas, fighting allies need oil as much as water. This is why the Germans want to solve the Baku issue in a different, peaceful way… We have information from private channels that there is a special contract about oil between the Germans and the Bolsheviks. For your information, oil is more of a Turkey-Germany issue rather than Azerbaijan-Germany. According to the Batumi agreement, now the remainder of the oil belongs to Turkey. It seems like the Turks want to use the Germans, with the help of oil factor."[37]

The government of Azerbaijan was trying to liberate Baku peacefully and through negotiations. On July 24, the Minister of Foreign Affairs M. H. Hajinski wrote to M. A. Rasulzada in Istanbul saying that he was on his way to the Baku front in order to carry out negotiations with the Bolsheviks about the city's surrender. M. H. Hajinski reports, "Things are good for us at the Baku front. Our people have managed to get to at least Karrar station using the railway. According to information that we have received, the Bolshevik's spiritual state had declined. We bought newspapers dated July 18 in Kurdamir and Salyan. There is a difference of views between the Bolsheviks and the other parties (at the same time within right Dashnaks, although I do not believe it). In fact, this difference of views is now based on nationality. Armenian Bolsheviks behave like animals everywhere that they

[32] Peter Hopkirk. On Secret Service East of Constantinople. The Plot to Bring Down the British Empire. John Murray, London, 1994, p.331-332.
[33] T. Swietochowski. Russian Azerbaijan. p.137.
[34] F. Kazemzada. The Struggle for Transcaucasia. p.131.
[35] Г. Папия. Политика Германии в Закавказье в 1918 г. Тбилиси, 1971, с.58-59.
[36] İstanbuldakı Azərbaycan nümayəndəliyinin rəhbəri M.Ə.Rəsulzadənin xarici işlər naziri M.H.Hacınskiyə məktubu. 19.07.1918. //ARDA, f.894, s.10, i.31, v.2.
[37] İstanbuldakı Azərbaycan nümayəndəliyinin rəhbəri M.Ə.Rəsulzadənin xarici işlər naziri M.H.Hacınskiyə məktubu. 19.07.1918. //ARDA, f.894, s.10, i.31, v.2.

conquer, the Russians are against this. According to rumors from the Kurdamir front, 800 Russian soldiers have dropped their weapons and left in protest to Armenian's cruelty (They rounded Muslims into a mosque and then burned it, resulting in a massive killing of women and children. It is impossible to describe these disasters.) They have been arrested in Baku and now are kept on Nargin Island. Then the Armenians declared an overall mobilization in Baku. The Russians protested it and do not want to fight. The Muslims agree on this with the Russians. The Shamakhi-Baku road is now under our control from Shamakhi to Changi (Çəngi). Armenian groups are running to Baku in panic. There is a battle expected soon near Baku."[38] On July 31, the Prime Minister F. K. Khoyski wrote to M. A. Rasulzada, "Two days ago Mammad Hasan left for the front, this evening I am going too. Our army has got to Baku, took control over Gobu, Khirdalan and Sumgayit, and is situated between Hajigabul and Alat (Ələt) along the railway road, I hope, if nothing extraordinary happens, Baku will be taken by us."[39] On July 30, one of the leaders of the Commune army, Avetisov, told Soviet Baku that continuation of resistance was meaningless. The very same day, the leaders of the Armenian National Assembly that came to the Soviet (Council) of the People's Commissariat asked the Bolsheviks to surrender the city. On July 31, the Baku Soviet (Council) of the People's Commissariat declared the end of its authority and passed authority to the Centrokaspi dictatorship, consisting of Esers, Mensheviks and Dashnaks with participation of officers from the Caspian navy. Pechenkin, Tyushkov, Bushev, Lemleyn and Yermakov from the Caspian navy, Esers L. Umanski and A. Veluns, Mensheviks Q. Ayolla and M. Sadovki, Dashnaks A. Arakelyan and Malik-Yolchuyan were the ones that were included in the Centrokaspi government

[38] Xarici işlər naziri M.H.Hacınskinin İstanbulda Azərbaycan nümayəndələrinin başçısı M.Ə.Rəsulzadəyə məlumatı. 24.07.1918. //ARPİİ SPİHDA, f.277, s.2, i.7, v.41-42.
[39] Nazirlər Şurasının sədri F.X.Xoyskinin İstanbuldakı Azərbaycan nümayəndələrinin rəhbəri M.Ə.Rəsulzadəyə təcili diplomatik məlumatı. 31.07.1918. //ARPİİ SPİHDA, f.277, s.2, i.7, v.37.

formed on August 1. One of the first steps of the Centrokaspi dictatorship after coming to power was to speed up the process of allowing access to the Englishmen from Anzali coming to Baku. The first English unit, commanded by Colonel Stocks, came to Baku on August 4. They were not more than 240 men.[40] Shortly after, between August 9 and 17, three battalions, one desert artillery battery and other English military forces consisting of a couple of armored cars entered Baku. P. Hopkirk described the situation then in Baku, " When the English were getting close to the sleepy Baku port on August 17, 1918, there was only a shadow left of heartwarming memories of what at some point was a glittering city. After the war and revolution, Baku was similar to Shanghai when captured by communists in 1949."[41]

Soviet Russia's interference over the matter with Germany delayed the Azerbaijani government's entrance into Baku. Soviet Russia realized that it would not be able to stop the Azerbaijan-Turk forces with only the Russian Commune forces, entered into negotiations with Germany in 1918 to try and retain Baku by diplomatic means. Germany, having lost hope in its ally Turkey, accepted that it would not get oil from Azerbaijan and decided to listen to Soviet Russia. Germany's main headquarters which had been scared by the Islam Army's successful military operations in Azerbaijan started to explicitly interfere around the beginning of August. On August 4, General Ludendorff let Anvar pasha know that if the military operations in Azerbaijan do not stop, then German officers in the Ottoman's head commandment would be recalled to Germany. He wrote, "I cannot withstand the possibility of a new war with Russia because of Turkey's governing parties' actions that are in conflict with the terms of the peace agreement."[42] Anvar pasha in his report to Nuru pasha regarding Germany's resistance on

[40] Bakıda və Azərbaycanda 1917-1918-ci illərin inqilabi hadisələri haqqında xatirələr. Blyuminin xatirələrindən. 1922. //ARPİİ SPİHDA, f.276, s.2, i.20, v.20.
[41] P.Hopkirk. On Secret Service East of Constantinopol, p.332.
[42] T. Swietochowski. Russian Azerbaijan. p.134.

the Baku issue said, on August 10, that talks with Germany did not produce any real results and that they were insisting on sticking to the Brest-Litovsk peace agreement and keeping peace with the Russians. Anvar pasha wrote, "Even if the Germans refuse to make a commitment to leave Baku for the Azerbaijanis, we can claim that the newly born Azerbaijani government cannot live without Baku and insist on it."[43] In a letter written by M. A. Rasulzada, the head of the Azerbaijani delegation to Istanbul, to the Minister of Foreign Affairs M. H. Hajinski, he talks about the issue of speeding up the liberation of Baku, as Germany's loss on the Western front in the summer of 1918 could substantially change the international situation. M. A. Rasulzada who was closer to the issue and could better see the political consequences of it notes in his letter to the Minister of Foreign Affairs M. H. Hajinsi, "With whatever means and at whatever cost, Baku has to be immediately liberated. Otherwise, we can end up faced with a problem, in a very complicated situation. The movement toward Baku should be only on behalf of Azerbaijan, it should be done by Azerbaijan. If it is completed any other way, there could be complications." After analyzing the international situation M. A. Rasulzada tells the Azerbaijani government, "You should take Baku so that everyone is left faced with a fact. Processes will take a totally different form then. The Bolsheviks can threaten that they are going to fight, but I think they are not going to fight."[44] In turn, Prime Minister Fatali khan asks M. A. Rasulzada to increase their efforts in Istanbul for Turkish approval and support in favor of liberating Baku."[45]

In Berlin, negotiations with the Soviet Ambassador which took place at the end of August, Germany agreed to stop the attack on Baku by the Turks

[43] Hikmet Yusuf Bayur. Türk İnkilabı Tarihi, cilt III, Ankara, 1983, s.225.
[44] İstanbuldakı Azərbaycan nümayəndəliyinin başçısı M.Ə.Rəsulzadənin xarici işlər naziri M.H.Hacınskiyə məktubu. 07.08.1918.//ARDA, f.894, s.10, i.154, v.9.
[45] Nazirlər Şurasının sədri F.X.Xoyskinin İstanbuldakı Azərbaycan nümayəndəliyinin rəhbəri M.Ə.Rəsulzadəyə təcili diplomatik məlumatı. 23.08.1918. //ARPİİ SPİHDA, f.277, s.2, i.7, v.22.

on condition that the Soviets removed the English from Baku. In his telegram, dated August 23, to F. I. Kolesov, V. I. Lenin says that "The Germans agree to provide a guarantee not to attack Baku with the condition of us kicking out the English from there."[46] In accordance with this agreement and after three months of German-Russian negotiations in Berlin, secretly from Turkey, an agreement was signed between Germany and Soviet Russia on August 27. The 6th chapter of the agreement was about the Caucasus. According to clause 13, Russia was giving its consent to Germany to recognize Georgia as an independent State. Clause 14 was directly linked to Azerbaijan. It stated that "Germany is not going to give any help in military operations to any third governments outside the borders of Georgia, within the Caucasus. It will use its influence so that third countries' military forces within the Caucasus do not cross onto territories between the origin of Kur (Kür) and Petropavlovsk village, along the Shamakhi zone borderlines until Ayrioba (Əyrioba) village, along the Baku, Shamakhi and Guba borderlines, North borders of Baku zone until the sea. Russia is going to increase oil drilling and production in Baku province to its maximum capacity and give one quarter of it to Germany every month, with a minimum being not below a certain amount that is going to be discussed in the near future.[47] As soon as the head of the Azerbaijani delegation M. A. Rasulzada, who was in Istanbul on September 1, heard the news about the German – Russian bargain about Baku he immediately let the Minister of Foreign Affairs of Azerbaijan know, "According to information received from Berlin there has been an additional agreement signed between the Bolsheviks and Germany. The Bolsheviks have recognized only the independence of Georgia among the Caucasian countries and, the Germans in return for some part of the oil that is produced in Baku have agreed not to resist Russia's hopes of keeping

[46] V.İ.Lenin. Azərbaycan haqqında.Bakı, 1970, s.147.
[47] Документы внешней политики СССР. Т.1, Москва, 1957, с.443-444.

Baku and its oil regions under its control. … This news has shocked all of us and newspapers are furiously printing it. Talat pasha is getting ready to go to Berlin. Whatever it is, Baku needs to be freed, freed and freed."[48] As soon as the Ministry of Foreign Affairs of Azerbaijan received this news, it prepared an appeal to the German Ambassador in Turkey. It stated: "The Ambassador is to bring to the attention of his country that the agreement signed with the Russians is against Azerbaijan's vital interests, and it brings up the Azerbaijani people's and government's feelings of dissatisfaction and even sorrow.[49] On September 12, representatives of Azerbaijan in Istanbul presented the note of protest from the government of Azerbaijan to the German Embassy. A copy of the note was also presented to the Ministry of Foreign Affairs of Turkey, to the Austria-Hungarian and Bulgarian embassies, and even to the diplomatic representations of neutral countries.[50] But dramatic international changes to Entente's benefit at the beginning of September severely diminished Germany's interest in the August 27 agreement. During the reception with representatives of Azerbaijan, Anvar pasha mentioned that with the English entering Baku, Germany's resistance against the liberation of Baku had dropped to zero. On September 15, 1918, after serious military and diplomatic preparations, the decisive attack on Baku began. The same day, English military forces left Baku. According to secret directives from the British Ministry of Defense, the English were supposed to destroy oil pipes and explode oil reserves while leaving Baku. But they fled at such speed that they did not have time to implement this order.[51] Armenians that were "defending" Baku under the name of the "People's Army"

[48] İstanbuldakı Azərbaycan nümayəndəliyinin rəhbəri M.Ə.Rəsulzadənin xarici işlər naziri M.H.Hacınskiyə məktubu. 01.09.1918.//ARDA, f.970, s.1, i.16, v.2.
[49] Azərbaycan Xarici İşlər nazirliyi – Almaniya səfirliyinə. Sentyabr, 1918. //ARPİİ SPİHDA, f.277, s.2, i.8, v.60.
[50] İstanbuldakı Azərbaycan nümayəndəliyinin sədri M.Ə.Rəsulzadənin Almaniya imperator hökumətinin Türkiyədəki səfiri qraf Voldburqa notası. 12.09.1918.//ARDA, f.970, s.1, i.8, v.8-9.
[51] Британский Общественный Архив, Дело ФО 371. 3411, с.161а.

were running to the port and boarding the first ship they caught.[52] The reason that the Armenians were fleeing the city was the fear of reprisals for the March atrocities. But the Azerbaijani commanders that entered Baku on September 17 did not allow reprisals against the Armenians to occur. On September 18, the Turkish forces that were waiting outside the city entered Baku. The Azerbaijanis that were the real owners of the city met them with great warmth and as saviors. When Ottoman forces entered Baku, they declared that they took part in Baku's liberation per the request of the Azerbaijani government. Baku was liberated and the Azerbaijani government moved to Baku in its full staff.

After the government moved into Baku, in order to provide for the work of the Ministry of Foreign Affairs, its office was immediately moved to a couple of rooms in the Metropol hotel. Shortly after, the Azerbaijan newspaper published that the Ministry of Foreign Affairs had moved to Mirbabayev's house on Sahil Street.[53] On October 6, 1918, the Cabinet of Ministers passed a resolution to form a special commission that was to be sent to European capitals declaring Azerbaijan's sovereignty. In order to provide the Ministry of Foreign Affairs with experienced leadership, the Extraordinary and Plenipotentiary Ambassador to Istanbul Ali Mardan bey Topchubashov (Əli Mərdan bəy Topçubaşov), was appointed Minister of Foreign Affairs. Via telegraph, he was requested to urgently form the composition of the mission that was to be sent to European capitals.[54] Since there was a Caucasian Republics Conference expected to be held in Tbilisi in the middle of November, diplomatic representatives to the Georgian government, Mammad Yusif Jafarov and Dr. Mustafa bey Vakilov (doktor Mustafa bəy Vəkilov), were appointed Azerbaijan's representatives at that conference.[55] Taking into con-

[52] A. Rowlinson. Adventures in the Near East 1918-1922. London-New-York, 1923 p.92.
[53] Azərbaycan, 1918, 5 noyabr.
[54] Азербайджанская Демократическая Республика. Законодательные акты (1918-1920). Баку, 1998, с.240.
[55] Азербайджан, 1918, 11 ноября.

sideration Batumi's importance to Azerbaijan, the Cabinet of Ministers appointed Mahmud bey Afandiyev (Mahmud bəy Əfəndiyev) Azerbaijan's diplomatic representative to Batumi.[56] A little later, in order to develop diplomatic relations with countries of neighboring territories, the following individuals were appointed as the Republic of Azerbaijan's diplomatic representatives respectively: Mir Yusif Vazirov to Ukraine and Krim, Abdurrahim bey Hagverdiyev to the Republic of Mountaineers, Dr. Javar bey Rustambeyov to the Kuban government, Akbar aga Sadigov to the Zakaspi government.[57] So, in a short period of time after the government moved to Baku, the staff of the Ministry of Foreign Affairs of Azerbaijan was formed and diplomatic representatives to neighboring countries were established. But, at this point, the main issue facing Azerbaijani diplomacy was the establishment of relations favorable to Azerbaijan's interests with other influential countries in the ever-changing international order immediately following World War I.

In the autumn of 1918, relations between Azerbaijan and Turkey moved closer upon Baku's conquest. One of the main goals of Turkey's Prime Minister Talat pasha during his trip to Berlin, which started on September 6, was related to Azerbaijan and specifically to encourage Germany to void the agreement that it signed with Russia on August 27. Talat pasha had very intense negotiations with both German officials and Russia's ambassador in Berlin until September 24. Talat pasha expressed his deep concerns to German representatives Hintze and Lossov during their meeting on September 7 in connection with Germany's secret agreement with Russia relating to the Caucasus. In turn, German representatives blamed Turkey for breaking its promise to Berlin not to attack Baku.[58] In a memorandum presented by Talat pasha to the German Ministry of Foreign Affairs on September 10, the South Caucasus' situation was evaluated after the Brest-

[56] Азербайджан, 1918, 10 ноября.
[57] Азербайджанская Демократическая Республика. Внешняя политика, с.156, 195-196.
[58] A. N. Kurat. Türkiye ve Rusiya, s.517.

Litovsk peace deal. According the Brest-Litovsk peace agreement Baku province's population was 85% Muslim, and, from a geographical perspective, Baku belonged to Azerbaijan.[59] At the point, negotiations became more intense. Talat pasha received a telegram from Istanbul stating that Baku had been taken under Azerbaijani control strengthened the Turkish delegation's position. Now they wanted to achieve the acknowledgement of the Caucasus Republics' independence in return for promising Germany various economic concessions. The liberation of Baku decreased Germany's strong resistance on September 18. During those negotiations, Talat pasha noted that Turkish forces were not going to stay in Azerbaijan for long. This promise by Turkey was set forth in the German-Ottoman seven item protocol signed in the middle of September. Germany officially repudiated the August 27 agreement and declared its intent to diplomatically recognize Azerbaijan and, as a first step, to open a consulate in Baku. Additionally, in return for the Ottoman government's withdrawing its military units from Azerbaijan and Armenia, Germany promised to get Azerbaijan's sovereignty recognized by Soviet Russia.[60] Turkey, for its part, committed to influence the Republic of Azerbaijan to make some concessions to Germany in the oil sector and do everything that was in its power with regard to protection of the rights of the German population in Azerbaijan.

As soon as G. Chicherin heard the news of Baku's liberation on September 19, he sent a long telegram that was to be presented to the German government. Chicherin explained that the liberation of Baku, which was assumed to be "one of the main cities of the Russian Republic" was of serious concern to Soviet Russia. In the note by RSFSR's (Russian Socialistic Federative Soviet Republic) People's Commissariat of Foreign Affairs to Turkey on September 20, Baku's liberation by Turkish forces "with the help

[59] M. Qasımov. Birinci dünya müharibəsi illərində böyük dövlətlərin Azərbaycan siyasəti. II hissə. Bakı, 2001, s.271-281.
[60] T. Swietochowski. Russian Azerbaijan. p.140.

of Tatar predators" was evaluated as an intrusion onto Soviet Russia's territory.[61] At the same time, Soviet Russia's Commissariat of Foreign Affairs ordered A. Ioffe who was in Berlin to meet with Talat pasha and the Minister of Foreign Affairs of Turkey Ahmad Nasim bey, to discuss the "Baku issue" and "provide for Baku's surrender to Soviets by Turks."[62] But when A. Ioffe put forward the request of surrendering Baku to Soviet authorities during the last meeting held before leaving on September 24, Talat pasha said that Turkey would not take the responsibility of surrendering any territories to Russia because it was not planning to intrude into Azerbaijan's internal affairs.[63] When receiving A. M. Topchubashov in Istanbul on October 2, Talat pasha let him know about the discussions that took place in Berlin and that he had done everything that he could for the benefit of Azerbaijan.[64]

In the autumn of 1918, the Union of Four was on the eve of defeat and Azerbaijani representatives in Istanbul were closely following the changes in world politics. M. A. Rasulzada in his urgent telegram from Istanbul to the head of Cabinet of Ministers F. K. Khoyski noted that political situation had completely changed. "A peace was offered based on Wilson's principles. The conference is not going to be held. Armenians demand Karabakh. The National Assembly has to be called immediately and awareness campaign in Europe is necessary." [65]

In the autumn of 1918, the German-Turkish block lost World War I. On October 30, Turkey had to sign the painful Mudros treaty. This defeat left deep marks upon the history of the Republic of Azerbaijan. According to the 11th item of the Mudros treaty, Turkey had to immediately leave South

61 Документы внешней политики СССР. Т.1, с.491-492.
62 A. N. Kurat. Türkiye ve Rusiya, s.525.
63 A. N. Kurat. Türkiye ve Rusiya, s.555.
64 Azərbaycan Respublikasının fövqəladə səfiri və səlahiyyətli naziri Ə.M.Topçubaşovun Türkiyənin sədr-əzəmi Tələt paşa ilə söhbətinin yazılı qeydləri. 02.10.1918. //ARDA, f.894, s.10, i.150, v.1-2.
65 İstanbuldakı Azərbaycan nümayəndəliyinin sədri M.Ə.Rəsulzadənin Nazirlər Şurasının sədri F.X.Xoyskiyə məktubu. Oktyabr, 1918. //ARDA, f.970, s.1, i.5, v.2.

Azerbaijan and South Caucasus. An ultimatum was given to the Ottoman groups to leave Baku within a week and to leave Azerbaijan within a month. According to 15th item of the Mudros treaty, the South Caucasian railway that was under the control of Turkey after the Batumi agreement was now under control of the Allies. In addition, the Allies had the right to take Batumi and finally, "Turkey was not to be against Baku's occupation by ally forces".[66] On November 3, the terms of the Mudros Armistice Treaty were officially declared. On November 4, A. M. Topchubashov gave a note of protest to the Ottoman government's Deputy Minister of Foreign Affairs Rishad Hikmat regarding the items of the Mudros treaty that were related to Azerbaijan. The note stated that, although the Ottoman government recognized the sovereignty of the Republic of Azerbaijan, inclusion of the item regarding the capital city of the Republic of Azerbaijan Baku into the Mudros treaty was against international laws and rules. Furthermore, it now made it easier for the English to invade Azerbaijan. He said, "Adjoining to the fact that I am far from the idea that this point is for the benefit of the Ottoman government, I have to protest this point."[67] Despite all the disputable arguments, Turkish forces left Baku on November 10.

Extraordinary and Plenipotentiary representative to Istanbul A. M. Topchubashov advised Prime Minister F. K. Khoyski in his letter dated October 31 to urgently start negotiations with the English who were in Rasht (Rəşt) and Anzali (Ənzəli).[68] That is why in the beginning of November 1918, the Azerbaijani delegation comprosed of N. Usubbayov (N. Usubbəyov), A. Agazev and M. Rafiyev left for Anzali to start negotiations with

66 Ю.В.Ключников и А.Сабанин. Международная политика новейшего времени в договорах, нотах и декларациях. Часть II. Москва, 1926, с.188.
67 Azərbaycan Respublikasının fövqəladə səfiri və səlahiyyətli naziri Ə.M.Topçubaşovun Mudros barışığının Azərbaycana aid maddələri ilə bağlı Türkiyənin Xarici İşlər Nazirliyinə etiraz notası. 04.11.1918. //ARDA, f.970, s.1, i.68, v.2.
68 Osmanlı hökumətində Azərbaycan Respublikasının fövqəladə səlahiyyətli nümayəndəsi Ə.M.Topçubaşovun F.X.Xoyskiyə məktubu. 31.10.1918. //ARDA, f.894, s.10, i.34, v.17.

Great Britain's Northern Iran Army's command.[69] Negotiations with Britain's commander of the army that was in Iran V. Thomson did not go easy. From the beginning, he rejected the existence of a state called Azerbaijan at all. But after long discussions, the English general said, "As far as we know, there is no republic formed by the general idea of an Azerbaijani people, but there is a government formed by the Turkish command's intrigue. Now that you claim the opposite, then everything has to be checked on the spot and the appropriate decision has to be made."[70]

On November 17, English forces comprised of Indian soldiers entered Baku in accordance to the Mudros treaty. The Minister of Internal Affairs B. Javanshir, the Deputy Minister of Foreign Affairs A. Ziyadkhanov and a number of other employees of the Ministry of Foreign Affairs, and representatives of various national organizations were present at the official reception.[71] General Thomson made a short speech at the reception ceremony at the Baku port. This speech was somewhat hopeful. He said, "I congratulate you with the end of the World War. As a commander of joint French, English and American forces I declare: We came here in accordance with the agreement signed with Turkey in order to replace the Ottoman army that was protecting you until now. We are not here with the idea of interfering into your internal affairs neither now nor later. I am hopeful that with close collaboration everything is going to change to the better."[72] On November 18, the Azerbaijani government's official position was declared regarding the entry of the Entente forces into Baku. It stated that ally forces temporarily entered only Baku and only had authority over the military command, according to a bilateral agreement, they were not to interfere into the country's and the capital's internal affairs. All of the state offices were to continue their activities as before, with the final

[69] A. Ziyadxanlı. Azərbaycan.Bakı, 1919, s.59.
[70] M.B.Mehmetzade. Milli Azerbaycan hareketi.Berlin, 1938, s.99.
[71] Азербайджан, 1918, 18 ноября.
[72] 28 may 1918. Azərbaycan Cümhuriyyəti istiqlalının birinci sənei dövriyyəsi.Bakı,1919,s.13-14.

result regarding Russian nations' matter of self-determination to be solved at the international peace congress (Paris peace conference –Jamil Hasanli).[73]

Having stayed in Baku for several days and closely familiarized himself with the situation, General V. Thompson ascertained that the opinion of Russian cadets that "Azerbaijan is nothing more than an illusion made up by several hundred political swindlers" was very far from reality. He declared that the British command highly respected the Azerbaijani government, its Prime Minister F.Kh. Khoyski (F.X. Xoyski) who "is one of the most able persons in Baku and his government remains the only effective government in the country until the establishment of a coalition government."[74] In correspondence sent to London in November 1918, V. Thompson wrote about the Chairman of the Council of Ministers of Azerbaijan Fatali khan Khoyski: "He is a clever man, lawyer and was capable of establishing a government body which is more perfect than any previous government body known to us in the Caucasus."[75]

Commencement of the Azerbaijani Parliament's work on December 7, 1918, increased further international confidence in him. At the first session of the Parliament, A.M. Topchubashov (Ə.M. Topçubaşov), previously the Extraordinary and Plenipotentiary Representative to Turkey, and appointed in October 6, 1918, the Minister of Foreign Affairs, was elected the Parliament's Chairman. In November and December, as an Extraordinary and Plenipotentiary Minister, he had a number of constructive meetings with Turkish state officials and representatives of allies coming to Istanbul. He met and carried on talks with Rauf bey, who participated on behalf of Turkey in the Mudros negotiations, on November 3. Following a list of meetings that A.M. Topchubashov held in Istanbul during that period: Deputy Minister of Foreign Affairs Reshad Hikmat (Reşad Hikmət) bey on November 4, the Minister of Foreign

[73] Азербайджан, 1918, 19 ноября.
[74] T.Swietochowski. Russian Azerbaijan. p.142.
[75] Azərbaycan Xalq Cümhuriyyəti. Böyük Britaniyanın arxiv sənədləri, s.77; M.Qasımlı. Birinci dünya müharibəsi illərində böyük dövlətlərin Azərbaycan siyasəti. III hissə, s.437.

Affairs Nabi (Nəbi) bey on November 5, the Minister of Finance Huseyn Javid (Hüseyn Cavid) bey on November 8, representative of Ukraine Sukovchin on November 15, new Minister of Foreign Affairs of Turkey Mustafa Reshad (Mustafa Reşad) pasha on November 16 and 18, new Grand Vizier Tevfik pasha and Tumple, a British diplomatic representative also on November 16. The Minister of Finance of Turkey Abdulrahman (Əbdülrəhman) bey and the Minister of War Abdulla pasha on November 25, Russian representative P.N. Milyukov on December 7, American diplomatic representative Brown on December 23, and the representative of the Italian kingdom Count Sfors on December 31.[76] During all these talks, the situation in the world in connection with the termination of the war and the status of Azerbaijan was discussed.

Fatali Khan Khoyski became Prime Minister and the Minister of Foreign Affairs in the new government formed on December 26. The first task of the newly-created government was to get recognition from the representative of the Allies in Baku. On December 28, the representative of the Allies in Baku V. Thompson stated that he recognized the government of Azerbaijan. Thompson's statement indicated that Azerbaijani coalition government created under the chairmanship of F. Khoyski was the only legitimate authority in the entire territory of Azerbaijan. Furthermore, that as the commander of the military forces of the Allied countries he fully supported this government.[77] Soon after, the commander-in-chief of British troops in the Balkans and Caucasus General George Miln, who came to Baku, confirmed V. Thompson's statement and advised that the government of Great Britain recognized the government of Azerbaijan as the only legitimate authority in the entire territory of Azerbaijan.[78]

The first step of the newly-created government was submission to Parliament for consideration on December 28 the issue of approval of the composition and determination of the status of the delegation to be sent to the Paris

[76] Дипломатические беседы А.М.Топчыбашева в Стамбуле 1918-1919 гг. Баку, 1994, с 33-88.
[77] Наше время, 1918, 30 декабря.
[78] 28 may 1918. Azərbaycan Xalq Cümhuriyyəti istiqlalının sənei dövriyyəsi, s.18.

Peace Conference. The Chairman of the Parliament Ali Mardan bey Topchubashov was appointed the head of the delegation and a member of the government Mammad Hasan Hajinski was appointed his deputy. Two Members of Parliament, Ahmad bey Aghayev and Akbaragha Sheykhulislamov, were also included in the delegation. Members of Parliament Mir Yagub Mehdiyev and Mammad Maharramov and the editor of the Azerbaijan newspaper were appointed consultants.[79] Additional authorities were granted to the delegation for "preparation of public opinion of civil governments of America and Europe for the direction which would be most helpful for the creation of business contacts with business circles of these countries".[80] The Azerbaijani delegation departed for Istanbul on January 18, 1919. Before their arrival, starting in early January in Istanbul, A.M. Topchubashov had already carried out important work pertaining to Azerbaijan statehood. In the first days of January, he met with representatives of allies and neutral countries who were in Istanbul, and presented to them a note of protest from the Republic of Azerbaijan in connection with the Mudros treaty. He conducted talks with diplomats from Iran and Russia, and was received by the Sultan of Turkey on January 11.[81] On January 5-6, at Istanbul's Pera Palace hotel where foreign representatives were located, A.M. Topchubashov met with S.D. Sazanov who came to the Paris Peace Conference as a representative of White Guardist Kolchak and Denikin governments.[82] On January 6, he met with Mr. Hake, the American diplomatic representative in Istanbul. During that meeting he requested an extension to the "fourteen peace principles" from President W. Wilson pertaining to Azerbaijan and aid for recognition

[79] Адрес-календарь, с.24.
[80] Paris Sülh konfransında iştirak etmək üçün Azərbaycan nümayəndə heyətinə verilmiş etimadnamə. 04.01.1919.//ARPİİ SPİHDA, f.277, s.2, i.22 , v.18.
[81] Ə.M.Topçubaşovun Türkiyə Sultanı tərəfindən qəbul edilməsi haqqında "Zaman" qəzetinin məlumati.12.01.1919.// ARDA, f.970, s.1, i.158, v.3.
[82] Azərbaycan Respublikası Sülh nümayəndəliyinin başçısı Ə.M.Topçubaşovun Rusiya imperiyasının keçmiş xarici işlər naziri S.D.Sazanovla söhbəti. 05-06.01.1919.// ARDA, f.894, s.10. i.151, v.39-42.

of the republic's independence by the USA.[83] On January 10, he met with the representative of the Netherlands Van Der Does de Villebua.[84] Meetings by A.M. Topchubashov with the Minister of Foreign Affairs of Iran on January 11-15 were of great significance from the perspective of clarification of a number of issues between Azerbaijan and Iran.[85] On January 16, A.M. Topchubashov received A. Agharonyan, Chairman of the Armenian National Council and head of the Armenian delegation to the Paris Peace Conference. A. Agharonyan shared with A.M. Topchubashov broad information about the events which had taken place in the South Caucasus recently, specifically the Armenian-Georgian war, and Azerbaijani-Armenian relations.[86]

The Azerbaijani delegation arrived in Istanbul on January 20. They needed to obtain visas there for going on to Paris. After arriving in Istanbul, the delegation was delayed there until April 1919 as the Allied command did everything possible to hinder participation of Azerbaijanis at the Paris Peace Conference. Information sent from Istanbul by the head of the delegation Alimardan bey Topchubashov proved that he was working hard to obtain visas for going to Paris.[87] Azerbaijani diplomats were able to come to Paris

[83] Azərbaycan respublikasının Sülh nümayəndəliyinin başçısı Ə.M.Topçubaşovun Türkiyədəki Amerika diplomatik nümayəndəsi Heyklə söhbəti. 06.01.1919.// ARDA, f.894, s.10. i. 151, v.45.

[84] Azərbaycan respublikasının Sülh nümayəndəliyinin başçısı Ə.M.Topçubaşovun Türkiyədəki Hollandiya nümayəndəsi Van Der Does de Villebua ilə söhbəti. 10.01.1919.// ARDA, f.894, s.10. i. 151, v.52-53.

[85] Azərbaycan Respublikasının Sülh nümayəndəliyinin başçısı Ə.M.Topçubaşovun İranın xarici işlər naziri Əliqulu xan Ənsarı ilə söhbəti .11-15.01.1919.// ARDA, f.894, s.10, i.151, v.54-55, 58-59.

[86] Azərbaycan Respublikasının Sülh nümayəndəliyinin başçısı Ə.M.Topçubaşovun erməni milli şurasının sədri və Paris Sülh konfransında erməni nümayəndəliyinin başçısı A.Ağaronyanla söhbəti. 16.01.1919.// ARDA, f.894, s.10, i.151, v.60-62.

[87] Azərbaycan Respublikasını Sülh nümayəndəliyinin başçısı Ə.M.Topçubaşovun Nazirlər Şurasının sədri və Xarici İşlər Naziri F.X.Xoyskiyə teleqrammı. 22.02.1919.// ARDA, f.894, s.10, i. 66, v.42; Azərbaycanın Paris Sülh konfransındakı nümayəndəliyinin başçısı Ə.M.Topçubaşovun Nazirlər Şurasının sədri və xarici işlər naziri F.X.Xoyskiyə məlumatı. 05.03.1919.// ARDA, f.894, s.10, i.152, v.16; Ə.M.Topçubaşovun Azərbaycan Nazirlər Şurasının sədri və xarici işlər naziri F.X.Xoyskiyə məktubu. 29.03.1919.// ARDA, f.894, s.10, i. 66, v.9; MAE (Archives Diplomatique) Correspondanse politique et commerciale, 1914-1940 Série« Z » Europe 1918-1940 Sous-Serie USSR Russia-Caucase (Azerbaidjan) Direction des Affaires Politiques et Commerciales 11 janvier 1919 – 31 mars 1920. Vol.638, folio 9, folio 11, folio 15 bis.

only in the middle of May 1919. Arriving after the start of the conference did not allow them to carry out necessary preparations in connection with the issues discussed at the Peace Conference.

Despite coming late, the Azerbaijani delegation managed to meet with the US President W. Wilson on May 28, 1919. The reasons for Azerbaijani statehood were presented to W. Wilson during the meeting.[88] The results of the meeting were not very encouraging. The US President noted that the Peace Conference did not want the world to break into small pieces and that the Azerbaijani issue could only be considered after the Russian issue was resolved. At the same time, Wilson assured the Azerbaijani delegation that "hereinafter, the people of Azerbaijan will receive the help and assistance of America in the sacred cause of protecting and maintaining its freedom and independence".[89] Wilson recommended that the Azerbaijanis discuss the idea of the confederation of nations of the South Caucasus at a future date at the League of Nations, where they could look for support from one of the four big countries (Great Britain, France, Italy and the USA).[90]

The head of the Azerbaijani delegation A. Topchubashov presented to the US President a copy of the memorandum submitted to the Paris Peace Conference and other documents. Those documents consisted of the following: 1. Memorandum on the independence of Caucasian Azerbaijan whose borders were shown on a special leaf with a map; 2. Memorandum on the economic and financial situation of Azerbaijan along with an economic map; 3. Memorandum on ethnic composition of population of Azerbaijan along with ethnographic map and diagrams.[91] The appointment in the summer of 1919, by a resolution of the Paris Peace Conference, of Colonel W. Haskel as High Commis-

[88] Bulletin d'Information d L'Azerbaidjan. Paris, 1919, 1 Septembre, №1, p.6-7.

[89] Azərbaycan Respublikasının Paris Sülh Konfransındakı nümayəndəliyinin başçısı Ə.M.Topçubaşovun nümayəndəliyin ABŞ prezidenti V.Vilson tərəfindən qəbul edilməsi haqqında Nazirlər Şurasının sədri N.Usubbəyova məlumatı. 28.05.1919 // ARDA, f.970, s.1, iş.143, v.7.

[90] А.М.Топчибашев. Письма из Парижа. Баку, 1998, с.38.

[91] Paris Sülh Konfransındakı Azərbaycan nümayəndəliyinin ABŞ prezidenti V.Vilsona təqdim etdiyi Memorandum. 28.05.1919 // ARDA, f.970, s.1, iş.143, v.38.

sioner of America to Armenia indicated increasing interest of the Americans to the Caucasus. This was followed in fall 1919 by a Presidential Order announcing that General J. Harbord would be sent to the South Caucasus. This reaffirmed the interest of the United States in the South Caucasus. Having seen the realities of Azerbaijan and after having talks with state officials of the republic during the trip, James Harbord acknowledged that Azerbaijan was the only viable country in the South Caucasus capable of living independently. When leaving the Caucasus, he wrote in a telegram sent to the Prime Minister of the Republic of Azerbaijan N. Usubbayov: "I and officers of my mission take with us the best memories about your country and people, and hope for the slander spread by your neighbors among big states not to impede your progress".[92] Talks between A.M. Topchubashov and H. Morgentau who worked in Istanbul as a long term Ambassador and Bukler, a member of the American delegation at the Paris Peace Conference, also indicated clarification of Americans' knowledge about Azerbaijanis. During the talks, Bukler, pointed to wrongful information about Azerbaijan given to Americans. He said: "I want to assure you that now we know better your neighbors which we did not consider angels in any event. We are currently waiting for information from our mission in your country".[93] By the example of W. Chandler, a member of the House of Representatives of the US Congress, and famous advocate M. Rabinov, these first lobbying attempts further increased awareness among Americans about Azerbaijanis.[94]

The Azerbaijani delegation did a lot of work to familiarize participants of the Paris conference with the political situation in the republic. In a short period of time, they published information about the Republic of Azerbaijan to the Peace Conference in English and French which they distributed among the representatives.[95] Books and booklets prepared by A.M. Topchubashov, M.H. Hajinski, M. Mehdiyev, M. Maharramov, J. Hajibayov and A. Sheykhulislamov which were printed in Paris helped educate the European reader about Azerbaijan.[96] Twelve educational bulletins about the Republic of Azerbaijan were published in Europe between September 1, 1919, and April 1, 1920.[97]

Representatives of all independent states established on the territory of the former Russian Empire were interested in participating at the Paris Peace Conference. During the conference, they had meetings and exchanged views about their observations. On certain issues, they shared consensus. On June 13, 1919, a document on partial recognition of supreme authority of Admiral Kolchakin on the territory of Russia, signed by W. Wilson, Lloyd-George, B. Clemenceau, W. Orlando and Baron Makino, was published. In this connection, representatives of Azerbaijan, Georgia, Latvia, Estonia, North Caucasus, Belorussia and Ukraine presented, on June 17, 1919, a note of protest to the Chairman of the Paris Conference.[98]

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[92] Азербайджан, 1919, 21 октября.

[93] Paris sülh konfransında Azərbaycan nümayəndəliyinin başçısı Ə.M.Topçubaşovun Nazirlər Şurasının sədrinə məktubu. 06-10.11.1919.// ARDA, f.970, s.1, i.146, v.11.

[94] Amerika Birləşmiş Ştatları konqresinin nümayəndələr palatasının üzvü Valter Çandlerin Azərbaycan Respublikasının Paris Sülh konfransındakı nümayəndə heyətinin sədri Ə.M.Topçubaşova məktubu. 01.11.1919.// ARDA, f.970, s.1, i.145, v.59; Amerikalı vəkil Maks Rabinovun Azərbaycan Respublikasının Paris Sülh konfransındakı nümayəndə heyətinin sədri Ə.M.Topçubaşova məktubu. 03.11 1919.// ARDA, f.970, s.1, i.145, v.80.

[95] Claims of the Peace Delegation of the Republic of Caucasian Azerbaijan presented to the Peace Conference in Paris. Paris, 1919; La Republique de l'Azerbaidjan du Caucase. Paris, 1919.

[96] L'Azerbaidjan en chiffres. Paris, 1919; Composition antropologique et ethnique de la population de l'Azerbaidjan du Caucase. Paris, 1919; Economic and Financial Situation of Caucasian Azerbaijan. Paris, 1919; La Premiere Republique Musulmane: L'Azerbailjan. Paris, Editions Ernest Leroux, 1919.

[97] B a x : Bulletin d'Information d L'Azerbaidjan. Paris, 1919, 1 Septembre, №1, p.1-8; Bulletin d'Information d L'Azerbaidjan. Paris, 1919, 8 Septembre, №2, p.1-8; Bulletin d'Information d L'Azerbaidjan. Paris, 1919, 13 Octobre, №3, p.1-8; Bulletin d'Information d L'Azerbaidjan. Paris, 1919, 18 November, №4, p.1-8; Bulletin d'Information d L'Azerbaidjan. Paris, 1919, 15 December, №5, p.1-8; Bulletin d'Information d L'Azerbaidjan. Paris, 1920, 1 Janvier, №6, p.1-8; Bulletin d'Information d L'Azerbaidjan. Paris, 1920, 17 Janvier, №7, p.1-8; Bulletin d'Information d L'Azerbaidjan. Paris, 1920, 1 Fevrier, №8, p.1-8; Bulletin d'Information d L'Azerbaidjan. Paris, 1920, 15 Fevrier, №9, p.1-8; Bulletin d'Information d L'Azerbaidjan. Paris, 1920, 1 Mars, №10, p.1-8; Bulletin d'Information d L'Azerbaidjan. Paris, 1920, 15 Mars, №11, p.1-8; Bulletin d'Information de L'Azerbaidjan. Paris, 1920, 1 Avril, №12, p.1-8.

[98] Parisdə olan Azərbaycan, Estoniya, Gürcüstan, Latviya, Şimali Qafqaz, Belorusiya və Ukrayna nümayəndələrinin bəyanatı. 17.06.1919. //APDA, f.970, s.1, i.143, v.50-51., Papers Realtinqg to the Foreign Relations of the United States. Russia, 1919. US Government Printing Office, Washington, 1937, p.380-381.

As explained above, the work of the Azerbaijani delegation, as well as delegations of other new states, was complicated by the fact that the issue of recognition of these states' independence was tied together with the "Russian issue". This placed in doubt their recognition as states under international law. On October 8, 1919, representatives of the independent republics of Azerbaijan, Georgia, Latvia, Lithuania, Estonia, North Caucasus mountaineers and Ukraine again sent a letter to Clemenceau, the Chairman of the Peace Conference. In this letter, the position of the leading states towards these republics was harshly criticized. This letter clearly stated two facts concerning the political situation established on the territory of the former Russian Empire. First, that Russian Bolsheviks had tried to establish a communist dictatorship. Second, Russian reactionary circles tried to reestablish their military dictatorship and restore former Russian power by enslaving neighboring nations.[99] Delegations of the said states requested that the resolution not be postponed on the issue of their recognition as subjects of international law. It was explained that postponement of the resolution of this issue for an indefinite period could result in serious negative consequences for nations striving for independence. Two issues submitted for consideration of the Supreme Council were put forward in the letter sent to Clemenceau: "firstly, recognition of each republic as an independent state and, secondly, immediate consideration of territorial, financial, economic and other issues".[100] It was clear that the aggression of the Red Army against the Caucasus would help dissemination of Bolshevik ideas in Iran and the Near East by destabilizing whole Near and Middle East.

The situation established in the Caucasus as a result of Bolshevik threat compelled the Entente states to think seriously and take actual practical

[99] A.M.Topçubaşov , Ə.M.Çermoyev, S.P.Pusta, N.Çxeidze, L.Bıç, İ.Seskis, F. Naruşeviç, qraf Tışkeviçin Sülh konfransının sədri Jorj Klemansoya məktubu .08.10.1919. // ARDA, f.970, s.1, iş.13, v.8.
[100] Yenə orada. V.9.

steps. In this connection, many European politicians supported the idea of the necessity of supplying Azerbaijan and Georgia with necessary defense facilities and strengthening their defense capability in order to provide for their confrontation with on-going Soviet expansion. But, according to international situation established after the war, aid to governments of countries whose sovereignty was not recognized faced certain difficulties. At the same time, the idea of "One and indivisible Russia" which could hinder the recognition of these republics by international law lost its significance in the post-World War I era. Thus, the recognition of independence for Azerbaijan and Georgia became an even more urgent issue. To this end, on January 10, 1920, a session of the Supreme Council of the Paris Peace Conference was convened on the initiative of Great Britain. Heads of government and the ministers of foreign affairs from Britain, France and Italy and representatives at the Peace Conference and ambassadors in Paris of the USA and Japan participated in this session. The problem of the republics of the South Caucasus was broadly and thoroughly discussed.[101] The British Prime Minister, who provided detailed information about the situation in the Caucasus, noted that the Bolsheviks were advancing towards the Caspian Sea and that, if Denikin was overrun and the Caspian Sea seized, Turks (the movement which began in Turkey under the command of M. Kamal is implied here) could expect British assistance. However, it was pointed out that the Caucasian states would be left in a deadlock. Therefore, D. Lloyd-George suggested preparing the most favorable route of supplying these states with arms and military supplies. The Supreme Council adopted a resolution to this effect at his suggestion. According to the resolution, military experts were to prepare proposals in order to help the Caucasian republics. Georges Clemenceau, who fully supported Lloyd-George's statement, noted the necessity of

[101] Papers Relating to the Foreign Relations of the United States. The Paris Peace Conference. 1919, vol. IX.US Government Printing Office, Washington, 1947, p.837-838.

preparation by British representatives having significant experience in Caucasian affairs of a memorandum "about helping the Caucasian republics".[102]

The meeting of the Supreme Council continued at the level of the ministers of foreign affairs without the participation of Lloyd-George and Clemenceau. At the suggestion of the Foreign Secretary of Britain Lord Curzon, the attitude towards the Caucasian republics along with the political side of the problem was discussed. Curzon stated in his address that Lloyd-George intended to put the issue of recognition of independence of Azerbaijan and Georgia on the agenda of the Supreme Council. As regards the "Armenian issue", it was anticipated that it would be resolved together with the "Turkish issue." Ministers of foreign affairs advised that they are of the same view in connection with the trilateral threat to Azerbaijan and Georgia.[103] The ministers envisaged, firstly, advancement of Bolshevik Russia troops southward, secondly, that retreating Denikin troops could invade these republics and, thirdly, Kemalists which could invade these countries pursuant to an agreement with Russia. As a result of this critical situation, governments of Azerbaijan and Georgia approached the Entente countries for help. Curzon, who informed the Supreme Council about these appeals, put forward a proposal of immediate *de facto* recognition of Azerbaijan and Georgia. The situation established at the Versailles Conference indicated that all conditions necessary for recognition of actually functioning states were present. But an impetus was needed and such impetus was given by a representative of the Peace Conference, the Foreign Secretary of Britain Lord Curzon.[104] In Curzon's view, British troops' entry into Caucasian borders would give big advantages to the British government after the Armistice of Mudros. A little later, on January 11, the Supreme Council of the allies adopted, at the suggestion of Lord Curzon, a resolution of the following content: "Allied states and union countries jointly recognize governments of Azerbaijan and Georgia at *de facto* level".[105] The representatives of the USA and Japan advised that they needed to ascertain opinions of their governments in order to join the act of recognition of Azerbaijan and Georgia.[106]

On January 15, representatives of Azerbaijan and Georgia were invited to the Ministry of Foreign Affairs of France. The representatives of Azerbaijan (A. Topchubashov and M. Maharramov) and Georgia (I. Sereteli and Z. Avalov) were received by the Secretary General of the Ministry Jules Cambon, a representative from Britain Philip Kerr and a representative from Italy Marquis della Torretta.[107] Jules Cambon presented to A. Topchubashov the official resolution of the Paris Peace Conference on *de facto* recognition of Azerbaijan by the members of the Supreme Council and allied states.[108] Congratulating the representatives of Azerbaijan and Georgia, Cambon advised that hereinafter Azerbaijan and Georgia, as independent states, can officially appeal to the Peace Conference for the resolution of any outstanding issues. After that, both countries may officially contact the Supreme Council and demand taking note of their needs, and providing for their legal rights and equal membership at sessions of the Conference. In addition, Cambon also advised that the act of recognition of governments of these states must coincide with recognition of their separation from Russia.[109] After, Cambon heard requests

[102] Ibid, p.838.
[103] Papers Relating to the Foreign Relations of the United States. The Paris Peace Conference. 1919, vol. IX, p.958-959.
[104] Mir - Yacoub. Le probleme du Caucase. Paris, 1933, p.121.
[105] Reconnaissance des Gouvernements de Géorgie et d'Azerbaïdjan.// MAE (Archives Diplomatique) Correspondanse politique et commerciale, 1914-1940 Série« Z » Europe 1918-1940 Sous-Serie USSR Russia-Caucase (Azerbaidjan). Direction des Affaires Politiques et Commerciales 11 janvier 1919 – 31 mars 1920. Vol.638, folio 183 ; Papers Relating to the Foreign Relations of the United States. The Paris Peace Conference. 19 19, vol. IX, p.959.
[106] C.Həsənov. Azərbaycan beynəlxalq münasibətlər sistemində (1918-1920). Bakı, 1993, s.320.
[107] Mir - Yacoub. Le probleme du Caucase, Paris. 1933, p.122; З.Авалов. Независимость Грузии в международной политике, Париж, 1924, с.241.
[108] Bulletin d'Information d L'Azerbaidjan. Paris, 1920, 17 Janvier, №7, p.1.
[109] Papers Relating to the Foreign Relations of the United States. The Paris Peace Conference. 1919, vol. IX, p.866-868.

and proposals from the representatives. Speaking on behalf of the Republic of Azerbaijan A. Topchubashov provided some brief information about the political structure of Azerbaijan and noted that the Republic of Azerbaijan expected that the big states could help with *de jure* recognition.

On January 15, the War Council in Versailles discussed the issues of aid to Azerbaijan and Georgia. British War Secretary W. Churchill, Chief of Headquarters of British Imperial Army Field-Marshal H. Wilson, the First Lord of Admiralty W. Lung, Lord-Admiral A. Bitty and others urgently came from London to Paris to participate in the work of the Council.[110]

On January 16, military experts continued their work. G. Clemenceau chaired the military experts meeting. He requested J. Cambon, who had met a day earlier with representatives of Azerbaijan and Georgia, to provide information about the situation in the Caucasus. J. Cambon, informed participants of the meeting about the defense capability of the Caucasian republics, noted that they were in serious need of financial, military and other aid. But this information from J. Cambon and P. Kerr did not satisfy Clemenceau. It was decided that this issue be discussed in detail the following day with participation of representatives of Azerbaijan and Georgia under the chairmanship of Field-Marshal H. Wilson.

On January 17, a meeting with participation of Admiral Bitty, a representative of the Foreign Office of Britain Robert Vansittart, as well as representatives of Azerbaijan and Georgia, was held under the chairmanship of H. Wilson at the Klaric hotel, where the representatives of Azerbaijan were staying. The main purpose of the meeting was clarification of the issues of assisting Azerbaijan and Georgia which were under the threat of Bolshevik aggression. The sending of Allied troops to the Caucasus was not discussed during the meeting, only the issue of aid within the framework of sending military supplies and foodstuffs was touched upon. A. Topchubashov responded negatively to

[110] З.Авалов. Независимость Грузии в международной политике, с.243-244.

Admiral Bitty's question about the ability of Azerbaijan to create, without foreign aid, its naval forces in order to protect the shore off the Caspian Sea.[111]

On January 19, 1920, the problem of the republics of the South Caucasus was discussed in detail at the meeting of the Paris Peace Conference's Supreme Council held with the participation of heads of states. That day, Azerbaijani representatives participated in full strength at the meeting held with participation of Lloyd-George, Clemenceau, Nitti, Cambon, Matsi, Curzon, Churchill, Fosh, Bitty, Wilson and other prominent statesmen of that period.[112] The memorandum drafted by British representatives pursuant to the instruction of the Supreme Council dated January 10 was declared. The following claims were set forth in the memorandum: 1. Recognition of Azerbaijan and Georgia (this measure was carried out); 2. Transfer to Azerbaijan, Georgia and Armenia of arms previously given to Denikin and located at Poti; 3. Additional food, financial and military (arms and supplies) aid to Azerbaijan and Georgia; 4. Additional measures for strengthening of Baku's defense; 5. Securing of defense of the Caspian shore, non-admission of the Bolshevik army to the Caspian Sea and Caspian fleet, return of marine fleet provided to Denikin to joint use of allies or, if impossible, its sinking.[113]

Ferdinand Fosh spoke at the meeting on behalf of military experts of the allies. Harsh disputes took place during the discussions about aid to the South Caucasus republics and the form of such aid. The head of the delegation of military experts Marshal Fosh considered it necessary to send several divisions to the Caucasus. Field-Marshal H. Wilson, who was in solidarity with Ferdinand Fosh, added that it would not be possible to retain the Caucasus unless the British fleet seized the initiative in the Caspian Sea. War Secretary W. Churchill agreed with H. Wilson's view and stated that all arms

[111] З.Авалов. Независимость Грузии в международной политике, с.245.
[112] Bulletin d'Information d L'Azerbaidjan. Paris, 1920, 1 Fevrier, №8, p.1-2.
[113] Papers Relating to the Foreign Relations of the United States. The Paris Peace Conference. 1919, vol. IX, p.903-904.

sent to the Caucasus will be seized by the Bolsheviks unless Britain seized supremacy in the Caspian Sea.[114] Lloyd-George, who was flatly objecting to the proposals of the military experts, addressed Marshal Fosh saying: "if it is not possible to retain the Caucasus without sending troops and sent arms will be seized by Bolsheviks, then, logically, we should refuse the aid. Shall we understand the military's decision in such fashion?" But Marshal Fosh rightly believed that the Caucasus could be saved from Bolshevik aggression only by sending troops.[115] Thus, while Clemenceau and Churchill supported sending troops to the Caucasus, Lloyd-George and Francisco Nitti preferred limiting the aid to sending military supplies.

Lloyd-George, while noting the necessity of military aid to Azerbaijan and Georgia, tried to clarify the ability of these republics to efficiently use the aid. He wanted to make sure that the aid did not end up in the Bolsheviks' hands as had the aid sent to Denikin. The Chairman of the Conference G. Clemenceau turned to the representatives of Azerbaijan and Georgia asking about the threats to their countries and, in connection with the issue raised by Lloyd-George, the ability to efficiently use the aid provided by the allies.[116] It was decided to hear the representatives of Azerbaijan and Georgia in order to receive answers to these questions. I. Sereteli, speaking on behalf of both delegations by mutual consent, stated that Georgia and Azerbaijan were in pressing need of aid from the Allies. In response to Clemenceau's question "Do you want troops?" Sereteli advised that it would be necessary as the Bolsheviks would invade the Caucasus soon or later.[117] Lloyd-George then asked questions about the armed forces of Azerbaijan. M. Maharramov, the advisor of the delegation of Azerbaijan providing information on this issue, said that it would be possible to mobilize 100,000 men to the army within a short period of time if there were sufficient supply of arms and other supplies. A. Topchubashov, speaking at the meeting, noted that the Republic of Azerbaijan did not have any claims to the Bolsheviks or Denikin. He explained that Azerbaijan did not want to interfere with the internal affairs of Russia. He believed though that the allies' aid must be used efficiently in order to rebuff the threat from both powers to the independence of Azerbaijan. In Ali Mardan bey's view, the allies could significantly strengthen Baku's defense capacity by using Britain's fleet in the Anzali (Ənzəli). A. Topchubashov suggested to the allies that *de facto* recognition of the Mountainous Republic play the role of a buffer between an army advancing from the North and the Caucasian republics.

Lloyd-George, summing up the meeting, considered it necessary to provide urgent aid to the Caucasian republics in the form of arms, supplies and accessories. Touching upon the issue of sending troops to Azerbaijan and Georgia, Lloyd-George considered such a step impossible. In his view, the Caucasian republics had to strengthen their own defense capacity, specifically the defense capacity of Baku, utilizing their own armed forces.[118] Lloyd-George liked A. Topchubashov's proposal to recognize *de facto* the Mountainous Republic.[119] As a result, in connection with the discussed issues, the Supreme Council adopted a resolution on the Caucasus consisting of four items: 1. *De facto* recognition of Armenia and Dagestan. In connection with determination of Armenian borders, it was noted in this resolution that this issue will be considered together with the "Turkish issue"; 2. Allied states do not have the ability to send troops to the Caucasian republics; 3. The Allies will provide aid to the Caucasian republics by sending arms, military supplies and

[114] Papers Relating to the Foreign Relations of the United States. The Paris Peace Conference. 1919, vol. IX, p.903.
[115] Papers Relating to the Foreign Relations of the United States. The Paris Peace Conference. 1919, vol. IX, p.891.
[116] Papers Relating to the Foreign Relations of the United States. The Paris Peace Conference. 1919, vol. IX, p.893.
[117] C.Həsənov. Azərbaycan beynəlxalq münasibətlər sistemində, s.324.
[118] Papers Relating to the Foreign Relations of the United States. The Paris Peace Conference. 1919, vol. IX, p.901-902.
[119] Papers Relating to the Foreign Relations of the United States. The Paris Peace Conference. 1919, vol. IX, p.902.

foodstuffs; 4. To request Marshal Fosh and Field-Marshal Wilson to consider the issues in connection with the composition of military materials and clarification of the ways of their delivering to the Caucasian republics.[120] Thus, *de facto* recognition of the Republic of Azerbaijan at the Paris Peace Conference in January 1920 was the result of an intensive struggle and the successful diplomatic activity of the Azerbaijani delegation headed by A.M. Topchubashov, along with a rapidly changing situation within the international arena.

Once the information about *de facto* recognition of Azerbaijan in Versailles was received, an extraordinary meeting of the government was held on January 12, 1920. Festivities throughout the whole country of Azerbaijan, rallies and celebrations in the capital of the republic, as well as a military parade of the Azerbaijan Army and a grand session of the Azerbaijan Parliament were declared to be carried out on January 14. January 14 was also declared a non-working day. The same day, the address of N. Usubbayov (N. Usubbəyov), the Prime Minister of the republic, to the citizens of Azerbaijan was published.[121] Recognition of Azerbaijan's independence by the Versailles Supreme Council lead to an increase of international interest to it. Many countries – Belgium, Sweden, the Netherlands, the Czech Republic and Slovakia – starting opening their consulates in Baku. Italy also established its representative office there. The Azerbaijani Parliament debated the draft law on establishing diplomatic missions in Western Europe and America. Having successfully accomplished its mission, the representative office of Azerbaijan at the Paris Peace Conference was dissolved.[122]

The defeat of the Denikin army in February was an important event for the republic. The process of establishment of overall partnership with neighboring Georgia and Iran started. On March 20, 1920, an agreement of peace

120 Papers Relating to the Foreign Relations of the United States. The Paris Peace Conference. 1919, vol. IX, p.902.

121 İstiqlal, 1920, 18 yanvar.

122 Qərbi Avropada və Amerikada Azərbaycan Respublikasının diplomatik missiyalarının yaradılması və Paris Sülh konfransındakı nümayəndə heyətinin ləğv edilməsi haqqında qanun layihəsi. Fevral, 1920 r.// ARDA, f.970, s.1, i.221, v.3.

and friendship was agreed between Azerbaijan and Iran. Pursuant to the agreement, Iran recognized the *de jure* independence of Azerbaijan. Both parties undertook obligations to establish and develop friendly and economic ties, as well as to open an Azerbaijani Embassy in Tehran and an Iranian Embassy in Baku.[123] In addition, agreements on customs, trade, postal telegraph and consular ties were executed between Azerbaijan and Iran the same day.[124] Shortly after the Azerbaijani Embassy was opened in Tehran and the main consulate of Azerbaijan started functioning in Tabriz.[125]

In the middle of April 1920, the Parliament of Azerbaijan adopted a law establishing diplomatic representative offices in Great Britain, France, Italy, the USA, Sweden, Poland, Latvia, Lithuania, Estonia, Finland, Ukraine, Romania, Germany and Russia.[126] Diplomatic ties with neighboring countries like Turkey, Georgia and Armenia developed. During this period, diplomatic missions of more than 20 countries started functioning in Baku. As seen from the above, on the eve of April 1920 occupation, international isolation of the Republic of Azerbaijan had been eliminated. The process of broad recognition of an independent Azerbaijan from a diplomatic perspective and its entry into the international relations arena had started.

123 Daha ətraflı məlumat üçün bax: Qafqaz Fövqəladə Missiyası. Seyid Ziyaəddin Təbatəbainin başçılığı ilə Qafqaza göndərilmiş missiyanın apardığı müzakirələr və imzaladığı müqavilələr üzrə sənədlər haqqında (1919-1920). Siyasi və beynəlxalq tədqiqatlar mərkəzi, Tehran, 1379 (2000); Azərbaycan Respublikasi ilə İran imperiyası arasında imzalanmış dostluq haqqında müqavilə. 20.03.1920.// ARDA, f.970, s.1, i.137, v.27-29.

124 Azərbaycan Respublikasi ilə İran imperiyası arasında imzalanmış teleqraf sazişi. 20.03.1920.// ARDA, f.970, s.1, i.101, v.8-10; Azərbaycan Respublikasi ilə İran imperiyası arasında imzalanmış poçt sazişi. 20.03.1920.// ARDA, f.970, s.1, i.131, v.69-73; Azərbaycan Respublikasi ilə İran imperiyası arasında imzalanmış poçt göndərişləri mübadiləsihaqqında sazişi. 20.03.1920.// ARDA, f.970, s.1, i.137, v.2-7; Azərbaycan Respublikasi ilə İran imperiyası arasında imzalanmış gömrük sazişi. 20.03.1920.// ARDA, f.970, s.1, i.137, v.8-9; Azərbaycan Respublikasi ilə İran imperiyası arasında imzalanmış konsulluq haqqında sazişi. 20.03.1920.// ARDA, f.970, s.1, i.137, v.10-11.

125 ARDA, f.970, s.1, i.221, v.30.

126 Böyük Britaniya, Fransa, İtaliya, ABŞ, İsveçrə, Polşa, Latviya, Litva, Estoniya, Finlandiya, Ukrayna, Rumıniya, Almaniya və Rusiyada diplomatik nümayəndəliklərin yaradılması haqqında qanun.15.04.1920.// ARDA, f.970, s.1, i.224, v.4.

But this process did not continue for long. After the recognition by the Versailles Supreme Council, a red threat was already hanging over Azerbaijan. The decision of the Versailles participants not to send troops to the Caucasus created favorable conditions for the Bolsheviks' invasion of Azerbaijan. In the spring of 1920, various plans had been prepared for occupation of Azerbaijan. The Bolsheviks, initially preferring not to interfere openly, instead favored carrying out in Azerbaijan a coup d'etat with the assistance of local communists. To this end, in February 1920, the Communist Party of Azerbaijan was founded and sufficient funds, arms and military supplies were made available to it. The Armenian rebellion in Karabakh was organized in order to weaken the defense of Baku. At that time, the Foreign Affairs Commissar of Soviet Russia G. Chicherin wrote to the leader of the Bolsheviks V. Lenin explaining that "using force against Azerbaijan will turn our friends against us on the international arena. Now, Lonsberry and others like him are delighted with the small nation of Azerbaijan. Kenvorsi writes excited articles about our dear friend 'small and free Azerbaijan.' We should not give them a reason for considering us imperialists."[127] But as the Communist Party of Azerbaijan was very weak, it was not capable of carrying out a coup d'etat. Therefore, it was not possible to avoid occupation on April 27, 1920.

[127] B.Rəfiyev. Aysbergin sualti hissəsi. Bakı, 1995, s.8.

PERMANENT FACTORS IN AZERBAIJAN'S FOREIGN POLICY

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Seven decades transpired between the establishment of the Azerbaijan Democratic Republic (Azerbayjan Khalq Jumhuriyet or "ADR") in 1918 and its successor, the Republic of Azerbaijan, in 1991. Analysis of the main features of these states' foreign policies and constraints on their policy options reveals a number of similarities between Azerbaijan then and Azerbaijan now.

For most of its history, the study of international relations has conferred major importance to states' material attributes, including geographic qualities, natural resources, and demographic attributes. In the last quarter of the twentieth century, however, major camps in the academic discipline of international relations assigned prominent importance to non-material features, such as identity, ideology, and ideas. The emphasis on these non-material variables has been so great that students and policymakers today often neglect material factors, especially factors of a more permanent nature. This article argues that parallels between the foreign policy interests and options of the early twentieth-century ADR and the Republic of Azerbaijan of today illustrate the importance of examining permanent factors impacting a state's foreign policy decisions, such as geography, demography, and the enduring power attributes of neighboring states.

Despite the short lifespan of the Azerbaijan Democratic Republic (1918-1920), the state's foreign policy decisions reflected an awareness of the impact that deep-rooted factors had on Azerbaijan's strategic environment. During the Soviet period (1920–1991), Azerbaijan's ability to conduct foreign policy initiatives was quite limited. In the post-Soviet period, the Republic of Azerbaijan's foreign policy can be divided into two distinct periods: the first under President Abulfaz Elchibey (1992–1993); and the second under President Heydar Aliyev (1993–2003) and President Ilham Aliyev (2003–).[1] During the Elchibey period, ideological considerations superseded considerations of material factors, and thus long-term constraints were primarily ignored in the formation of the young state's foreign policy strategy. In contrast, the foreign policy conducted by President Heydar Aliyev and continued under President Ilham Aliyev downgraded the role of ideology and thus, permanent material factors were taken into consideration and had a significant influence on the state's foreign policy decisions.

There are a number of permanent factors that have influenced the foreign policies of the Azerbaijan Democratic Republic and the Republic of Azerbaijan. First, Azerbaijan has a distinctive geographic location as a landlocked state. This geographic attribute creates obstacles and raises the cost of foreign trade, presenting challenges in Azerbaijan's foreign policy formation toward neighboring states. Second, Azerbaijan's strategic location between Europe and Asia and its energy riches render it an important geostrategic prize. Accordingly, Azerbaijan is an object of interest and a subject of policy activities from a number of world powers. This interest from foreign countries creates opportunities for Azerbaijan, but also threats. Third, Azerbaijan is a small state located between three major regional powers (Russia, Turkey, and Iran). Fourth, Azerbaijan is a major oil and natural gas exporter, which creates foreign policy opportunities and constraints. Next, the borders between the states of the Caucasus are contested, and the three states of the region (Armenia, Azerbaijan, and Georgia) have not succeeded (now or in the past) in establishing meaningful regional cooperation. External powers have often taken advantage of contested borders within the Caucasus and added fuel to the fire in order to pursue their own interests. Thus, the role of external forces in stirring ethnic conflict is a continual factor in the Caucasus. Demography has also created distinctive constraints on Azerbaijan's foreign policy, since the majority of the Azerbaijani ethnic group lives beyond the state's borders, primarily in Iran. This demographic factor affects Baku's relations with Tehran today, as it has in the past.

These permanent factors have influenced Azerbaijan's main foreign policy positions both today and in the past. Today, Azerbaijan's foreign policy includes six key features: (1) balancing relations with major regional and global powers instead of being a member of an exclusive alliance; (2) the absence of religious and ethnic identity factors in determining the state's alliances or main vectors of cooperation; (3) transportation and transport infrastructure agreements are a foreign policy tool and part of the state's foreign policy agenda; (4) maintenance of full independence and not serving as a *de facto* vassal state of any regional power; (5) policies that serve the citizens of the state of Azerbaijan and not the greater Azerbaijani ethnic community; and (6) active attempts to ensure the state has safe and recognized permanent borders.

This article will examine factors that have a permanent influence on Azerbaijan's foreign policy decisions, analyzing parallels and contrasts between how these factors affected the foreign policy decisions of the Azerbaijan Democratic Republic and the Republic of Azerbaijan. The article will then draw conclusions from this comparison of Azerbaijan's present and past for models of foreign policy analysis.

The Caucasus: Prisoners of Geography?

Geographic factors are a major and enduring influence on Azerbaijan's foreign policy. Three significant geographic factors that have an immense

[1] In addition to these two elected presidential administrations, Azerbaijan had two short-lived caretaker governments in the post-Soviet period.

impact are: Azerbaijan's landlocked status; its location on a strategic land bridge between Europe and Asia; and the immediate proximity of three major powers—Russia, Turkey, and Iran. The ADR and the Republic of Azerbaijan shared these three geographic characteristics, which influenced policy outcomes within both frameworks.

The collapse or retreat of empires often leads to the creation of successor states that are landlocked. The demise of the Russian empire, for instance, led to the creation of a number of landlocked states, including the Azerbaijan Democratic Republic. The fall of the Soviet Union led to the establishment of nine landlocked states, with Azerbaijan among them. Landlocked states have particular economic and political challenges. Their geographic situation requires special foreign policies, especially toward neighboring transit states.[2] As an oil exporter, Azerbaijan is particularly challenged by its landlocked condition, due to its need to export oil via permanent pipelines through transit states. These arrangements create more vulnerabilities than faced by most oil-producing countries, which can export directly from home ports to world markets.

Landlocked states tend to underperform economically when compared to states that border the sea.[3] This is primarily due to the higher transport price for trade from landlocked states. Circumventing this potential handicap requires special policy attention, especially in the foreign policy realm. This trade impediment certainly affected the Azerbaijan Democratic Republic. During the last quarter of the nineteenth century, when Baku was producing half of the world's oil, Azerbaijan's distance from the open sea often led consumers to choose other producers. During this period, for instance, it was cheaper for a resident of Tbilisi to import kerosene from the United States than to transport it a mere 341 miles from Baku, creating a significant handicap for Azerbaijan's exports.[4] Azerbaijan's distance from the sea has also influenced its export options in the post-Soviet period. Despite foreign investors' interest and Baku's open door to foreign investment in the post-Soviet period, it took close to fifteen years to resurrect Azerbaijan's oil production and open its major export mechanism, the Baku–Tbilisi– Ceyhan pipeline. This is chiefly due to the higher cost of projects that require transit through a number of states (in this case Azerbaijan, Georgia, and Turkey). These types of projects require oil producers to forge intricate and stable relations with transit states in order to ensure the stability of oil export from a landlocked state.[5]

Landlocked states need to develop and maintain positive relations with their neighbors (or at least one of their neighbors) since they serve as transit states. In addition, landlocked states take a special interest in preventing instability in their neighboring transit states. Instability in a transit state can have crippling effects on a landlocked state's ability to trade. During the ADR period as well as today, Azerbaijan has maintained a special relationship with Georgia as its primary transit state. By choosing to build its main oil and natural gas transport infrastructures in Georgia during the post-Soviet period, Baku has designated Georgia as its primary transit state. This designation reflects Baku's prioritization of highly positive relations with Tbilisi and obligates long-term policy activity to maintain these relations and Georgia's stability. In this context, Baku has offered favorable natural gas prices to Tbilisi (to the chagrin of the World Bank, which has tried to prod Baku into charging higher prices) in order to help Georgia achieve a healthy economy and greater stability. In addition, Azerbaijan has continually encouraged the ethnic Azerbaijani minority in Georgia to support state insti-

[2] For more on the impact that landlocked status has had on the foreign policy of former Soviet states, see Avinoam Idan, *The Landlocked Factor in the Foreign Policy of the states of Central Asia and the Caucasus*, unpublished dissertation, University of Haifa.

[3] Michael L. Faye, John W. McArthur, Jeffrey D. Sachs, and T. Snow, "The Challenges Facing Landlocked Developing Countries," *Journal of Human Development*, vol. 5, no. 1 (2004), pp. 31–68; Ricardo Hausmann, "Prisoners of Geography," *Foreign Policy* vol. 122 (Jan/Feb 2001), pp. 44–53.

[4] Daniel Yergin, *The Prize* (New York: Free Press, 1991), p. 60.

[5] For more on energy export from landlocked states, see Brenda Shaffer, *Energy Politics* (Philadelphia: University of Pennsylvania Press, 2009), chapter four.

tutions in Tbilisi and integrate into the Georgian polity, as a further measure to fortify Georgia's security. Moreover, Tbilisi and Baku have both been extremely accommodating in border delimitation deliberations, which have contributed to the two countries' overall cooperation.

Relations between landlocked and transit states can create a debilitating form of dependence or a mutually constructive interdependence. Trade and energy infrastructure links between states do not necessarily create positive interdependence. Interdependence can emerge when there is relative symmetry between the linked sides' interests to preserve the link. By choosing Georgia as its primary transit state, Azerbaijan has taken an important step in building interdependence between these two states. If Baku had chosen another neighbor as its primary transit state, such as Iran or Russia, Azerbaijan would have been dependent on one of these states instead. It is unlikely that Baku would have established interdependence with either of these states, since neither Moscow nor Tehran possesses any vital interest in maintaining the transit link from Azerbaijan through its territory.

An additional reflection of the impact the landlocked factor has had on Azerbaijan's foreign policy is Baku's preference for multiple export pipelines. Due to high costs, states rarely establish multiple energy import or export infrastructure facilities, despite the benefits they can generate in terms of energy security. However, Azerbaijan adopted as its official policy – and has strived to establish-multiple oil and natural gas export routes to offset its potential vulnerability as a landlocked state. In the 1990s, Azerbaijani diplomats frequently articulated the slogan "Happiness is multiple pipelines." While Baku has established the Baku–Tbilisi–Ceyhan pipeline as its main oil export route, it maintains its export infrastructure through Russia and its export exchange arrangements with Iran.

Azerbaijan's geographic position also influences the way transportation issues are intertwined in Baku's foreign policy. A primary example of this is Azerbaijan's prominent role in the GUAM regional organization, which includes Georgia, Ukraine, Azerbaijan, and Moldova. Transportation and

trade linkages, including protection of energy export infrastructure, are GUAM's flagship issue. Baku is also striving to become a major transit state itself, focusing on trade and transport to and from the greater Caspian region. Thus, Baku promotes export projects that would transport Central Asia's natural gas through Azerbaijan, such as the proposed Nabucco project.

Azerbaijan's location on a strategic land bridge between Europe and Asia is an additional geographic factor influencing Baku's foreign policy. This location has endowed Azerbaijan with both foreign policy opportunities and challenges. Today, Azerbaijan's airspace is one of the globe's major air highways linking Europe, Asia, and the greater Middle East. Baku has positioned itself as a major air hub and location for refueling of intercontinental flights. In addition, not only is Azerbaijan an oil and natural gas producer and exporter, but, as noted, it also occupies a potential transit route for Central Asian oil and gas exports. Accordingly, following the Soviet collapse, global powers-primarily Russia and the United States—have attempted to lure Azerbaijan into their strategic fold, creating strategic and political advantages for Baku.

Moreover, due to its strategic location on a land bridge between Europe, Asia, and the Middle East, Baku maintains intensive cooperation with a diversified group of states. While many states maintain good ties with Azerbaijan, some of these states are members of competing alliances or are in conflict with each other. Thus, Azerbaijan has been and continues to be a meeting ground for officials and citizens from a number of states, such as the United States and Iran, which often do not have regular opportunities to interact. In the first part of the twentieth century, Azerbaijan and Azerbaijani intellectuals served as a conduit of ideas. As speakers of Russian and Turkish, Azerbaijani intellectuals were exposed to nationalist, Marxist, secular and other ideological texts published in these languages, and often transmitted them to co-ethnics and others in neighboring Iran and the broader Middle East. In the early twentieth century, Baku was a melting pot that enjoyed the presence of a diverse collection of ideas, intellectuals, and entrepreneurs from Iran, Turkey, Russia, Europe, and the Caucasus.

While geostrategic location can be an asset, it can also be a liability. Due to Azerbaijan's strategic location and its natural resources, interested powers have attempted to destabilize the state. Almost immediately following the establishment of the ADR in 1918 and the Republic of Azerbaijan in 1991, these young states were the object of invasions or the target of local proxy forces supported by major powers. During the ADR period, British and Ottoman invasions of Azerbaijan were motivated by the desire to deny competing powers control of Azerbaijan's strategic location and oil riches. The British invasion of the ADR was motivated also by the goal of bolstering the British position in neighboring Iran.[6] The ADR, however, had a favorable reaction to the British military presence in the republic, viewing it as a useful bulwark for preserving the young state's independence.[7] In addition, ADR representatives at the Versailles Conference tried to mobilize support for an international presence in the small state in order to safeguard its sovereignty.[8]

Azerbaijan's location as a small state in the middle of major regional powers Iran, Turkey, and Russia has placed it in a permanently challenging political and security environment. Each of these neighboring powers attempts to influence Azerbaijan in its security, foreign, and economic policies. These efforts by foreign powers are designed not only to influence Baku, but also to prevent any of the other powers from gaining significant sway over Azerbaijan. This creates both geopolitical opportunities and challenges for Baku, demanding constant political attention and complex policy responses.

Both the ADR and the Republic of Azerbaijan were born into situations where Russia, Iran, and Turkey were rapidly changing. This high degree of regional uncertainty heightened the risks Baku faced, requiring it to make complicated policy calculations. At the birth of both the ADR and the Republic of Azerbaijan, Russia was a weakened state, without central control of its forces or its emissaries in the Caucasus. In both cases, Russia regained its strength within a short period and reemerged as the leading foreign power influencing the region. During both of these periods of Azerbaijani history, Iran possessed no effective alliances. In the ADR period, Iran was a very weak and internally divided state. In the post-Soviet period, Tehran has had a powerful regime, but has also been an internationally isolated state. As for Turkey, it was transitioning from being a weak power to a very strong regional power both when the ADR was born and again when the Republic of Azerbaijan was formed. In its policies toward the Caucasus during both periods, Ankara gave precedence to its relations with Moscow over its relations with the states of the region. These changes in power relations among Russia, Iran, and Turkey have created changing opportunities and threats to the three small states of the Caucasus and a permanent situation of strategic uncertainty in the region.

The Russian–Iranian–Turkish triangle also affected the emergence of the Nagorno-Karabakh conflict between the Republic of Azerbaijan and Armenia in the post-Soviet period. Most significantly, Russia strove to ensure that the outcome of the conflict would guarantee the continued deployment of its forces in the Caucasus and prevent the deployment of Iranian, Turkish, or U.S. forces in the region.

Despite its small size and relatively modest strength compared to regional powers in the Caucasus, Azerbaijan has chosen both today and in the past to retain its full independence and not serve as a *de facto* vassal state of any regional power. As part of its attempt to preserve its sovereignty in a challenging geographic location, the ADR sought federations and confederations with neighboring powers, but did not surrender its full independence.[9] The modern-day Republic of Azerbaijan has not pursued membership in federations and confederations. However, Baku maintains multidi-

[6] Tadeusz Swietochowski, *Russia and Azerbaijan: A Borderland in Transition* (New York: Columbia University, 1995), p. 75.
[7] Ibid, pp. 81, 83.
[8] Ibid, p. 82.
[9] Ibid, p. 82.

rectional security cooperation with a number of alliances, including opposing alliances such as the Commonwealth of Independent States (CIS) and the North Atlantic Treaty Organization (NATO).

Oil and Natural Gas Exports and Foreign Policy

Azerbaijan's status as a major oil exporter plays a very significant role in its economy and foreign policy. In the post-Soviet period, Azerbaijan has become a natural gas exporter as well, a role that is set to increase in coming decades. As stated before, Azerbaijan's status as a landlocked state has a discernible impact on its foreign relations. Unlike most oil exporters, landlocked Azerbaijan's export infrastructure passes through neighboring states before reaching world markets.

As a major source of oil, Azerbaijan has continually been on the international political system's radar screen, both during the period of the Azerbaijan Democratic Republic and the post-Soviet period. Moreover, due to its challenging geographic situation as an oil exporter that does not border the open seas, Azerbaijan and interested investors have enlisted international financial organizations and major powers to ensure an atmosphere of stability in the region. This stability is essential for foreign investments in energy exports in a geographically and geopolitically complex location like Azerbaijan. Prior to making investments that would only produce a yield after almost a decade and a half of operation, foreign energy companies needed assurances regarding Azerbaijan's political and economic orientation. In some cases, this required major powers to foster ties with Azerbaijan.

While oil and gas exports serve as important strategic and financial assets, they also create vulnerability for Azerbaijan. Major disruption of the country's energy production or export infrastructure could create economic havoc in the long run. Accordingly, as noted earlier, Azerbaijan maintains multiple export options, a costly venture that also demands constant foreign policy nurturing.

Azerbaijan's growing natural gas exports will require expanding political arrangements and policies. The nature of gas trade renders it much more susceptible to political considerations than that of oil or coal. Petroleum and coal are primarily traded on international markets with little direct connection between supplier and consumer. Natural gas, on the other hand, is supplied chiefly in pipelines, creating direct, long-term linkages between suppliers and consumers. The high cost of the majority of today's international natural gas export projects means that consumers and suppliers must agree to mutual long-term commitments.

Azerbaijan is highly affected by the ebbs and flows of the world economy, which have a particularly strong influence on energy exporters. The base revenues of Azerbaijan's state budget change according to oil price trends. Moreover, major energy exporters have a strong interest in developing ties with Azerbaijan. The Organization of Petroleum Exporting Countries (OPEC) and its member states want good relations with Azerbaijan and hope Baku will coordinate its production policies with the organization. While Baku possesses cooperation with OPEC it has declined to coordinate its production output with the organization. In addition, a number of the Caspian region's major natural gas producers, including Azerbaijan, covet the same potential export markets, especially the European Union.

Contested Borders

Azerbaijan was born into situations where borders with its neighbors were contested, both during the ADR period[10] and in the post-Soviet period. In the latter period, the Republic of Azerbaijan was born into an all-out war with Armenia, which did not accept the recognized international border between the two states. Conflicts over borders have also historically provided a lever of

[10] For more on the contested borders during the ADR period, see Swietochowski, p.

power for major players in the Caucasus to promote their own interests. The situation of contested borders has placed a permanent constraint on Azerbaijan's foreign policy. The attainment of permanent and safe borders has been a constant goal for the Republic of Azerbaijan, and the peaceful resolution of the conflict over the determination of these borders has been the major vector of Azerbaijan's foreign policy. The realities of the Nagorno-Karabakh conflict affect many of Azerbaijan's alliances and chosen lines of cooperation.

Conflicts over borders have also prevented the development of meaningful regional cooperation between the three states of the Caucasus: Azerbaijan, Georgia, and Armenia. This is despite the fact that regional cooperation could be extremely useful for all three states, which share a common geostrategic environment as small states located in the meeting ground of three major powers.

An External Lever of Power?

External support was a key factor in the emergence of the conflicts that appeared in the Caucasus during the post-Soviet period. Throughout the former Soviet Union, there were hundreds of disjunctures between the political and ethnic borders of the new states, and these disjunctures were very prominent in the Caucasus. In addition, under the Soviet federal system, many ethnic minorities possessed autonomous governing administrations that served as convenient springboards for attempts at self-rule. Elites in these autonomous regions enjoyed benefits from this structure under the Soviet system, encouraging many to attempt to preserve them in the post-Soviet period. Despite these conditions, relatively few protracted ethnic-based conflicts emerged in the post-Soviet period. The only groups that acted militarily to breakaway from new states in the post-Soviet space were those that received external support.

The policy of fostering local conflicts achieved a number of goals for outside powers. It ensured that the three states of the Caucasus were vulnerable to these powers' demands, such as maintenance of troops in the region.

Conflicts in the Caucasus, including in Nagorno-Karabakh, continue to provide outside powers with significant leverage in the region.

Demographic Factors

Azerbaijan has a challenging demographic situation: namely, the majority of the world's ethnic Azerbaijanis live outside the state, chiefly in bordering states, and Azerbaijan itself is a multi-ethnic state, encompassing multiple ethnic and religious minorities. The largest Azerbaijani Diaspora community lives in neighboring Iran. Today, the community in Iran numbers three times the size of the ethnic Azerbaijani community in the Republic of Azerbaijan. In several instances, major concentrations of co-ethnics in neighboring states serve as a significant factor in the emergence of conflict.[11]

In both the case of the ADR and for most of the period of the Republic of Azerbaijan, the state decided to serve as the representative of the interests of the citizens within its contemporary borders and not of the wider ethnic group. The ADR and Republic of Azerbaijan's foreign policies both reflect this decision, and the state has not conducted foreign policy overtures toward ethnic Diaspora communities. At the same time, the presence of Azerbaijani ethnic communities in neighboring states is a factor influencing Azerbaijan's bilateral relations with these states, especially Iran.

Moreover, the collective sense of identity among citizens of the Republic of Azerbaijan has not influenced the state's choice of alliances. Accordingly, Azerbaijan has not given special weight in its foreign policy orientation or alliance choices to religious or ethnic ties with Muslim-, Shi'i- or Turkic-populated states.

[11] Stephen Van Evera claims that war is more likely in circumstances where states view diasporas and the territory they inhabit as targets of foreign policymaking. See Stephen Van Evera, "Hypotheses on Nationalism and the Causes of War," in Charles A. Kupchan (ed.), *Nationalism and Nationalities in the New Europe* (Ithaca, N.Y.: Cornell University Press, 1995), pp. 137–38.

In the case of the Azerbaijan Democratic Republic, the decision to treat only its own citizens as its polity was extraordinary and reflected the deeply pragmatic approach of the young state's leaders. This decision was particularly remarkable given that the majority of the leaders of the ADR—including the president himself, Mammad Amin Rasulzada – originally hailed from Iran. The ADR made a number of foreign policy decisions that signaled it had no irredentist intentions toward Iran. For instance, in order to alleviate Tehran's fears that the ADR had designs on the Azerbaijani-populated provinces in northwest Iran (which Tehran called Azarbayjan), ADR leaders acquiesced to Iran's request to refer to the ADR in foreign correspondence as "Caucasian Azerbaijan."

The ADR saw itself as belonging to and representing all citizens within its borders, not just ethnic Azerbaijanis. In its Declaration of Independence on May 28, 1918, the state expressed that The Azerbaijan Democratic Republic guarantees to all its citizens within its borders full civil and political rights, regardless of ethnic origin, religion, class, profession and gender.[12]

This declaration is extraordinary in many ways. Azerbaijan recognized equal rights for citizens regardless of religious or ethnic origin before most other states did so. In addition, Azerbaijan was the first Muslim-majority state to grant women suffrage, preempting most states that are perceived as promoting gender equality, such as the United States, the United Kingdom, and Sweden.

While the ADR's short lifespan and the threats it faced make it difficult to assess its strategy for forging allies, it does not appear that the ADR's leaders sought ties with or expected assistance from other states based on shared religious or ethnic backgrounds. In fact, as seen earlier, the ADR chiefly hoped to receive support from Western European powers as a way to preserve its sovereignty and did not seek out Muslim states to play this role.

With its status as a multi-ethnic state where most ethnic Azerbaijanis live beyond its borders, the Republic of Azerbaijan shares demographic characteristics with its predecessor. Like the ADR, the Republic of Azerbaijan has adopted laws reflecting its intention to represent all the citizens of Azerbaijan, regardless of their ethnic background.

The Republic of Azerbaijan has established government institutions to maintain ties with Azerbaijani communities abroad, but it subordinates these ties to bilateral relationships with the states where these diaspora communities live. For instance, while providing some cultural and educational services to the Azerbaijani community in neighboring Georgia, Baku encourages this community to moderate its demands toward Tbilisi and to integrate into the Georgian state.

The Republic of Azerbaijan's policies toward the ethnic Azerbaijani diaspora in Iran have differed during the country's two distinct foreign policy periods, the first under President Elchibey and the second under the Aliyev presidencies. President Elchibey articulated policies to promote the cultural and linguistic rights of ethnic Azerbaijanis in Iran, and viewed the Azerbaijani-populated provinces of Iran as historically Azerbaijani territories. In contrast, under President Heydar Aliyev and President Ilham Aliyev, Azerbaijan has not attempted to promote special relations with the Azerbaijani community in Iran, an approach that could have jeopardized its cooperative relations with Tehran. In contrast to the approach many states take toward diaspora communities, the Republic of Azerbaijan has not granted special citizenship rights to ethnic Azerbaijanis from abroad, nor has it encouraged their immigration to Azerbaijan. Despite the lack of foreign policy initiatives from Baku toward the ethnic Azerbaijani community in Iran, Tehran still fears these types of activities. These fears affect relations between Azerbaijan and Iran, as well as Tehran's policies toward the Caucasus.

Under both Aliyev presidencies, Azerbaijan's religious or ethnic ties with individuals in other countries have not affected Baku's choice of alliances and cooperation partners. As stated before, Azerbaijan pursues multiple alliances and cooperation with states that often possess opposing strategic orientations. While maintaining excellent ties with Muslim-populated states, nei-

[12] Näsib Näsibzadä, Azärbayjan Demokratik Respublikasï (Baku: Elm, 1990), pp. 43¬–44.

ther Aliyev government has developed special alliances with states on the basis of shared religious identity. President Elchibey, however, had believed that shared ethnic ties with Turkey would deliver significant support to Azerbaijan, especially in its effort to defend itself from Armenia's invasion. However, these common ethnic ties did not motivate Ankara to mount a concrete response, and Elchibey's serious miscalculation of depending on ethnic ties with Turkey contributed to Azerbaijan's strategic losses in its initial period after independence.

Conclusions

In the nine decades following Azerbaijan's first manifestation as a state in the Azerbaijan Democratic Republic, the types of leaders and regimes in the region have changed radically numerous times. The most powerful state in the region, Russia, has transformed from an imperial monarchy, to a powerful Communist state, to a weak democratic state, and then to its current configuration as a powerful oligarchy. The leaders of Russia during this period include figures as diverse as Czar Nicholas II, Vladimir Lenin, Joseph Stalin, Leonid Brezhnev, Boris Yeltsin, and Vladimir Putin. During this same period, Iran has transformed from the Qajar monarchy to the Pahlavi monarchy, then in 1979 transforming into the Islamic Republic it is today. Iran's leaders have included Ahmad Shah, Reza Shah, Mohammed Shah, Ayatollah Khomeini, and Ayatollah Khamene'i. Meanwhile, Turkey has been transformed from a weak, dismembered empire into an autocratic republic, to a military regime, to a democracy, and lastly to a democracy led by a religious elite. Turkey has been led during this period by the Young Turks, Mustafa Kemal Ataturk, and Recep Erdogan, among others. Azerbaijan itself has possessed various regimes and leaders during these nine decades. Despite these radical changes in ideologies and personalities leading the region, many major factors that affect foreign policy outcomes have stayed the same. Permanent geographic and demographic factors have had significant influence over

Azerbaijan's foreign policy decisions, options, and calculations. Despite radical changes in the borders of two of the region's powers (Russia and Turkey) and significant changes in Iran's strategic posture both regionally and internationally, the power relations between these three states have continued to serve as a major influence on Azerbaijan's foreign policy options.

Following the collapse of the Soviet Union, the coalescence of the European Union, and the emergence of an interconnected globalized economy and world culture, prevailing paradigms in the international relations discipline downgraded the importance of permanent material factors, such as geography, on foreign policy outcomes. The idea was that new lines of trade and communication would build a positive form of interdependence in a globalized world economy and contribute to the prevention of conflict. When analyzing the wars that emerged in the former Soviet Union and Yugoslavia, many international relations scholars concluded that interstate wars had been replaced by intrastate conflicts in the post-Soviet world. They also concluded that these conflicts, based on differing identities, could be prevented in the future through education and the molding new, shared identities.

Proponents of these views arrived in the Caucasus during the post-Soviet period promoting policies of regional integration, despite the status of unresolved borders and the state of war between Azerbaijan and Armenia. These proponents of regional integration emphasized the role civil society could play in bringing peace to the region and did not do much to encourage the main regional powers to develop an interest in resolving ongoing conflicts. They also ignored the fact that trade and common infrastructures do not necessarily build interdependence and that this infrastructure is not immune to security threats.

Many scholars and policymakers do not like to acknowledge the idea that permanent geostrategic constraints factor in states' foreign policies. Many prefer to believe that all states are equal and possess an equal ability to adopt the foreign policy of their choice. It is hard for these policymakers and scholars to accept that some states have special challenges or obstacles. These obstacles could stem from lack of access to the sea or from possible invasion

by a neighbor that wants to control important natural resources or locations. While some factors affecting foreign policy can change or be modified, the Caucasus Mountains will not move, the Caspian Sea will not flow into the world's international waterways, and regional powers will not give up their designs to promote their own interests. Thus, many factors will remain constant in Azerbaijan's strategic environment and are an important part of the calculation in a successful foreign policy.

AZERBAIJAN AND THE UN: RECOLLECTIONS OF THE DIFFICULT YEARS 1992-1995

Amb. Mahmoud El-Said
Former Head of UN Office in Azerbaijan

In the late 1980s I watched, like hundreds of millions of people, the disintegration of the Eastern Bloc first, then the Soviet Union itself. I was on loan to the United Nations Secretariat in New York from the Foreign Service of Egypt, my country. People watched in awe and amazement the slow motion collapse of the Communist Empire. We all heard about the eruption of violence in parts of the Soviet Union as a result of the resurrection of old animosities and conflicts. The use of brutal force by Soviet forces in Baku, the capital of Azerbaijan, a Soviet Republic then, was shocking and disturbing due to the large number of innocent civilians killed. This brought to the international arena the long simmering feud between the two neighboring republics: Azerbaijan and Armenia.

In a matter of a year or so, the Union of Socialist Soviet Republics was to be no more and fifteen new republics came to be born or reborn and join the United Nations as full members. It was evident to everyone that those new members urgently needed UN assistance in almost every field. The UN Secretary General at the time, Dr. Boutros Boutros-Ghali, also an Egyptian who taught me in Cairo University in the sixties, started looking for innovative ways to extend assistance to those new members, in a way commensurate to their needs. He had been critical of the way the UN was being repre-

sented, in developing countries in particular. He was quoted, even before assuming his post in early 1991, as calling the UN agencies and programs' heads "warlords" who fiercely guard their bureaucratic turf and independence, even vis-a-vis the Secretary General himself and their staunch resistance to attempts at coordination with other organizations. Dr. Ghali once asked me in a private discussion why the UN cannot have one representative and several deputies in charge of different sectors as in embassies of various countries. He also mentioned that once, as Foreign Minister of Egypt, had asked the UN Information Center in Cairo for a copy of the UN Charter, but it took them several days to deliver it. Thus, he proposed the creation of what he called "integrated offices" of the UN in those republics, to be headed by a UN representative in each of them with deputies from various UN agencies and programs extending assistance to that country.

It came to me as a total surprise when Dr. Ghali's Personal Assistant, and a dear colleague and friend of mine again from the Foreign Service, Ms. Fayza Aboulnaga, currently the Minister of International Cooperation of Egypt, called me at home in New York City on the weekend in October 1992 and told me that the Secretary General had selected me as the UN Representative in Azerbaijan. She also told me that the Secretary General wanted to see me on the following Monday to discuss my new assignment. At first, I did not even know how to break the news to my family: my wife and two year old daughter. Then, I tried to get my hands on as much information as possible on Azerbaijan. This might sound strange today, but in 1992 information was not as easy to get as today. So, I went to the New York Public Library, the second biggest library in the world where I studied many hours during my PhD program and dug out all I could about Azerbaijan. On Monday I was ready when I met my former professor, now my boss at the UN. His instructions were clear and precise. He asked me to report directly to his office or to the Under-Secretary General for Political Affairs. He wanted the new system of UN representation to succeed and to be efficient in providing maximum support to the newly independent states.

Dr. Ghali's idea sounded logical and cost-effective. However, it was met with strong resistance from several member states of the UN who feared stronger UN offices in their countries, diminished assistance or a political role for those offices. Also, the idea was fought tooth and nail by many of the very UN agencies and programs and their heads out of fear of loss of positions, power, prestige or resources. The biggest UN office, the United Nations Development Program (UNDP) supported the idea only if the heads of such integrated offices were selected from within its ranks. I was not from those ranks, as I worked in the Department of Public Information of the UN secretariat. The only other exception was the nominee for the office in Armenia. Dr. Ghali had decided on that specifically because of the military conflict between the two countries, which necessitated a political character for the mission. All other nominees were to be from UNDP. Thus, my assignment was resented by UNDP and my mission was made difficult even before it started.

Carrying out the advice of the Secretary General, I sought to meet the Permanent Representative of Azerbaijan to the UN, at the time, Mr. Hasan Hasanov. We met in the UN delegates lounge a few days later. The first thing Mr. Hasanov made me aware of was that he was a former prime minister of Azerbaijan during the Soviet era. Mr. Hasanov assured me of the full support of the Azerbaijani Government but made it abundantly clear that what was expected of us was a mere public information center, and nothing political at all. That clearly surprised me in view of the instructions of the Secretary General and my knowledge of the ongoing military conflict between Azerbaijani and Armenian forces. I felt that my mission was getting even more and more difficult every day.

The UNDP appointed a bright Italian man, Paolo Lembo, with no prior experience in the UN system, as my deputy and in charge of economic development assistance to Azerbaijan. He traveled to Baku and presented a report to UNDP about the conditions in the capital pertinent to the opening of the UN Integrated Office. He assured me, upon his return, that Baku was a very beautiful city, which I later realized was very true, and that everything was available for a family life

there, which I realized later was not very accurate. He later admitted stretching the truth a little so as not to discourage me from assuming my position.

I traveled with my family to take up my new assignment in mid-November 1992, via Turkey for briefing at the UN Office there which was to provide logistical support for the nascent UN offices in the new countries. We arrived in Baku International Airport on a cold windy evening in November of that year. We were warmly and courteously welcomed by a young representative of the Protocol Department called Parvin Mirza-zadeh, who is currently the head of that department, I learned lately, accompanied by Deputy Paolo. Still, I could not help but notice the limited services in the airport which looked to me as a domestic airport in a backwater place, which was of course what the powers in Moscow had considered Baku to be. We were then taken to the "Hotel Azerbaijan" where I was told that the "biggest and best suite" was reserved for us. The hotel was a typical Soviet "Intourist" in an advanced state of decay and neglect and the "suite" was simply uninhabitable. I decided that if this was the place to live, then we would simply return to New York on the first available flight.

While trying to make a telephone call through the hotel's faltering telephone system to reserve a flight to New York, the phone rang in the room and a friendly voice introduced itself, in fluent Arabic with Egyptian accent, as Vafa Guluzade, the National Security Advisor to the President. He informed me that H.E. President Abulfaz Elchibey was waiting for me to present my credentials and have a meeting. I politely but firmly told Mr. Guluzade that I was actually reserving my flight back to New York. He was taken aback and asked about the reason and when I told him where I was staying he started shouting in Azerbaijani on another telephone. He came back to me and said that there had been a breakdown in communications and that an apartment was waiting for me and my family in the "Respublica Hotel" which used to be the official rest-house and that a car will come to pick me up for the meeting with the President and another to pick up my family and our suitcases, which were unopened.

The meeting with the President was unforgettable. Vafa was waiting for me and Paolo at the gate of the President's villa. He told me on the way to meeting the President that he had lived in Egypt working at the Soviet Embassy many years. I also mentioned to Mr. Guluzade that it was not customary to present credentials to the President prior to meeting the Minister of Foreign Affairs. He told me not to worry. The President, alone, was waiting for us in the dining room, as the dining table was used as a conference table. It was laden with many kinds of famous Azerbaijani fruits which I grew to love very much. The President also spoke Arabic with a Southern Egyptian accent, which he explained by telling me that he had worked as an interpreter in Upper-Egypt for the construction of the High Dam. I moved on to English, conveying the greetings of the UN Secretary General and his message about my role and that of the UN Office, the Karabakh issue, and the military conflict with Armenia. Vafa translated into Azerbaijani. The President appreciated the message of Dr. Ghali and went on to explain in detail Azerbaijan's position and the history of the conflict. He repeatedly asked me to be Azerbaijan's voice in telling the truth to the world through the Secretary General. I kept remembering Mr. Hasanov's warnings against playing any political role but said nothing about them. In the end, I thanked the President and promised to do our best to help Azerbaijan. I mentioned that in order to do that we need the office building which Paolo was promised during his exploratory visit. After the meeting, I just crossed the road and went to the "Respublica" where I found a totally different world from the "Azerbaijan Hotel".

On my first working day I went to see Mr. Guluzade in his office across the small street from the Respublica. It was one of many such meetings to follow in the three years I spent in Azerbaijan.

We also developed a close honest and sincere friendship. I got vital help and assistance from Vafa whenever I asked and he could help, especially in arranging meetings for me with various senior officials. When it was beyond him, I resorted to the President himself as he had told me to do. However, I was deeply struck to see the outdated infrastructure in all fields, especially

communications, which was vital for the performance of my duties. I kept wondering how could this had been a part of the big superpower called the USSR, unless it was deliberately kept undeveloped by Moscow?

A simple example of how difficult it was, compared with the way I was used to in NY, was that one Sunday afternoon I got a telephone call from the Under-Secretary General of the UN for Management and Administration who was visiting Moscow and wanted to see me the following morning over breakfast, as he was flying back to NY the same afternoon. He told me that he had been trying to reach me for the whole day. I told him that flying to Moscow on the spot was not that simple but I would try. I immediately called my friend Vafa at home and he got me a seat on the 2 a.m. Aeroflot flight to Moscow. After a whole night of delays and adventures I reached the USG as he was checking out of his hotel. I went with him to the airport and explained him the urgent administrative and financial needs of the new office. He flew out of Moscow but I got stuck there for two more days, simply because of cloudy weather.

A few weeks after my arrival in Baku, I finally met the then Minister of Foreign Affairs, Dr. Tofiq Gasimov. He was a very pleasant medical doctor with no background in international relations or diplomacy, who dressed and looked like Einstein and liked to be compared to him. He was rarely in Baku, traveling abroad most of the time. In our meeting he bitterly complained about the lack of cadres in his newly established ministry. He explained to me that in European Soviet Republics there were former Soviet diplomats, but not in Asian ones. There were very few of them, like Vafa Guluzade, and few others. The Ministry was basically composed of a small number of very smart young cadres with the older ones from other ministries who spoke some English. I agreed with the request of the Minister to have the UN train some of the young cadres. I also contacted the Egyptian Ministry of Foreign Affairs to invite some of those young diplomats for crash courses in diplomatic practice. The main problem facing this effort was the attrition of trained cadres to the foreign companies working in Baku, especially the oil companies, who paid salaries far higher than the Government.

During my first few weeks in Baku I managed to meet the Speaker of the Parliament, the Prime Minister, Vice-Prime Ministers, Ministers, heads of political parties and many other senior officials. I still consider many of them among my personal friends. The one common thing that actually scared me was the extremely high and unrealistic expectations of the UN and my abilities. I tried to gently explain the limitations on the power of the UN. I also noticed immediately the deep differences within the political elite, which was clearly reflected in the country's armed forces. Meanwhile, the UN Office was primarily a room in the Respublica with one old rotary phone, which was secured after some strong lobbying. The promised building was not to be ready for almost another year. Recruiting staff for our Office was another major challenge. Paolo and I made a conscious decision to recruit young Azerbaijanis straight from university, sometimes even before graduating and train them ourselves. The first people we worked with were vital for us: my secretary Valeria Mustafayeva and interpreter Elshan Aliyev, who were very smart and learned fast. These young people, multiplied many times in the following months and confirmed our conviction that Azerbaijan's main wealth was its own people and human resources, not its oil

As a part of my effort to meet all major political figures in Azerbaijan, I decided to fly to Nakhchivan to meet the former Soviet Deputy Prime Minister Heydar Aliyev, who had just retired there. I informed Mr. Guluzade of my plan out of courtesy and he fully agreed with me that it was important for me to meet Mr. Aliyev. I flew there with my deputy and interpreter in January. I met Mr. Aliyev the same evening for four hours. Apparently, I was the very first international official to fly there specifically to meet Mr. Aliyev and he appreciated it. That meeting left very deep impressions on me. I could see that he had a strong charismatic personality, sharp intelligence and deep experience in matters of state.

As military clashes continued between Azerbaijani forces and Armenian troops and rebel forces from the Karabakh region, the Armenian side kept gaining more land. I traveled to the front at the request of the Secretary

General to submit a report to the UN Security Council. I sent the report to Dr. Ghali and asked to brief the President. I was in the middle of the meeting, explaining to him that it was only the Council that could impose sanctions on Armenia, and not me as some people thought, when his telephone rang. It was Mr. Hasanov calling from New York and explaining the fact that the Council did not impose sanctions on Armenia because I did not ask for that. The President repeated to him what I had just explained about the way the Organization worked.

A few months later and with further loss of land and a dramatic increase in the number of the internally displaced people, our work in the UN Office became more difficult. More international staff was brought in on an urgent basis. The UN Office started to mushroom fast. The UN High Commission for Refugees (UNHCR), UNICEF and the World Food Program (WFP) became fully operational. The United States position of imposing economic sanctions on Azerbaijan as a result of the efforts of its domestic Armenian lobby made our work much more vital. The Government was fully supportive within its limited capacity.

The deterioration of the military and economic situation led to further instability. A change of power became a necessity. Heydar Aliyev flew to Baku and became the Speaker of the Parliament after President Elchibey flew out of Baku. I was the first foreign "ambassador" to be called to meet the new speaker. Mr. Aliyev gave me a message to the UN Secretary General and we had a long detailed discussion about the situation in Azerbaijan and the assistance programs which the UN was providing. Mr. Aliyev shortly afterwards officially became the President and Azerbaijan, after facing the danger of disintegration, started to move in the right direction. Major changes were made in the upper echelons of the Government. The new Minister of Foreign Affairs was Mr. Hasan Hasanov.

President Aliyev started a concerted diplomatic campaign for Azerbaijan from day one. He used to call me to his office on a regular basis to discuss issues relating to the Karabakh conflict and international efforts to settle it. The UN

Security Council finally adopted a resolution emphasizing the independence, sovereignty and territorial integrity of Azerbaijan, which was a major victory for the country. President Aliyev also made skillful overtures to the American administration, using all his country's assets to enhance its negotiating position. He welcomed the invitation of the Secretary General to take part in UN global conferences like the Social Summit in Copenhagen in 1994 and the Population Summit in Cairo in 1995. He also initiated contacts with Islamic countries and participated in several summits of the Islamic Conference. He also worked hard to soften the Russian position supporting Armenia.

Meanwhile, the UN agreed with the Conference on Security and Cooperation in Europe (CSCE, later the Organization of the Security and Cooperation in Europe: OSCE) to launch a joint effort to settle the Karabakh dispute. It was a long and arduous effort, especially in the face of an intransigent position by the Armenian rebels in Karabakh. I represented the UN in this endeavor and participated in the meetings that the joint delegation - UN and OSCE - held with the Azerbaijani side, usually chaired by Mr. Hasanov. The negotiations were frustratingly slow and seemingly endless. There was always the need to coordinate positions between the two international Organizations: each with its own agendas and priorities. On the other hand, Mr. Hasanov usually lost his temper during those talks and started shouting, pounding the table and accusing the OSCE representatives of all sorts of things. This, of course, did not endear him to the mediators. Mr. Hasanov was well known for his short temper and violent outbursts, which in turn demoralized many of the Ministry's staff, except very few who knew how to deal with him.

On the humanitarian level, the focal point was the Vice-Prime Minister for Humanitarian affairs, a position that saw several occupants in those years. The lack of experience in dealing with international organizations put an extra burden on the UN Office. Once, President Aliyev insisted that I personally participate in a donor's conference on Azerbaijan that was to be held in Rome. By coincidence, I flew on the same flight to Istanbul with Mr.

Ilham Aliyev, whom I had met many times before during official and unofficial functions in President Aliyev's office. We spent the few hours of the flight discussing current affairs and the situation in Azerbaijan. I had also met his wife, the current First Lady Mehriban Aliyeva, who was active in social and humanitarian issues. In Rome, I made a passionate plea to the delegates of the donor countries, many of them personal friends and colleagues, as many people did not realize the dimensions of the human tragedy in Azerbaijan. The result of the conference was very positive.

On the public information front, or what was called propaganda at the time, Azerbaijan was not winning. The Armenian lobby worldwide was very effective. It portrayed Armenia and the Armenians of Karabakh as victims. Azerbaijani attempts to counter this Armenian campaign could not find the right tune to convey facts and address world public opinion in a way that it could understand. During a visit to the frontlines on the Armenian side in Karabakh, I was once told by a very senior official of the rebels that Armenians followed what I did in Azerbaijan, and they did not like what they saw. My answer was that I did my job the best way I could and that I merely reported facts objectively. On another occasion, I was told by another senior rebel that I was biased to Azerbaijan because I was a Muslim. I explained in length that my religion did not affect my job performance and that I was only biased to the principles of the UN Charter.

Most of my meetings with President Aliyev were closed. If a meeting had started with several of his assistants on his side and some of my staff on mine, we continued our discussion in private in his office in Russian, in which I had regained my fluency. I could feel that the President wanted to hear a different view and listen to my opinions as a friend of his and of Azerbaijan. I was glad to report to the UN Azerbaijan's agreement to a cease-fire and stoppage of military hostilities. I had long argued that continuing military hostilities was not in Azerbaijan's interest in view of the military balance of power and regional and international realities. Azerbaijan needed time to develop economically and socially and exploit its huge natural resources. This

in itself would alter the over-all balance of power in Azerbaijan's favor. This is in fact what happened.

President Aliyev also invited Dr. Ghali to visit Baku. I supported the invitation and used back channels to have the visit take place. I discussed the details with President Aliyev personally who gave strict instructions to do everything possible for its success. The Secretary General finally landed in Baku late in 1994 and was received by President Aliyev at the airport as a head of state. The visit, which lasted 3 days, was very successful. Dr. Ghali made statements both in the Parliament and in a press conference in Baku reiterating the UN's position that Karabakh was an integral part of Azerbaijan. He also asked me to accompany him to both Tbilisi and Yerevan, his next stops. The media had made his statements public and officials in Yerevan were not very happy about them nor about me being part of his official delegation. He was met at the airport by a deputy prime minister and the reception was rather cold. Dr. Ghali stuck to his position in his press conference in Yerevan despite aggressive questioning by Armenian journalists. The tour of the Secretary General was a big plus for Azerbaijan and President Aliyev had scored a big point in the struggle to win world public opinion.

In a case that illustrated very clearly the acute shortage of qualified cadres in Azerbaijan during those early difficult years, one late evening Mr. Guluzade called me in my office. He could see the lights from his apartment and knew that I was still working. By that time we had moved into a small building and a part of the top floor as a residence. It was one of the best equipped offices in the whole of Azerbaijan, with modern computers and a communications system. Mr. Guluzade asked me if I could review the translation of the Memorandum of Understanding that was to be signed the following day between the government of Azerbaijan and a consortium of Western oil companies. I spent an hour or so doing that, thinking about the dilemma facing the government and the UN in developing human resources. As soon as a fresh group of young people was trained, they were pirated by private businesses, especially foreign companies, luring them with salaries that were

far bigger than those offered by the government. In the UN Office, we had to raise salaries repeatedly so as to stay competitive with other employers. The situation then can not in any way be compared with the situation today, when many of the first Azerbaijanis to work in our Office are now working as professionals in UN headquarters in New York, Geneva, Roma or Vienna or in prominent organizations like the BBC in London.

In another skillful gesture by President Aliyev, he agreed to my suggestion to hold a big celebration of the UN's 50th anniversary in the fall of 1995, just before he traveled to New York to participate in the official celebrations along with the leaders of the world. A huge celebration was held in the People's Hall under the auspices and with the participation of the President, despite opposition from Mr. Hasanov. I made a speech, then the President made a passionate speech about Azerbaijan's position on the Karabakh conflict. That was followed by a very impressive artistic show commensurate with the cultural richness of the country. At the end of the celebration, the President asked me to inform Dr. Ghali about it and I asked if a tape of the celebration could be provided to me soon. He gave his instructions and the tape was delivered to my office the following day. I immediately dispatched it to my friend Ms. Aboulnaga to show it to the Secretary General. At the beginning of their meeting a week later, Dr. Ghali thanked the President for the gesture of support and respect for the UN and the President was happy to hear that.

On the eve of my departure from Baku at the end of my term, the President was very generous and kind as he gave a private dinner to bid me farewell. He told me at that dinner that I would always be the "first UN Representative in Azerbaijan" and no one could take that away from me. I am still proud of that title and that I tried to do my best to render maximum assistance from the UN to its people during those first difficult years.

DIPLOMATIC BEGINNING IN BAKU

Dr. Robert Finn
Professor, Princeton University

The end of the Soviet Union came as a surprise to most. Even after it ended, politicians and diplomats around the world took months to adjust to the fact that one of the two superpowers was no more and that the security equation which had governed the world for half a century had ended. The United States was just as bewildered as everyone else and at first did not know what to do. At first the U.S. government waited, thinking that perhaps the Soviet Union would come back. In the beginning of 1992, realizing that a new order existed, the State Department asked its diplomats to identify which languages of the former Soviet Union other than Russian they knew. Having done my PhD in Turkish literature, I had some knowledge of several of the Turkic languages and so informed the Department.

The government decided that they would open embassies in the Newly Independent States (NIS), as they were called, in two tranches. Azerbaijan would be in the second tranche. A few weeks later the State Department asked me to go as chargé to open the new U.S. Embassy in Baku. I was stunned and excited.

When I studied Turkish literature, I had initially been very interested in Azeri literature. I had put aside my initial enthusiasm, however, thinking that in the days of the Cold War, I would never be able to go to Azerbaijan or do

successful academic work there. Now I was asked to open the first U.S. embassy to independent Azerbaijan. It was tremendously exciting and a great honor.

Most people would imagine that the first chargé of the U.S. embassy in Baku would arrive with a large entourage, vehicles, equipment and a great display of presence and activity. The truth was quite far from this. I arrived with several others after a stay of several days in Moscow and a flight on an Aeroflot plane that had seen much wear. I remember that my seat was broken and could not be put upright. We were met in Baku by Philip Remler, my colleague and friend who had arranged for some rooms in the "Intourist" hotel, a gray building built in 1934 as an enlightened expression of modernist Soviet architecture. Some time had passed since then and the building, although it had been modernized in 1988, still showed signs of its age. The Turkish embassy was already located in the same building while renovating their new embassy in the center of the city.

We arrived in a city that was in a state of turmoil. Armenian attacks in Nagorno-Karabakh caused demonstrations and riots in Baku, and President Ayaz Mutalibov had been turned out of office and was staying outside of town in the Presidential villa at Zagulba. Parliament was meeting virtually non-stop as the Popular Front was moving towards a takeover of government. Tension filled the center of Baku with crowds of hundreds in front of the Popular Front Headquarters. Meetings suddenly materialized and were cancelled, communication was erratic and normal life had virtually disappeared.

In the midst of this, we attempted to set up an embassy from the few boxes of office supplies we had brought from Moscow. In those days before computers, the U.S. government had given us an electric typewriter, but not a ball with letters. For the first two weeks, I had to type all our messages on a Turkish keyboard typewriter I borrowed from the Turkish embassy. Our communications consisted of a satellite ship-to-shore telephone we sheltered upstairs in a room we lined with aluminum foil that was supposed to prevent others from listening in. When we tried to connect on this primitive phone, the message we most often got was "Your ship may be in another ocean." It seemed emblematic of our situation.

On March 17, I received a sudden call to go to the Foreign Ministry and present my letters of credence to Foreign Minister Huseynaga Sadykhov, who was soon to be out a job. We met and I presented him with the official letter from the United States Government enabling to open our diplomatic mission. I also had several other letters to give him, one about bilateral economic relations and another inviting Azerbaijan to join in the NATO Partnership for Peace. The latter came a surprise to the minister, since for his whole life NATO had been the military force of the enemy. Now, the international situation had changed and NATO was seeking to partner with Azerbaijan.

Later that day we arranged to officially raise the flag and have a small cocktail party at the "Intourist" hotel. I asked the Turks if they would not mind if we raised the flag outside my room and the Turkish ambassador assured me it was no problem, since they were flying their flag on their own new embassy downtown. Accordingly, we invited whomever we could find, set up a little flagpole and played a tape of "The Star-Spangled Banner" as I sang patriotically and energetically on the balcony. A crowd of thirty or forty people watched approvingly from below. I learned later that no one had been able to hear a thing, because of the traffic on Neftchiler Avenue, but they all loyally pretended they could.

Following that was a reception in the hotel, during which then Prime Minister Hasan Hasanov decided to give me a hard time about Nagorno-Karabakh in front of the television cameras. I responded to him in kind in Turkish. Over the years, many Azerbaijanis told me how important that moment was to them when, after all the years of Russian domination, the American Embassy opened in Baku and they saw on television the Americans speaking to them, not in English or Russian, but in the Turkish language. When I revisited Baku in 2009, I was pleased to see many of the diplomats at the U.S. embassy including Ambassador Derse, speaking quite good Azerbaijani.

In the evening on March 17, I was invited to attend a dinner hosted by the prime minister for former U.S. Secretary of State Cyrus Vance, who had arrived on a fact-finding mission related to Nagorno-Karabakh. The dinner

was held in one of the rooms of the elaborate Culture Palace that overlooked Baku. As the dinner went on, the visitors asked questions of the Prime Minister, who presented Azerbaijan's views on the unfolding tragedy. At one point, Hasanov remained impassive as the translator, whose family were victims of the fighting, began to emotionally elaborate on the Prime minister's remarks without interference until the Turkish ambassador interrupted and said, "Stop it. Stop it. You can only say what he said." I asked myself if every night in Baku were to be like this one.

During those early months, there were few diplomats living in Baku. As Americans, we could not at that time be in touch with the Iranians, but we were very friendly with the Turks. A number of the U.S. diplomats in Baku had lived in Turkey and spoke Turkish. In addition, the new government of the Popular Front was very pro-Turkish and sought to move Azerbaijan away from Russia towards Turkey. Popular Front leader and later President Elchibey was very open about his Pan-Turanist feelings. His strong efforts to make Azerbaijan independent led to problems both with Russia and Iran before long.

At the same time, Azeri nationalism was at a high point, both because of the war and because Azerbaijan had become independent. Many of the signs and emblems of the first Azerbaijani Republic were reintroduced, as well as a new currency in manats called a "Mammad" by many because of the picture of Mammad Amin Rasulzada, President of the first Azerbaijani Republic, on the bills. Ties with Turkey were strong, and Baku became filled with Turkish businessmen trying to be first on the ground to make money in the former Soviet Union. There were also American and European businessmen, because negotiations were underway to exploit Azerbaijan's vast energy resources under the Caspian Sea. This, of course raised the question of who owned the seabed of the Caspian, whether it was a lake or sea and other familiar questions which involve national sovereignty in economic discussions, and which have not yet been completely resolved.

We were busy setting up an embassy and maintaining political contacts with the new Azerbaijani Foreign Ministry, where we did a lot of mentoring

in the early days with some of the young diplomats who were involved in quick-step on-the-job learning. Azerbaijan had a few trained diplomats, such as Araz Azimov, Tofiq Zulfiqarov and Elmar Mammadyarov. The Popular Front brought in Professor Tofiq Qasimov as Minister and other political appointees filled a number of positions, but there was a lot of work to be done as Azerbaijan created its own foreign service and made the transition from being part of the Soviet Union to being an independent country. The rules and regulations which had been in place when the USSR and the U.S. were involved in the Cold War were replaced with the normal relaxed regulations that govern diplomatic relations between friendly states. Of course, there were many personalities and problems which remained from the former days, and it took some time to work things out. The war situation only added to these problems.

At one point I complained to then Foreign Minister Hasan Hasanov that I could not travel around the country. He replied that I could go anywhere in Azerbaijan I wanted, to which I countered that I wanted to go to the front. At that point the Armenians were heavily attacking in the Barda sector. Hasanov said he would send me on a helicopter that Saturday and I quickly invited other members of the diplomatic community to come along. We set off on a helicopter and shortly, before we reached our destination, a Russian jet suddenly swept under our helicopter which turned awkwardly. The pilot managed to right the helicopter and we landed safely. Then we went to the front through a ruined and deserted landscape, accompanied by the sound of gunfire. At the front, shots were fired in our direction. After that, we went to a field hospital, where we saw the tragedy of war firsthand as ambulances came in at the rate of every minute or so, unloading the battlefield wounded in terrible conditions.

On another occasion, I went to visit Fizuli two days before the Armenians attacked that area. We were almost the only vehicle going westward on the road, but there was endless lines of trucks, busses, tractors and private vehicles carrying people and what belongings they could manage as they fled towards Baku.

The streets of Fizuli were filled with despondent people trying to decide what to do. They were hoping that somehow they would not have to abandon their homes and livelihoods, but this was not to be the case. The Armenians attacked, allowing them an escape route, and tens of thousands fled to eastern Azerbaijan, where they are still living as displaced people. International efforts to prevent the attacks failed, as they had from the beginning.

In the early days in Baku, violence was still widespread. Gunshots were commonly heard at night, and people disappeared regularly without a trace. It was usually unclear what was involved, although ethnic tensions were at least partially responsible. In June of 1992, we were finally able to rent our first apartments, and I moved out of the "Intourist" Hotel into an apartment in Bayil. After I moved in, I discovered why the owner had been willing to rent his apartment out, as I received a series of phone calls trying to ascertain whether my Armenian wife was at home. After I gave the callers some direct advice in Turkish a few times, the calls gradually stopped coming. But I also learned in my new apartment that I would have to share the kitchen at night with rats, rising Caspian water levels had made the underground population of Baku move one level upwards, so apartment entrances were typically visited by both rats and feral cats looking for food. Apartments were also subject to visits from our little friends.

But these were by no means the only visitors. There was a constant stream of visitors from government and the private sector coming to meet the new and quickly changing governments in Baku and get themselves involved in the expansion of the energy sector. The signing of the contract of the century, of course, brought in a huge number of high level visitors, including U.S. Secretary of Energy Hazel O'Leary to see President Aliyev, but there were many other visitors as well. I remember translating for Undersecretary of State Strobe Talbott in a meeting with President Elchibey, whose soft voice and strong Nakhchivan accent made it hard for me to keep up. At another point early on, an entire planeload of American businessman suddenly appeared with no notice at the "Intourist" hotel towards mid-day.

We quickly set up a round of appointments for them later in the day with Azerbaijani counterparts, and asked them if they would like to have some lunch first. Looking slightly green, they said they had drunk 63 toasts the night before in Tbilisi and were not at all hungry.

Finding a building for the U.S. Embassy was not easy. We were anxious to get out of the "Intourist" hotel as quickly as possible, and the hotel wanted us to leave as well, since we kept taking up more of their valuable space. The Foreign Ministry and the mayor were very helpful, as was the city architect. We looked at a number of buildings, and one seemed very nice, in the old city. It was close to everything, had been partially restored and even had an archeological excavation under glass in the back yard. Ambassador Miles realized, however, that it would be too small and the search began anew. Finally the scientific library that is now the U.S. embassy was identified and the Army Corps of Engineers was brought in to refurbish the building. Unfortunately in the process, some of the beautiful architectural details of the building were lost, but the final result was a building and beautiful garden that pays tribute to the fine taste of Baku's historical architecture. Other embassies also found beautiful older buildings in which to locate their embassies. As of this writing, the U.S. Embassy is planning to move again to even larger quarters as the bilateral relations have grown dramatically over the years.

One of the great difficulties we faced at the U.S. embassy, and in the diplomatic community in general in those early years, was in dealing with Azerbaijan as an independent country. After half a century of Cold War, almost nothing was known about the constituent republics of the Soviet Union, their history, languages and culture. More than this, the mindset of the politicians in all the capitals, with the possible exception of Turkey, was to think of Azerbaijan as still somehow being part of the Soviet Union and a Russian country. During my three and a half years in Azerbaijan, I constantly had to push Washington to think of Azerbaijan as independent. In simple logistics, it took great effort to have travelers come via Turkey on a comfortable Turkish Airlines plane rather than go through Moscow, staying in a hotel and then fly-

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But these were by no means the only visitors. There was a constant stream of visitors from government and the private sector coming to meet the new and quickly changing governments in Baku and get themselves involved in the expansion of the energy sector. The signing of the contract of the century, of course, brought in a huge number of high level visitors, including U.S. Secretary of Energy Hazel O'Leary to see President Aliyev, but there were many other visitors as well. I remember translating for Undersecretary of State Strobe Talbott in a meeting with President Elchibey, whose soft voice and strong Nakhchivan accent made it hard for me to keep up. At another point early on, an entire planeload of American businessman suddenly appeared with no notice at the "Intourist" hotel towards mid-day.

We quickly set up a round of appointments for them later in the day with Azerbaijani counterparts, and asked them if they would like to have some lunch first. Looking slightly green, they said they had drunk 63 toasts the night before in Tbilisi and were not at all hungry.

Finding a building for the U.S. Embassy was not easy. We were anxious to get out of the "Intourist" hotel as quickly as possible, and the hotel wanted us to leave as well, since we kept taking up more of their valuable space. The Foreign Ministry and the mayor were very helpful, as was the city architect. We looked at a number of buildings, and one seemed very nice, in the old city. It was close to everything, had been partially restored and even had an archeological excavation under glass in the back yard. Ambassador Miles realized, however, that it would be too small and the search began anew. Finally the scientific library that is now the U.S. embassy was identified and the Army Corps of Engineers was brought in to refurbish the building. Unfortunately in the process, some of the beautiful architectural details of the building were lost, but the final result was a building and beautiful garden that pays tribute to the fine taste of Baku's historical architecture. Other embassies also found beautiful older buildings in which to locate their embassies. As of this writing, the U.S. Embassy is planning to move again to even larger quarters as the bilateral relations have grown dramatically over the years.

One of the great difficulties we faced at the U.S. embassy, and in the diplomatic community in general in those early years, was in dealing with Azerbaijan as an independent country. After half a century of Cold War, almost nothing was known about the constituent republics of the Soviet Union, their history, languages and culture. More than this, the mindset of the politicians in all the capitals, with the possible exception of Turkey, was to think of Azerbaijan as still somehow being part of the Soviet Union and a Russian country. During my three and a half years in Azerbaijan, I constantly had to push Washington to think of Azerbaijan as independent. In simple logistics, it took great effort to have travelers come via Turkey on a comfortable Turkish Airlines plane rather than go through Moscow, staying in a hotel and then fly-

ing down on a ramshackle Aeroflot. The flight from Moscow was more expensive and less comfortable, but the bureaucrats in Washington and the travel agencies could not get it into their heads that there were easier and better ways to get to Baku. The same was true with supplies, although we gradually got them to realize that it would be easier to bring things from Turkey.

Language training for diplomats was another issue. U.S. diplomats are often trained to speak the languages of the countries they are assigned, but it took a while before Washington was able to make the transition and train people in the Azeri language. The initial plan was to train diplomats in Russian, but by advocating strongly in Washington, we were able to have diplomats trained in both Russian and Azeri, and to have the positions in Baku designated so that Turkish, Russian and Azeri speakers were all eligible for the special benefits for language speakers. This made Baku a more attractive assignment for young diplomats.

On the other hand, young Azerbaijani diplomats often lacked linguistic, rafting and diplomatic training. We and other embassies provided some mentoring for young Azerbaijani diplomats in the beginning, and the correspondent Thomas Goltz took one or two of them under his wing and helped train them as well. They are successful diplomats today.

The imposition of restrictions on giving assistance to Azerbaijan in section 907 of the Freedom Support Act made things very difficult for the mission in Azerbaijan. Diplomats were faced with trying to explain to Azerbaijanis why they were being punished when it was their country that was occupied and their people who were displaced. This was especially true for diplomats on the ground, who saw with their own eyes what was happening. Efforts of the State Department to change the legislation did not succeed, although eventually humanitarian assistance became available. The experience provided Azerbaijanis with a bitter lesson in how the American governmental system works.

In the three and a half years I was in Baku, there was a succession of governments and officials as the country dealt with the problems of war, economic collapse and internal security threats. President Elchibey withdrew from office and was replaced by President Heydar Aliyev, whom I had first visited when he was living in exile in Nakhchivan. The chaos of 1992 finally ended and the outlines of the present government in Azerbaijan formed. A calmer environment led to stabilization and the development of Azerbaijan's energy resources. The resolution of the Nagorno-Karabakh problem remains elusive, and other issues continue to shadow Azerbaijan's development. Nevertheless, the exciting and dangerous early days of Azerbaijan's independence will always remain, for the diplomats stationed there at the time, the most vivid experience of their careers.

CHAPTER II
Azerbaijan's Bilateral and Multilateral Diplomacy

AZERBAIJAN-U.S. RELATIONS: FROM UNJUST SANCTIONS TO STRATEGIC PARTNERSHIP

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The early years of Azerbaijan's independence were full of expectations, which were also reflected in the country's foreign policy. Azerbaijan, as a new democracy, expected to be embraced by the West, and by the United States in particular. The U.S. was first in line as it was perceived as the "shining city on a hill,"[1] a model of democracy and a supporter of those who pursued the values of freedom. Having just come out of Soviet tyranny, Azerbaijanis sincerely hoped that the United States would help them in the resolution of all unjust policies, which they have faced up to that moment, primarily the occupation of its lands by Armenia. They truly saw the U.S. as an image of justice and morality in the world.

While some expectations were partially met, they soon came up against the wall of reality. Washington was quick to recognize Azerbaijan's independence and open an Embassy in Baku. The United States supported Azerbaijan's membership in both the UN and the OSCE, as well as its aspirations to integrate into other international structures. Those initial years of cooper-

[1] The phrase was first used by John Winthrop, and later cited by many, including President Ronald Reagan.

ation between the U.S. and Azerbaijan were aimed at securing Azerbaijan's independence and sovereignty, establishing solid diplomatic contacts and getting to know each other better. Unfortunately, at the same time, the U.S. Congress adopted Section 907 to the Freedom Support Act, which sanctioned Azerbaijan for the alleged blockade of Armenia.[2] Thus, Azerbaijan became the only post-Soviet republic, which was deprived of much needed U.S. help in building an independent nation.

Perhaps, some expectations were simply unrealistic. Yet, as the most powerful nation on earth with its self-declared principles of justice, freedom, fairness and equality, the United States has a unique status in the contemporary world order. While at times for American foreign policy, the promotion of international law can create political inconveniences in certain bilateral relations, in the long-run this is the best investment in sustaining America's leadership for decades to come. In this respect, the U.S.-Azerbaijani relationship is a good example. In addition, the development of relationship with the U.S. was not easy for Azerbaijan due to the presence of a strong Armenian lobby already established within political circles of this country.

Azerbaijan has always endeavored to establish a strong and mutually beneficial relationship with the United States. The primary aim was not only to deal with politicians, but also to convey the hopes, aspirations, dreams, and fears of Azerbaijanis from all walks of life. The goal was to utilize the culture, history and heritage of Azerbaijan in building a new and enduring relationship between a superpower and a small country surrounded by larger powers. In that respect, Azerbaijan has successfully raised its head above the ashes of Soviet communism to becoming an independent, vibrant, and modern country.

In the early 1990s, it was very apparent that bilateral U.S.-Azerbaijan relations revolved around four major issues: Azerbaijan's significant geo-political location between various regional powers; Azerbaijan's future role as both an exporter and transit state for energy resources from the Caspian region; shared values of independence, democracy, free markets and human rights; and a peaceful resolution of the conflict with Armenia.

The mid 1990's witnessed a significant boost in Azerbaijan-U.S. relations. The "Contract of the Century", signed on September 20, 1994, which involved major U.S. oil companies received strong political support from the U.S. government.[3] Steady progress on the Baku-Tbilisi-Ceyhan (BTC) and Baku-Tbilisi-Erzurum (BTE) oil and gas pipeline projects brought additional strategic cooperation into the bilateral relationship.

After the attacks of 9/11, another area for strategic cooperation emerged. Azerbaijan, through its opening of airspace for transport of coalition troops flying to Afghanistan, the sending of peacekeeping troops to Afghanistan and Iraq, and support in combating terrorism, WMD proliferation and other security threats has become a close U.S. partner.

As a result, diplomatic ties have expanded in both directions. Azerbaijan has recently opened its first consulate on the west coast. Moreover, the recent establishment of the American Alumni Association in Azerbaijan, the Azerbaijani Youth Network and the U.S.-Azeris Network in the United States are all endeavors to further develop long-term relations between the United States and Azerbaijan.

Unfortunately, against this backdrop of the growing strategic partnership and other developments, some important items of the Azerbaijan-U.S. relationship have not been so successful. For example, the U.S. co-chairmanship in the OSCE Minsk Group has not succeeded in promoting a resolution of the Armenia-Azerbaijan Nagorno-Karabakh conflict. Moreover, the U.S. continues to be perceived as only a partial mediator. Recent economic cooperation has not explored fully other areas of opportunities, and at times, cooperation over human rights and democracy has invoked more controversies than results.

Lately, the U.S. influence within the Caucasus region has been declining. This mainly has to do with the way that U.S. policies have been conducted within the broader geographical region. While supporting energy projects in the Caspian, the U.S. shies away from other, no less important issues, specifically condemning the Armenian occupation of Azerbaijani lands. Other examples include not supporting countries of the region against external

threats (take the example of the Georgia war of August 2008, with the putting aside the issue of who attacked first in that particular conflict), and not having a realistic understanding of the capacity of countries in the region to move forward with democratic transition. This constant push for what America wants, and not what our region needs is the biggest mistake of U.S. foreign policy in the region. We need the U.S. and other regional powers to take us seriously, on equal terms, not as an appendix of a global political strategy.

Nevertheless, Azerbaijan continues to view the U.S. as an important, strategic partner and ally. Furthermore Azerbaijan would like to advance this bilateral relationship by removing obstacles which continue to inhibit the full realization and potential of this relationship. Azerbaijan is very optimistic about its future in the region and sees much hope and opportunity for the US-Azerbaijani relations. On a visit to the United States in 2006 President Ilham Aliyev stated "We value highly our relationship with the United States. For us these relations have a strategic meaning"[2]

Strategic Partnership: Two Backbones

Energy and security issues are the two major dimensions of the bilateral relationship, which in turn substantiate the strategic partnership. With equal importance, these two issues showed their significance at different times. Yet, the beginning the U.S.-Azerbaijan relationship was preoccupied by other important matters. While Armenian military forces had occupied about 20 percent of the landmass of Azerbaijan resulting in the expulsion of close to one million people from their homes, Armenia's friends and allies within Washington and on Capitol Hill were preoccupied with passing Section 907 of the Freedom Support Act. For Azerbaijanis, this piece of legislation became to be known as

[2] Speech by the President at Council on Foreign Relations on April 26, 2006, Washington, DC

the "Freedom Denial Act." How could a world statesman like President George W. Bush (senior) allow for such discrimination, they asked? Why would Congress impose such a draconian law on a country that was moving away from the Soviet sphere of influence and wanted to establish relations with the U.S? The answers, of course, rest in what I now understand and appreciate in the U.S. political system to be public advocacy, lobbying and internal politics. The U.S. political system is a transparent, yet complex, process of influencing both the Legislative and Executive branches of government. This in turn creates a loophole in the representative democracy, whereby special interest groups can hold the fundamental principles like humanitarianism and national interests of the country hostage to their own agenda. To my dismay, ethnic groups, like Armenian-Americans, can import their hatred into the United States and turn it into government policy and legal precedent of that country.

Thus, the passing of Section 907 of the Freedom Support Act defined initial U.S.-Azerbaijan interactions as Azerbaijan quickly understood the important role that Congress has in shaping U.S. Foreign Policy. It was during this initial period that I came to realize another truth about American politics: The stars and stripes do indeed follow the U.S. dollar. In meetings with the CEOs of Amoco, Pennzoil, McDermott, Unocal and others, it became apparent that we could elevate U.S.-Azerbaijan relations to a much higher level by leveraging the development of Azerbaijan's most prolific oil fields: Azeri, Chirag and Guneshli.

The Energy Dimension[5]

During his January 2008 visit to Baku U.S. Senator Richard Lugar praised Azerbaijan's open door policy towards the United States: "It is a tribute to Azerbaijan that they are using their energy resources to the benefit of global security. Building pipelines and opening energy production to foreign markets requires difficult foreign policy decision-making"… "This is a tough neighbor-

hood, and countries here are under tremendous pressure to keep their distance from the United States. I thanked President Aliyev for taking concrete steps to affirm his country's strategic partnership with the United States."[3]

The moment that forged this strategic partnership was the signing of the "Contract of the Century" by a consortium of international oil companies led by Amoco and BP in September 1994. In many respects, we had managed to not only get the commitment of these major oil companies to invest billions of dollars in Azerbaijan, but their presence was an insurance policy for our new-found independence. The Consortium of Companies was deliberately designed as a mini-United Nations in terms of the number of participating countries. President Clinton sent a message of congratulations his Azerbaijani counterpart on this occasion, calling the contract "one of the largest such agreements in history".[4]

Immediately following the signing ceremony in Baku, Azerbaijani President Heydar Aliyev met with President Bill Clinton in New York on September 26, 1994. It was a proud moment for Azerbaijan as the United States now had a clearer and more focused foreign policy goal concerning Azerbaijan: the uninterrupted exploration, development and transportation of Azerbaijan's oil and gas to international markets. In Washington, the office of the Vice-President and National Security Council took the lead on this along with other policy issues regarding Azerbaijan.

Another highlight of the rapidly developing relationship was the first official visit of President Heydar Aliyev to the United States in 1997. This visit helped catapult U.S.-Azerbaijan relations to a new strategic level.

President Aliyev had extensive meetings with President Bill Clinton, Vice-President Albert Gore and other high-ranking U.S. government officials, as well as with representatives of major energy companies. The reception was unprecedented for the head of the newly independent small nation. The Joint Statement of Presidents Aliyev and Clinton highlighted the importance of the U.S.-Azerbaijan relations for the peace, stability and prosperity of the region. President Clinton called the visit a new stage in the development of bilateral relations, while President Aliyev called the visit historic for Azerbaijan-U.S. ties.

In terms of energy cooperation, the U.S. policy [in the Caspian region], if one examines various statements by public officials, has the following main objective: it seeks to diversify the number of outlets for oil in the Caspian. By achieving this goal the region, by default, will be in a more independent position regarding external influences (i.e. freeing it from the monopolistic control of Russian pipelines), ensuring the flow of energy from the Caspian to the world market (through the rapid development of an East/West transportation corridor) and safeguarding the energy security of the United States and its allies.

Another part of the successful strategy of energy projects is the construction of the Baku-Tbilisi-Ceyhan oil pipeline (BTC) which opened in July 2006. This pipeline exports oil from Azerbaijan and up to 600,000 bl/d from Kazakhstan along a 1,040-mile route from Baku via Georgia to the Turkish Mediterranean port of Ceyhan. This allows oil to bypass the Bosporus Straits. The South Caucasus Pipeline (SCP), a new gas pipeline venture completed in December 2006, runs parallel to the BTC oil pipeline for most of its route before connecting to the Turkish energy infrastructure complex and on to Europe via a transit pipeline through Greece.

In 2007, the United States and Azerbaijan signed an agreement on a 1.7 million USD grant for a feasibility study of Trans-Caspian oil and gas pipelines. U.S. officials have recognized Azerbaijan's leadership in developing regional energy projects, and more specifically in making the BTC a reality.

Officials from both countries agree that there is more opportunity for future bilateral cooperation within the energy field. The next stage of Caspian Energy development involves a number of projects: 1) enhanced production of oil and gas in Azerbaijan's offshore sector; 2) continued natural gas exports to Georgia and Turkey, with initial exports to Greece and Italy; 3) further

[3] http://lugar.senate.gov/newsletter/2008/02/feature.html
[4] http://www.azer.com/aiweb/categories/magazine/24_folder/24_articles/24_aliyevinterview.html

work on the Nabucco pipeline project, with Azerbaijan's and perhaps Central Asia's gas moving to markets in Central Europe, and 4) the emergence of Azerbaijan as an oil and gas transit country, as Azerbaijan continues its outreach to Turkmenistan and Kazakhstan.

As the concerns over climate change grow, so does the importance of natural gas, which is a much cleaner hydro-carbon energy source. With its vast natural gas reserves, the Caspian region once again stands as key player in global energy security. This importance reflects not only the volume of gas available but also the element of diversification of transport routes for energy resources. Without independent and direct access to Caspian energy resources, European consumers increasingly face the monopolization of natural gas supplies by other suppliers. Not surprisingly, the United States has explicitly stated its interest in working with Caspian energy producers on increasing the diversity of supply routes.

Here, once again, a coordinated effort by Azerbaijan and the United States, with the participation of Georgia, Turkey and other regional partners, is a necessary element for success. This formula has already been tested by the development of the BTC pipeline and it worked because of the strong commitment by the parties involved. While Azerbaijan continues to act responsibly towards regional integration by, among other things, contributing to regional energy security, we have yet to see a comparable commitment from others and, especially from the United States. In the absence of strong U.S. involvement, the dynamic of the region could suddenly change, which in turn, would be severely detrimental to the U.S. presence at this strategic global crossroads.

Taking the above into consideration, a new partnership between Azerbaijan and the United States on developing clean Caspian energy could open offering vast new opportunities for both nations, as well as for the region as a whole. Projects such as the Nabucco pipeline and other similar initiatives need a clear end-goal vision with strong commitment and support from the United States and Europe. As always, Azerbaijan stands ready to make its contribution, indeed going often beyond what is required of such a small country. Should the United States and the Europeans miss this opportunity, they will

undermine their credibility within the region and waste an opening for a project with a uniquely reliable and committed partner, Azerbaijan.

The appointment of Ambassador Richard Morningstar as Special Envoy for Eurasian Energy, one of Washington's most knowledgeable experts on our region, is a welcome sign of America's re-emerging interest in Eurasian energy architecture.

However, a word of caution should be added here regarding our shared earlier experiences. Our region's tangled politics and energy issues demand a committed and sustained long-term effort. America's political calendar and cycles may be short in duration; but within the strategically important geopolitical crossroads of the Caspian region, progress and development take time. Therefore, our American friends should be patient in passing judgment and not take short-cuts. Instead, building long-term partnerships with clearly defined objectives is the best way to ensure success.

Another important word of caution relates to the development of the non-oil sector in Azerbaijan. It was very unfortunate that the US shied away from supporting the Baku-Tbilisi-Kars railway project, which will connect Europe with Asia and further strengthen the East-West transportation corridor. The US pulled back from this project, again as a result of pressure from domestic ethnic lobbies, but against its own national and strategic interests. China, another power in the region, was much more enthusiastic about this trans-regional project.

Security Dimension

Until 2002, security cooperation between the United States and Azerbaijan was very much limited only to export controls and border security because of Section 907 to the Freedom Support Act. This was always very clear from the agenda of the annual Azerbaijan-U.S. security dialogue. Full-fledged discussion on security cooperation was replaced by mere attempts to pave the way for the 'allowed' collaboration as per Section 907.

September 11, 2001 marked the beginning of a new phase of U.S.-Azerbaijan relations. I remember briefing President Heydar Aliyev immediately after the tragic events of that day and soon afterwards, he invited the U.S. Ambassador in Baku to his office to offer Azerbaijan's full and unconditional support. When President Bush took the podium and declared that "you are either with us or against us," Azerbaijan's answer, "We are with you," was unequivocal. Since then, relations between Baku and Washington have blossomed into a mutual strategic partnership. Cooperation between the two countries in the global fight against terrorism consists of cutting off funding for terrorists working in the region of the Caucasus, sending Azerbaijani troops to Iraq and Afghanistan, and increasing military training in conjunction with the Pentagon. The U.S. Administration applauded Azerbaijan's "sacrifices" and "contribution" to the coalition in Iraq. President George W. Bush emphasized "Azerbaijan's unwavering support and determination in bringing peace and democracy to Iraq," and the fact that "Azerbaijan's forces have conducted themselves with skill and bravery." In recognition of Azerbaijan's significant contribution to the War on Terror and as a means of increasing bilateral military ties, President George W. Bush signed a waiver lifting Section 907 on an annual basis. The law, however, still remains on the books as a lingering irritant to U.S.-Azerbaijan relations.

After the waiver of Section 907 by President George W. Bush in 2002, active security cooperation between two countries began. U.S. security assistance (including Foreign Military Financing (FMF) and International Military Education and Training (IMET)) to Azerbaijan from 2002-2004 averaged approx. $25 million annually. Bilateral defense consultations including high-level visits, have identified priorities for cooperation including developing and enhancing capabilities for interoperability between the military units of both sides. This includes peacekeeping units, improving the naval capability to secure the maritime borders of Azerbaijan, and standardizing the airfields and airspace management of Azerbaijan. In summary, the security dialogue has become more tangible and inclusive.

Azerbaijan has adopted a package of legislative measures aimed at bringing Azerbaijan into line with international legal standards in the field of preventing and suppressing acts of terrorism. Cooperation with NATO through the Partnership for Peace Program has greatly helped enhance the peacekeeping capabilities of Azerbaijani peacekeeping forces and to train them in accordance to NATO standards. This in turn has led to an increase in the level of interoperability of the Azerbaijan military with NATO forces.

An Azerbaijani peacekeeping battalion has been trained and equipped with U.S. assistance and successfully performed in Kosovo and Iraq and continues serving together with the U.S. troops in Afghanistan. In 2003, the U.S. Department of Defense conducted a defense assessment of the Azerbaijani armed forces, which became a road map for reforms of the Azerbaijani military to be more compatible with NATO standards. The United States assisted Azerbaijan in the drafting and implementation of a National Security Strategy and the NATO Individual Partnership Action Plan (IPAP).

The restructuring of the Azerbaijani armed forces is also conducted via the State Partnership Program between the Azerbaijani Ministry of Defense and the Oklahoma National Guard. Several high-level visits have already taken place with many bilateral projects planned for the future.

One of the largest defense related programs implemented between Azerbaijan and the United States is the Caspian Guard Initiative. It is a framework program designed to coordinate activities in Azerbaijan and Kazakhstan with those of U.S. Central Command and other U.S government agencies to enhance Caspian security. The program assists Azerbaijan and Kazakhstan in improving their ability to prevent and, if needed, respond to acts of terrorism, nuclear proliferation, drug and human trafficking, and other transnational threats in the Caspian region.

The United States is also among key partners with whom Azerbaijan cooperates to advance NATO partnership. Both NATO and Azerbaijan cooperate on democratic, institutional and defense reforms. Azerbaijan is one of the most active partners of the alliance interested in strengthening its politi-

cal dialogue and practical cooperation with NATO, including through the implementation of the Individual Partnership Action Plan (IPAP).

In general, security cooperation between the United States and Azerbaijan is a good example of a clear understanding of mutual bilateral strategic interests and creating structures to make them reality. Despite many obstacles, security cooperation is moving forward and expanding its scope.

Armenia-Azerbaijan, Nagorno-Karabakh Conflict: U.S. Co-Chairmanship

"Another dispute tangled by history and geography concerns Armenia, Azerbaijan and the status of Nagorno-Karabakh. The good news here is that the cease-fire has now held for more than two years. The bad news is that progress under the OSCE's Minsk process has been agonizingly slow. We have very substantial economic, political and humanitarian interests in this region, and are prepared to play a more visible role in helping to arrange a settlement. One step that Congress could take to increase our influence would be to lift restrictions on nonmilitary assistance to Azerbaijan." said Madeleine Albright, newly appointed Secretary of State, commenting on Nagorno-Karabakh before the Senate Foreign Relations Committee on January 8 1997.[5]

Fast-forward to 2009. Everything remains the same in the above statement except the age of the cease-fire. The question is why the United States, the world's superpower and a co-chair of the OSCE Minsk Group , was unable to help find a resolution this conflict.

It would be unfair to say that U.S. did not try. There were serious U.S. efforts and the Key West meeting in April 2001 was the pinnacle. The

[5] http://www.azer.com/aiweb/categories/topics/Quotes/quote_albright.html

American co-chair Cavanaugh said at the press-conference after the Key West meeting of Presidents Heydar Aliyev of Azerbaijan and Robert Kocharian of Armenia: "I would like to highlight for you that these talks continue to be marked by two very strong themes. One is the seriousness with which the two presidents are approaching this endeavor, and the commitment that they are showing us at every turn to try to find a peaceful resolution to this conflict. The other one is the cooperation among France, Russia and the United States in addressing this issue. We have a common approach, we have a common goal -- peace and stability in this region -- and the strength of that cooperation, I believe, has given a greater impetus to these talks, and gives these talks a greater prospect for success."[6]

The U.S. co-chair's statement is full of hope (peace, stability, seriousness, commitment, etc.), which may create an impression that a resolution was close, but his diplomatic language lacked any real substance. Indeed, preparation for a significant breakthrough in advance of the Key West talks was seriously lacking. President Obama, just like President Bush back in 2001, is excited now about the opportunity to make a breakthrough in the conflict. I remember very well those early years of President Bush, when he was told by U.S. diplomats that there was a chance to achieve a breakthrough in the negotiation process. Those same Key West talks were organized only after intense pressure from the U.S. State Department, but in the end, the policy for advancing peace in the region was done without considering realities on the ground.

Despite U.S. efforts to broker peace between Armenia and Azerbaijan, there have been several instances when the U.S, actions have caused outrage, disappointment and frustration in Azerbaijan. In 2007, the U.S. Department of State report on Human Rights practices at first included the following description of the situation in the occupied Azerbaijani territories: "Armenian

[6] Briefing by Co-Chairs of Nagorno-Karabakh Cavanaugh of U.S., Trubnikov of Russia, Gaillarde of France, April 4, 2001

forces occupy large portions of Azerbaijani territory adjacent to Nagorno-Karabakh". This caused outrage and ire in Azerbaijan. The public and media harshly denounced this unjust position by the U.S. The Government of Azerbaijan reacted by duly criticizing the report and canceling high level security talks scheduled to take place in Washington.[7] This forced the U.S. Department of State to change the language and the new version now reads," Ethnic Armenian separatists, with Armenia's support, continued to control most of the Nagorno-Karabakh region of Azerbaijan and seven surrounding Azerbaijani territories".[8]

In 2008, the United States caused another outrage in Azerbaijan due to its position on the resolution put forward by the Azerbaijani delegation at the UN General Assembly. The United States, along with France and Russia voted against it, seriously damaging its stance as an honest mediator. The resolution's provisions were based upon international law and demanded restoration of Azerbaijan's territorial integrity. Moreover, the resolution expressed support for the international mediation efforts, in particular those of the Co-Chairmen of the Minsk Group of the Organization for Security and Cooperation in Europe. The United States basically voted against its own efforts.

Perhaps, here it would be appropriate to once again mention the huge role that Congress plays in U.S. Foreign Policy. The influence of the Armenian lobby on the U.S. Congress ensures that the position of U.S. on the Nagorno-Karabakh conflict has been far from neutral. The most blatant evidence here, as discussed above, is Section 907 of the Freedom Support Act. In addition there is the huge disparity that exists in the annual financial assistance allocated by the U.S. Congress to Armenia and Azerbaijan, along with assistance to the illegal regime in Nagorno-Karabakh and many other issues.

[7] Azerbaijan Ministry of Foreign Affairs Archives
[8] http://www.state.gov/g/drl/rls/hrrpt/2007/100546.htm (Accessed June 09, 2009)
http://www.state.gov/g/drl/rls/hrrpt/2007/100548.htm (Accessed June 09, 2009)

Azerbaijan expects the United States to take a firm stand and openly condemn illegal aggression. From a legal, political, moral, and security point of view this is a necessity. The U.S. military has long acknowledged the grave threat this conflict poses to Azerbaijan's security. The United States Central Command states that "One of the major hurdles to counter terrorism in Azerbaijan is the occupied territories of Azerbaijan. This 'grey zone' controlled by Armenian armed forces is beyond national and international surveillance and actively used by terrorists, organized crime syndicates and illegal drug dealers. While assessing the threat of terrorism and searching for ways of effectively addressing this scourge there is a clear need also to focus on the issue of relationship between conflicts and terrorism."[9] Now, it is time for the U.S. political institutions to follow this warning.

Democracy and Assistance

Azerbaijan and the United States closely cooperate on the subject of human rights and democracy. This process is important to both countries and can help to advance bilateral relations. However, the possibility of cooperation does not always lead to actual real cooperation.

Regarding democracy, Azerbaijan is often cited as not doing enough to advance democracy by the U.S., while neighboring countries' abuses and defects go unmentioned. For example, after March 2008 Presidential elections in Armenia, more than 10 persons were killed and hundreds were wounded and tortured by police forces. Yet, U.S. officials shied away from criticizing Armenia and instead again bashed Azerbaijan for the lack of democracy. This is a clear example of U.S. foreign policy being based on domestic considerations and other factors, but not on realities and real interests. This helped cre-

[9] http://www.centcom.mil/en/countries/coalition/azerbaijan/

ate mistrust in Azerbaijan towards Washington and it spilled over to the issue of the Armenian occupation. This one-sided approach by the United States does not advance bilateral relations but rather creates a sense of frustration in Baku circles. It seriously questions the reasoning, strategy and sincerity of the United States for wanting to pursue democracy goals in the region.

The U.S. should stop pressing for a "street democracy." What is happening in Georgia, Ukraine and Moldova these days and in the past several years is highly dangerous for our region. Azerbaijan has been through this process already in the early 1990s and it did not bring good results. Azerbaijan favors stable, gradual and steady development instead of rapid and radical changes, color revolutions and the resolution of governance problems in the streets. The United States should show more understanding and tolerance towards the processes of democratic changes in the region and be willing to help it, not push it. Otherwise, it will end up with the same results as it did in Uzbekistan after the Andijan events.

It is important to keep in mind that despite some tactical shortcomings and temporary mistakes, Azerbaijan never, for a single minute, deviated from its declared strategic goal of building a democratic, market-oriented state.

Public Diplomacy

U.S.-Azerbaijani relations in the past several years have been advancing not only within the energy and security fields, but throughout all spectrums. This particularly refers to areas such as public diplomacy, education and science, and people-to-people contacts. Thousands of Azerbaijani youth go to the U.S. for higher education and academic research. Azerbaijani universities have established contacts with their American counterparts. Azerbaijan's Minister of Education Misir Mardanov and U.S. Assistant Secretary of State for Educational and Cultural Affairs Goli Ameri in 2008 signed the first bilateral official agreement on cooperation in the sphere of education.

This agreement is part of the state program that gives Azerbaijani students the opportunity to study abroad. The agreement envisions the expansion of ties between the two countries that will allow Azerbaijani students to study in American high schools, conduct scientific research, and attend U.S. masters programs under the U.S. Fulbright Scholarship.

In the 17 years since its independence, over 4,000 Azerbaijanis have studied in the United States. An additional 5,000 are envisioned to study abroad, including the US, between now and 2015 under a new program that guarantees full tuition funding for Azerbaijani students who are accepted into accredited schools. This funding is part of a major education initiative by President Ilham Aliyev that converts the country's windfall energy revenues into human capital. In general, Azerbaijan-U.S. cooperation has been unprecedented from an educational point of view.

Our embassy in Washington D.C. was the vanguard of diplomatic training. Elmar Mammadyarov, previously a counselor at the Embassy became Ambassador to Italy and shortly afterwards was made Minister of Foreign Affairs. I, myself, long-time Ambassador to the United States, became Rector of Azerbaijan Diplomatic Academy (ADA). Permanent Representative to the United Nations, Yashar Aliyev replaced me in Washington as Azerbaijan's Ambassador. Counselors in Washington D.C.: Fakhraddin Gurbanov, Tahir Taghizade, Tahir Karimov, Ilgar Mukhtarov became Ambassadors to Great Britain, Czech Republic, Malaysia, and Mexico respectively. Previous Counselor to the UN, Elchin Amirbeyov, is now Ambassador to Switzerland, while First Secretary Farid Shafiyev is our ambassador in Canada.

The Azerbaijani Consul General in Los Angeles and 13 Western states, Elin Suleymanov, was previously First Secretary at the Embassy. This Consulate in Los Angeles is another milestone in the rapidly developing U.S.-Azerbaijan bilateral ties and a reflection of outreach. As this relationship grows stronger, so does the recognition of America's richness and diversity as well as the west coast's importance in global affairs. An Azerbaijani presence on the west coast has helped to further explore opportunities for joint proj-

ects in new technologies, alternative energies and agriculture. These are very encouraging signs as Azerbaijan is working to diversify its economy and American companies are looking for new international partners. Just as American companies led the international energy consortia in Azerbaijan in the early 1990s, today U.S. companies are Azerbaijan's leading partners in developing the IT sector. Having been involved with the energy projects of 1990's, I am pleased to see that the progresses in our relations reflect the changes taking place in the world around us.

Our Diaspora in the US continues to strengthen. One of the oldest Azerbaijani Diaspora organizations, the Azerbaijan Society of America established in 1959, is based in New Jersey. In addition, one of the world's most renowned scientists and inventor of the revolutionary concept of "Fuzzy Logic", University of California Berkeley Professor Lotfi Zadeh, is an American with Azerbaijani roots.

My experience in the United States was also critical in setting up Azerbaijan Diplomatic Academy (ADA), which became the first official school of diplomacy in Azerbaijan. At the same time, opportunities for educational cooperation between our nations are abundant and far from being exhausted. Once a visiting scholar on an IREX grant myself, I appreciate the value of building human relations and educating each other and look forward to seeing opportunities grow on both sides.

The Way Ahead

The United States and the Republic of Azerbaijan have developed strong fundamentals for their partnership and these fundamentals reflect values common to the American and Azerbaijani people. In turn, such values inform each nation's vision, which translates into policy. The basic understanding of the need for tolerant, citizenship-based societies as opposed to ethnic or religious-based identity is a major common denominator between our people.

Moreover, the future-oriented approach, which recognizes the need to build long-term partnerships in the region and beyond, determines strategic steps taken by both Baku and Washington. Although, at times such strategic vision has been handicapped by temporary short-term setbacks, in general the United States has demonstrated considerable commitment to partnership with Azerbaijan. In turn, Azerbaijan has become, since it independence, a reliable ally and a good friend of the United States.

The commonality of the core values is especially important in these turbulent times, when Azerbaijan stands an example of a moderate, pragmatic, future-oriented nation with a predominantly Muslim population. In short, America needs friends like Azerbaijan. While Washington may not agree with every move Azerbaijan makes, it does appreciate the nation's absolute commitment to strengthening its independence and statehood as well as it's strictly national interest-based decision making approach. In fact, it is such an approach that makes Azerbaijani regional leadership and mutually beneficial strategic partnership with the United States sustainable. Therefore, our relations can only be based on mutual respect for each other's sovereignty and understanding of one another's viewpoints.

The relationship between Azerbaijan and the United States is not based on interests and strategy alone. It is a friendship that has grown through joy and sadness, through many human emotions. Consider that it was in Houston on his first official visit to the United States, in 1997, that Azerbaijan's President Heydar Aliyev learned that his grandson was born across the Atlantic. Sadly, it was also in the United States, in Cleveland, where Heydar Aliyev spent his last days. We also saw that during bilateral exchanges in the 1990's that Heydar Aliyev developed strong personal friendships with American leaders and thinkers. That friendship both influenced and reflected the relations between Americans and Azerbaijanis.

It is worth noting that President Obama, when a Senator, visited Azerbaijan in 2005, accompanied by Senator Lugar. This is a sign of how much closer Azerbaijan and the United States are today and how rapidly the bilateral

relationship has flourished. The current President of the United States has already had an opportunity to discuss bilateral cooperation with Azerbaijani leadership. For many American leaders in politics, business and other spheres Azerbaijan is no longer an unknown country far away, but a land, to which they have personal attachment and where they have many friends.

In order to advance Azerbaijan-U.S. relations, two roadblocks need to be resolved: Section 907 of Freedom Support Act and the Armenia-Azerbaijan Nagorno-Karabakh conflict.

The U.S. should repeal Section 907 immediately. This bill is not about money any more. It is about principles, morals and justice. The U.S. should have the wisdom and courage to act independently from ethnic lobbies. Furthermore, America's image in the region, the broader Muslim world and specifically in Azerbaijan would immediately improve. As soon as Section 907 is repealed public support within Azerbaijan for the United States will skyrocket. As long as Section 907 is there, Azerbaijanis will always view the U.S. as biased and unjust.

The U.S. should enter into a serious dialogue with Russia about peace and development of the Caspian region, within the frame of recent efforts by both countries' politicians to re-set their relations. The U.S. has offered to create bilateral commissions with Russia on issues of mutual bilateral interest, such as nuclear weapons and non-proliferation. Why not to create a similar commission on the South Caucasus region, consisting of the United States, Russia and the European Union. More importantly, put the South Caucasus as a priority area for future U.S.-Russia bilateral relations. Some in Russia see peace in the region as a threat, because of fears that peaceful South Caucasus countries, just like the Baltic states, will drift away from Russia towards NATO. Russia's fears must be accommodated.

The U.S. cannot afford to wait for the situation in the South Caucasus and Central Asia to explode and end up like Pakistan and Afghanistan. As long as there is relative stability and economic development in the region, the U.S. should seize the opportunity and help these regional countries. If the

fragile balance of power is broken, the region will enter into myriads of ethnic wars, religious radicalism and total chaos. Too much is already at stake within the region for outside powers to meddle with internal and domestic developments and make the situation even worse and more unstable. Why not support the countries in the region before it is too late?

The U.S. should also be involved in turning Baku into the hub for the greater Caspian region. The financial, technological, political, economic, trade and security hub of the Caspian region should be Baku. Hubs have more vested interests from outside powers than corridors. If Baku becomes a true hub for the region, all involved parties will be interested in its peaceful existence and will not attempt to disrupt its stability. Transforming Baku into a regional hub will require a great deal of technical assistance and know-how from the West as well as the active embrace of the concept of "hub" by all involved actors. Initial steps by the Azerbaijani government have been made in the field of technology and free trade, but much more needs to be done.

Despite all these existing problems, Azerbaijan and the U.S. see each other as strategic allies and this relationship, between two mutually respectful partners, is likely to continue on a similar path, upwards.

FOREIGN POLICY OF AZERBAIJAN: EUROPEAN DIMENSION

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Created in May 1918, the Azerbaijan Democratic Republic (ADR) was the first attempt of modern state building in the history of the Muslim Orient. The newly born Republic was based on the fundamental principles of democracy and rule of law. For the first time in this region, people were able to fully exercise their unalienable rights of freedom of speech and free association. All ADR citizens enjoyed equal protection of their rights from state authorities and under the rule of law received equal treatment.

The leaders of the Azerbaijan Democratic Republic held in great respect the value of dialogue and inclusiveness, engaging all political groups and elements of society. Dozens of political parties served as outlets for an entire political spectrum. Most importantly, parliament was the centre for political discussion and decision-making, where all ethnic and religious groups residing in the ADR were represented. The values of tolerance and non-discrimination were put at the cornerstone of political and civil society. As one can see, the Azerbaijan Democratic Republic was following the European model of state building. It is no coincidence that one of the first decisions adopted by the Government of the ADR was to send a hundred students to study at leading European universities.

The newly created ADR was implementing an independent foreign policy and tried to establish friendly ties with neighbours. Foremost, its first foreign policy priority was the recognition of the Azerbaijan Democratic Republic by the European powers and international community in general. After the de-facto recognition of Azerbaijan at the Versailles Conference, many European countries opened up diplomatic missions in Baku.

However, in 1920 the promising democratic experience that was the Azerbaijan Democratic Republic was brutally crushed by invading Bolshevik forces. Subsequently, the development of relations with Europe ceased, putting an end to the aspirations of the Azerbaijani people for some 70 years. Finally, in 1991, Azerbaijan regained its independence, which had first taken root in the Azerbaijan Democratic Republic of 1918-1920.

In today's Azerbaijan, the historic bonds with the ADR are still clear and evident. Therefore, the principle of continuity with a European dimension is the mainstay for today's foreign policy of Azerbaijan.

Against the backdrop of strong economic competition and continued regional instability, our foreign policy must guarantee two fundamental values: the security of the state and the welfare of its citizens. The major elements of Azerbaijan's foreign policy rest on the fundamental principles of its constitutional system. This includes the principles of international law regarding national sovereignty, independence, territorial integrity, as well as the protection of the interests of the Azerbaijani state and its citizens both at home and abroad. Furthermore, Azerbaijan strives for a peaceful settlement of the ongoing conflict with Armenia based upon the norms and principles of international law.

This country upholds the strengthening of cooperation and trust with other states with overall respect for human rights as laid down in international agreements. In the field of global and regional economic relations, Azerbaijan advocates solutions which help create a higher quality of life for its citizens. Our country supports the international efforts to fight terrorism, drug and arms trafficking, and all other forms of international crime in accordance with our constitution and international law. Hence, to be successful

our foreign policy must be an effective instrument for the development of our economy and promotion of our image in the world.

Now Azerbaijan enjoys domestic stability with record-high economic growth, and this country has been a driving force behind a number of significant regional cooperation projects. Our goal is to have good relations with all our neighbours and partners based on the fundamental principles of international law. Following the example of Europe, Azerbaijan strives to turn the South Caucasus into a stable and prosperous region of peace and development.

In identifying its foreign policy priorities, Azerbaijan takes into consideration the international political, economic and security situation, both in its immediate vicinity and beyond. For reasons related to history, culture, and mentality, developments within Europe have always been of particular importance to Azerbaijan.

The collapse of the Soviet Union in 1991 created 15 new independent countries. Since then, three of these – Estonia, Latvia, and Lithuania – have joined the European Union (EU) and NATO. Following this recent enlargement, the EU's borders have shifted further east. After regaining independence in 1991, Azerbaijan started to build up mutually beneficial relations with European countries. In the post-Soviet period, under the determined and visionary leadership of President Heydar Aliyev, a dramatic turnaround of the entire paradigm of Azerbaijan's development occurred. Primarily, a new focus upon the European dimension within Azerbaijan's foreign policy re-emerged. Relations with Europe were developing both on a bilateral basis and within multilateral forums. Integration into European structures has always been high on the agenda for Azerbaijan's political leaders.

Relations between Azerbaijan and the countries of Europe can be examined in two formats. The following covers the multilateral framework of Azerbaijani-European relations. Azerbaijan has always aspired to become part of the European and Euro-Atlantic institutions as this country ties its destiny with the West. The first step towards the integration of Azerbaijan into Europe was its accession to the Organization of Security and Cooperation in

Europe (OSCE). Azerbaijan considers the OSCE to be a unique pan-European security organization, and with this in mind attaches special importance to intensifying its involvement with this organization in all fields.

Azerbaijan joined the then Conference on Security and Co-operation in Europe (CSCE) on January 30, 1992. On July 8, 1992, the Republic of Azerbaijan accepted the CSCE Helsinki Final Act of 1975 through its formal signing at the CSCE Helsinki Summit.

Azerbaijan actively participates in all three dimensions of OSCE activities, including the political-military, economic, environmental and human aspects of security. One of the major pillars of these relations is the OSCE Minsk Group, which was set up to negotiate the settlement of the ongoing armed conflict between Armenia and Azerbaijan.

Since 1998, Azerbaijan has also been developing successful cooperation with the OSCE's Office for Democratic Institutions and Human Rights (ODIHR), when the Memorandum of Understanding between the Government of Azerbaijan and the ODIHR was signed. The main objective of this agreement has been to assist Azerbaijan in implementing democratization reforms that the Azerbaijani government launched since the restoration of independence in 1991.

Major fields within Azerbaijan-OSCE/ODIHR cooperation include: technical assistance in legislation reform through the expertise of law drafts aimed at bringing domestic legislation into compliance with European standards, the reform of law-enforcement, border control and penitentiary systems, the raising of public awareness on human rights, freedoms, gender issues, and the development of media and civil society. Another important area for cooperation has been the monitoring of presidential, parliamentary, and municipal elections in Azerbaijan. The ODIHR has played an important role in improving election-related legislation of Azerbaijan, including assistance in drafting the Election Code, which was implemented in 2003.

Any discussion concerning civil society development between Azerbaijan and the OSCE cannot fail to mention cooperation with the Office of the

OSCE Representative of Freedom of the Media. The authorities of Azerbaijan and the OSCE office pursue intensive contacts on many media-related issues. Recommendations by OSCE representative regarding ways of improving the media situation in this country contribute to the process of further development of democracy in Azerbaijan.

The OSCE established its office in Baku in 2000, and plays an important role in cooperation between the OSCE and Azerbaijan. The mandate of the office includes, *inter alia*, assistance in the implementation of OSCE principles and commitments, facilitation of contacts and coordination of activities, and the promotion of information exchange with the OSCE Chairman-in-Office and other OSCE institutions. The OSCE office is successfully working on a number of issues which require the attention of the government. It does this by identifying priorities, creating efficient mechanisms for support and consultations, encouraging the process of further development of democratic institutions and the role of NGOs. The office has also established and is successfully maintaining close cooperation with both government agencies and non-governmental institutions within Azerbaijan.

Accession to the Council of Europe (CoE) is undoubtedly the landmark event in the history of Azerbaijan's integration into Europe. Founded in 1949, the Council of Europe seeks to develop, throughout Europe, common and democratic principles based on the European Convention on Human Rights and other international legal documents on the protection of individuals.

Soon after declaring its independence, on January 20, 1992, the Milli Majlis (Parliament) of Azerbaijan appealed to the Council of Europe to obtain special guest status. In 1996, President Heydar Aliyev in his letter addressed to Daniel Tarschys, the Council of Europe's Secretary General, expressed the desire of Azerbaijan to become a full member of CoE and accede to the European Convention on Human Rights. In November 2000, at its 107th meeting, the CoE Committee of Ministers adopted Resolution 14 (2000) on the invitation of Azerbaijan to become a member of the Council. On January 7, 2001, the decision was adopted to admit the Republic of Azerbaijan as a full member to the CoE.

The centrepiece of the Council of Europe's assistance to Azerbaijan is its support of Azerbaijan's efforts to fulfil its accession commitments and statutory obligations as a CoE member state. Cooperation is mainly carried out in the following areas: legal cooperation on the protection and promotion of human rights, rule of law, strengthening the application of the European Convention on Human Rights, and the independence and functioning of the judicial system. This also includes the fight against corruption and money laundering, reform of the prison system, and promotion of the democratic process. Other areas for cooperation include helping to strengthen civil society by guaranteeing social rights in Azerbaijan via intercultural dialogue, educational opportunities and the protection of Azerbaijan's cultural and natural heritage.

The focus of the 2008-2010 program consists of recent recommendations provided by the Parliamentary Assembly of the Council of Europe, the Ago Group of the Committee of the Ministers, and the CoE Commissioner for Human Rights. Special attention is to be paid to the strengthening of the progress achieved during the preparation and conduct of the recent presidential elections held on October 15, 2008. A number of projects have been designed to support domestic efforts in implementing the National Action Plan on Protection of Human Rights for 2007-2010.

The importance of membership in the Council of Europe for Azerbaijan is that this organization embraces all European states. It means that this intergovernmental institution covers the geographical and political scope of Europe. By becoming a member of the Council, Azerbaijan has demonstrated its European aspirations. At the same time, this step is a defining moment for both Europeans and Azerbaijanis regarding a crucial issue of which civilization Azerbaijan rightfully belongs, Europe or another.

No doubt, the major multilateral institution shaping the present day situation in Europe is the European Union. Created more than 50 years ago as a war prevention mechanism, today the Union represents a unique European integration institution. The EU possesses features of both an international organization and a national state.

After the collapse of the Soviet Union, the South Caucasus states received little attention from the EU. This fact is explained by the EU's focus at that time on Eastern and Central European countries. Relations with the South Caucasian countries started to warm up in the middle of the 1990s.

On April 22, 1996, the Partnership and Cooperation Agreement (PCA) was signed between Azerbaijan and the EU, which entered into force in 1999. Since that time, the PCA has provided a legal framework for EU-Azerbaijani relations in the areas of political dialogue, trade, investment, economic, legislative, and cultural cooperation. The various joint institutions set up under the PCA (Cooperation Council, Cooperation Committee, Subcommittee on Trade, Economic and Related Legal Affairs, and the Parliamentary Cooperation Committee) have all functioned efficiently and have ensured a regular dialogue both at the political and technical levels. Respect for democracy, principles of international law, human rights, as well as the principles of the market economy are essential elements of the PCA.

After the ceasefire with Armenia had been agreed in May 1994, the government of Azerbaijan began planning for the restoration of its war-affected areas located close to the front line between the armed forces of Armenia and Azerbaijan. The major goal was to create the conditions necessary for the return of a huge number of Azerbaijani internally displaced persons to these areas.

The EU's initial contribution to this important process was through its TACIS Programme (Technical Assistance to the Commonwealth of Independent States). This program focused on continued support for institutional, legal and administrative reform as well as on support in addressing the social consequences of transition for post-Soviet states. In turn, the TACIS programme led to the establishment of the European Union Rehabilitation Programme in 1997. An Emergency Pilot Programme was started the same year, with a total budget of US$117 million jointly financed by the government of Azerbaijan, the European Union, UNDP, UNHCR, the Islamic Development Bank, and the World Bank, for the rehabilitation and reconstruction of the most war-torn areas of Azerbaijan. TACIS also

provided essential assistance towards the implementation of Azerbaijan's Poverty Reduction Strategy launched in 2003.

Another step towards building closer relations between Azerbaijan and the EU was the inclusion of Azerbaijan into the EU's European Neighbourhood Policy (ENP) in 2004. It is indicative of the EU's willingness to extend its cooperation with Azerbaijan beyond what is provided for under the existing framework of the PCA. As a first step in this direction, a country report assessing progress in Azerbaijan towards political and economic reform was published on March 2, 2005. The country report highlighted areas in which bilateral cooperation could be feasibly and valuably strengthened.

Within the context of the ENP, the EU, in consultation with Azerbaijan, developed an action plan, which contains concrete goals and actions for the short and medium term. The five-year ENP action plan for Azerbaijan was adopted in Brussels at the EU-Azerbaijan Cooperation Council meeting on November 14, 2006. It focuses, in particular, on democratization, human rights, socio-economic reform, poverty alleviation, energy issues and settlement of the Armenian-Azerbaijani conflict. This action plan is currently in its implementation phase.

One of the main elements of the ENP action plan is the commitment of EU member states and Azerbaijan to common values such as respect for and support of the sovereignty, territorial integrity, and inviolability of internationally recognized borders of the other. On the basis of the EU-Azerbaijan PCA, the action plan that has been prepared takes into consideration the importance of Azerbaijan's relations with the EU, as well as the national policies and priorities of Azerbaijan.

Looking at the European dimension of Azerbaijan's foreign policy, one notes, that Azerbaijan is using its abundant energy resources as a tool to push forward relations with Europe. In this context, Azerbaijan has started to develop its energy resources, with emphasis upon the diversification of routes to deliver oil and gas to international markets.

In 1994, President Heydar Aliyev made a strategic development decision to exploit the rich natural resources of Azerbaijan. Steering his way in a very

complex geopolitical situation and facing serious challenges, Aliyev made the decision for long-term cooperation with international partners and pledged Azerbaijan's contribution to European energy security needs. Two important events established the foundation for the further development of Azerbaijan's energy policy and energy politics within the entire region: the signing of the "Contract of the Century" in 1994 and of the contract for the development of the Shah-Deniz gas field in 1996.

As a result of this policy, since 1994 Azerbaijan has been implementing a number of energy and transportation projects, which contribute to regional cooperation and integration, in turn bringing our region closer to Europe. Azerbaijan and its foreign partners have managed to create a new geography of pipeline infrastructure that provides alternative sources of energy supply to European countries. The Baku-Tbilisi-Ceyhan, Baku-Supsa oil pipelines along with the Baku-Tbilisi-Erzurum gas pipeline, as well as oil shipments by rail to Batumi guarantee the delivery of fossil fuel directly from the Caspian Sea to the Black and Mediterranean Seas. These projects are a good example of regional cooperation between Azerbaijan, Georgia, and Turkey which contribute to the economic development of all three countries.

As recent crises have shown, Europe is very vulnerable to disruptions of gas and oil supply. The most recent disruption was the gas dispute between Ukraine and Russia at the end of 2008, which effectively deprived some European nations of this vital resource during the cold winter season. At that time, the countries of Europe started to debate the importance of energy diversification. As a result, the much-discussed Nabucco project rapidly moved higher up the agenda of the European Union. Consequently, the importance of Azerbaijan as one of the major contributors and pivotal transit countries to this project once again became evident. For its part, Azerbaijan expressed its readiness to assume the important role of bridging Central Asian gas to European markets.

In 2004, acting in close cooperation with the European Union, Azerbaijan initiated the so-called Baku Process. This was aimed at bringing together representatives from the Black and Caspian Sea littoral states and the EU to

discuss problems pertinent to broader regional energy cooperation. Another goal was to jointly explore the possibilities for facilitating energy transit and trade in the region.

The importance of Azerbaijan's role was re-affirmed in November 2006, when President Ilham Aliyev and President of the European Commission, Jose Manuel Barroso, signed the "Memorandum of Understanding on a Strategic Partnership between the European Union and the Republic of Azerbaijan in the field of Energy" in Brussels. This document formalized the strategic character of energy cooperation between Azerbaijan and the EU and identified major areas to further develop this partnership.

In order to avoid the undesired effects of the oil boom as experienced by other resource-exporting countries, Azerbaijan established the State Oil Fund. Operating under close international and domestic monitoring this fund saves revenues generated by the export of energy. These financial revenues are further used for investments in education and health care projects. The payment of outstanding foreign debts and the development of the non-oil sector of Azerbaijan's economy also utilize monies from this fund. These developments demonstrate that energy resources and transit potential have considerably shaped the relations of Azerbaijan with European nations.

Recently the EU decided to step up its relations with its Eastern neighbours, including Azerbaijan. In this regard, the Eastern Partnership Program (EPP) was launched in 2009. The EPP will examine comprehensive free trade agreements with those countries willing and able to enter into deeper engagement and gradual integration into the EU economy. It will also allow for easier travel to the EU through gradual visa liberalization, accompanied by measures to tackle illegal immigration. President Ilham Aliyev attended the Eastern Partnership Summit in Prague on May 7, 2009, where the Joint Declaration was adopted. Azerbaijan is prepared to engage in a constructive dialogue with the EU within the framework of the Eastern Partnership with a view of promoting its national interests.

Thus, currently Azerbaijan enjoys mutually beneficial and integrated relations with the European Union. Azerbaijan sees its future as a fully-

fledged member of the European family and is actively taking steps towards obtaining this goal.

The end of the Warsaw Pact and the collapse of the Soviet Union in 1991 were followed by sweeping economic and political changes in Central and Eastern Europe. Being a country with an open economy Azerbaijan aims at developing mutually beneficial relations with all countries within Europe. To this end, it currently enjoys high political and economic ties with many European states.

Regarding leading EU members, relations between Azerbaijan and the United Kingdom deserve a special mention. Diplomatic relations between Azerbaijan and UK were formally established in Baku on March 11, 1992. Since then, bilateral relations have spread to cover a wide range of issues, from high-level political and parliamentary contacts, growing trade and investment links to the strengthening of cultural and humanitarian ties.

A number of high-level contacts have further developed relations between Azerbaijan and the UK. The most recent example is the visit of President Ilham Aliyev to London in 2004. During that visit, President Aliyev and Prime Minister Blair expressed their support for further expansion of bilateral relations. This includes the development in Azerbaijan of a market economy and multi-party democracy based on the rule of law and promotion of human rights and liberties. They also reaffirmed the Joint Declaration on Friendship and Cooperation of July 21, 1998 and issued a Joint Communiqué outlining the basis for future directions of the bilateral relationship.

Britain is the largest single foreign investor in Azerbaijan with over 100 British companies operating in our country. Exports from Azerbaijan to the UK are growing and mainly consist of equipment and commodities. Britain is Azerbaijan's second largest import partner after Singapore. Goods imported from the UK are general industrial machinery and equipment, power generating and electrical machinery, metals and telecommunications equipment.

There is a strong recent history of cultural and humanitarian links between the two countries, which helps to foster a better understanding of culture and the arts. The Anglo-Azerbaijani Society is the principal organization

drawing together the cultural, charitable, and other links between Azerbaijan and the UK. This society was founded in 1997 to support Azerbaijani-British relationships in all spheres, to keep members closely informed on developments in Azerbaijan, and to increase awareness of Azerbaijan in Britain. The British Council has operated in Azerbaijan for 12 years and organizes events and exchanges in the fields of arts, education, governance and science. It runs English language courses and provides information services on the UK education system and other areas of interest to the Azerbaijani people.

Relations between Azerbaijan and Germany have also been developing with good results. Azerbaijan considers Germany to be one of its most important partners in Western Europe, particularly with a view to European integration. President Ilham Aliyev visited Germany in 2004, 2006 and 2007.

Today's economic boom in Azerbaijan is also reflected in its economic relations with Germany. In comparison to other EU countries Germany was a latecomer to the Azerbaijani market; however it has since developed an impressive economic profile in Azerbaijan. Oil is Germany's principal import from Azerbaijan. Germany's major exports to Azerbaijan are motor vehicles, iron and steel goods, machinery and production facilities. A number of German energy companies have invested in long-term oil and gas exploration and production projects within Azerbaijan.

Germany's technical cooperation with Azerbaijan focuses on development and diversification of the country's market economy. Important joint projects are currently being implemented in the financial and technical sectors of the economy. A politically important development area is the continuation of legal and judicial reform.

Cultural relations between the two countries draw on the historical German settlements in Azerbaijan dating back to the beginning of the 19th century. As a result, Germany enjoys a positive image within Azerbaijan. In 2008, Azerbaijan held its first cultural year abroad, and Germany was chosen to host the event. In 2009, Germany reciprocated by holding German cultural education fairs in Azerbaijan.

Traditionally, relations between Azerbaijan and France have been of a more cultural nature. However, over the last few years, relations between the two countries have seen some important developments.

On the political level, France, together with Russia and the United States, is mediating in the conflict between Armenia and Azerbaijan within the framework of the OSCE Minsk Group. President Chirac met with President Heydar Aliyev alongside the NATO summit in Prague in November 2002 to address, specifically, the issue of this conflict. Furthermore, President Ilham Aliyev made his first official foreign visit as President to Paris in January 2004. There are also many parliamentary ties between the two countries.

Out of all the countries in the South Caucasus region, France has developed the closest trade relations Azerbaijan. Economic ties between France and Azerbaijan continue to grow rapidly, especially in the aeronautics and oil services sectors. In part this is a result of the investment opportunities for French companies after the entry into service of the Baku-Tbilisi-Ceyhan (BTC) oil pipeline and the Baku-Tbilisi-Erzurum natural gas pipeline. French companies have also expressed interest in the Trans-Caspian oil pipeline project, which would connect Kazakhstan's oil fields to the BTC. Consumer goods also account high among France's exports to Azerbaijan.

The overall amount of cultural, scientific, and technical cooperation between Azerbaijan and France remains stable. Main projects relate to health, veterinary and agricultural cooperation. Others include environmental conservation, support for the rule of law, emergency management, French language instruction, and the development of scientific cooperation. There has been a French cultural centre in Baku since 2004, which is an important instrument for cultivating French cultural influence in Azerbaijan.

Special emphasis within Azerbaijan concerns relations with Turkey. Though Turkey is not a member of the EU, its role in European and Euro-Atlantic affairs, in particular through its membership of NATO, continue to be of important significance for Azerbaijan and its own European aspirations. Furthermore, Turkey was the first country to recognize Azerbaijan on

November 9, 1991, with diplomatic relations between the two countries established on January 14, 1992.

Turkey attaches a great deal of importance to relations and dialogue with Azerbaijan, the protection of its territorial integrity and development of its economic potential. Both countries share close linguistic, cultural, and historical ties. Turkey has developed a strong partnership with Azerbaijan. In addition, it has been a staunch supporter of Azerbaijan's efforts to overcome difficulties faced immediately after the collapse of the Soviet Union.

Turkish-Azerbaijani relations continue to develop not only in the political field but in all spheres including the economy, trade, education, transportation, telecommunications, agriculture, social security, health, sports, culture, science, and tourism, etc. Legal frameworks are shaped by a number of agreements signed between the two countries. Frequent high-level contacts and mutual visits at all levels contribute to forge this partnership.

The ongoing conflict between Armenia and Azerbaijan is the principal obstacle to political stability, economic development, and regional cooperation in the Southern Caucasus. As a member of the Minsk Group, Turkey considers the Minsk process as a useful mechanism towards reaching a peaceful, lasting, and just settlement in this conflict, which is a the key foreign policy issue for Azerbaijan.

The Balkans is an important part of Europe due to political and economic factors. Azerbaijan attaches special importance to this area, and our relations with Greece are evidence of this. Diplomatic relations between the two countries were established in 1992. Due to its important geopolitical position and energy resources, Azerbaijan is of special interest to Greece. Furthermore, Greece supports EU initiatives to strengthen EU-Azerbaijani relations and contributed to the signing of the EU-Azerbaijan Action Plan in November, 2006.

Regarding bilateral relations, high-level official visits have dramatically increased over the past few years. President Konstantinos Stephanopoulos' visit in 2004 to Baku and President Ilham Aliyev's visit to Athens in 2009 indicate a strong will to further develop Azerbaijani-Greek relations.

Intensive cooperation in the field of energy delivery infrastructure is further developing. Azerbaijan welcomed Greece's suggestion to become the first country to export Azerbaijani gas to Europe. The future transit of Azerbaijani gas through Turkey and Greece to Italy will strengthen relations and the strategic partnership between Greece and Azerbaijan.

Notable efforts are being made within the sphere of culture, in particular the promotion of the Greek language in Azerbaijan through the Centre for Modern Greek Language and Culture at the Slavic University of Baku. Greece awards scholarships to students from Azerbaijan to carry out their studies at Greek universities.

Among non-EU countries within Europe, one has to highlight Switzerland's relations with Azerbaijan. Following the collapse of the Soviet Union, Switzerland recognized Azerbaijan as an independent state on December 23, 1991, and the two countries have maintained diplomatic relations since then. In February 2006, Federal Councillor Micheline Calmy-Rey made an official visit to Azerbaijan, during which she signed three bilateral agreements and a joint declaration on migration. In January 2009, President Ilham Aliyev paid a visit to Switzerland and discussed important bilateral issues with Swiss President Hans-Rudolf Merz.

Azerbaijan belongs to the Swiss voting group within the Bretton Woods institutions. Good relations between the two countries are therefore particularly important. Switzerland is involved in humanitarian aid projects for refugees and internally displaced persons who are victims of the Nagorno-Karabakh conflict. Switzerland also provides technical and economic assistance for good governance, sustainable management of natural resources, infrastructure projects, and investment promotion.

As a member of the OSCE, Switzerland supports the initiative of the Minsk Group. It has facilitated and arranged various meetings in Geneva between the Azerbaijani and Armenian Presidents.

Since the collapse of the former Soviet Union relations between Azerbaijan and Central and Eastern Europe have made significant progress. Relations with the Czech Republic are a good example.

Both countries enjoy high levels of political cooperation. It should be stressed that the Czech Republic supports the territorial integrity of Azerbaijan and this fact further strengthens the existing strategic partnership between the two countries. Both sides agree that economic cooperation lags behind the political partnership and needs to be improved. Both countries are currently taking the necessary steps to help achieve that goal. Measures directed at improving the legal framework of the Azerbaijan-Czech relationship is one of the most important projects currently underway between the two countries.

It is worth noting that, along with Sweden and Poland, the Czech Republic was an initiator of the Eastern Partnership, which is aimed at strengthening the EU's relations with the post-Soviet countries, including Azerbaijan. It demonstrates the Czech Republic's eagerness to play a leading role in defining the EU's relations towards eastern partners, which is both welcomed and supported by Azerbaijan.

In addition to the political and economic heavyweights in Europe, Azerbaijan appreciates its relations with medium-sized European countries, which constitute the majority of members in the European Union. Belgium is one of these countries.

Belgium fully supports Europe's policy vis-à-vis former Soviet states, and endeavours to contribute towards the development and integration of these countries. Being a medium-sized federal state with an open economy, Belgium and its experience in the European Union could prove useful to new EU neighbours and partners. Belgium has some key advantages both as the main headquarters of certain EU institutions and the headquarters of NATO.

Austria is another country which has growing relations with Azerbaijan. The high level of political relations between two states has become the main reason of the Austrian Federal Government's recent decision to open a full-fledged diplomatic mission in Baku.

The economic relations between the two countries are characterized with increasing cooperation in a whole range of fields, including the energy sector. At present, a number of large and leading Austrian companies are represented in Azerbaijan. Austria is also mentioned in the list of main foreign investors in Azerbaijan.

Close interaction and cooperation in the humanitarian field are significant elements in these bilateral relations. Among the highlights are the Azerbaijani cultural days in Austria in 2002, the erection of the monument of the famous Azerbaijani composer Uzeyir Hajibeyov at the Danube Park in Vienna in May 2006, the first ever German performance of "Arshin mal alan" operetta in Vienna Chamber Opera in September 2006 and the presentation of electronic version of the restored "Hamsa" book by Nizami Gandjavi in April 2008 in Vienna.

Azerbaijan has a lot of interest in further developing multifaceted relations with the Baltic countries. Wide scale cooperation in trade, energy, and transportation is crucial for the countries located in the Baltic, Black, and Caspian Sea regions. Relations between Azerbaijan and Estonia are evidence of this. Diplomatic relations between the two countries were established on April 20, 1992. Cooperation between Estonia and Azerbaijan has grown closer over the past few years. Both sides are interested in the further development of mutual economic and political ties. Like Estonia, one of Azerbaijan's main directions in foreign policy has been directed at closer cooperation with European and Euro-Atlantic organisations. Estonia supported Azerbaijan in joining the Council of Europe. Azerbaijan submitted its application in 1996, when Estonia presided over the Council of Europe and became a full member in January 2001.

Estonia recognizes and supports Azerbaijan's economic openness, great economic potential, and development of international connections. Estonia is interested in developing economic contacts between the two countries and in intensifying bilateral trade. The total value of goods traded between Estonia and Azerbaijan has been small in recent years, but during the past few years, it has grown significantly. Azerbaijan's rapidly growing economy has been an attractive destination for Estonian companies.

In conclusion, it is necessary to stress that Azerbaijan will continue to further intensify the development of relations with Europe, both in bilateral and

multilateral formats. This is not being done at the expense of relations with other regions of the world. European institutions constitute strong added value for Azerbaijan. As the integration of Azerbaijan into Europe is based upon mutual respect, future closer ties with Europe will inevitably improve. For Azerbaijan the benefits are attractive: a higher standard of living, increased competitiveness and economic growth, and the attraction of considerable foreign investments. In this regard, strong and constructive bilateral relations for Azerbaijan with the members of the European family are essential.

AZERBAIJAN'S RELATIONS WITH THE ISLAMIC WORLD AND THE COUNTRIES OF ASIA

Amb. Novruz Mammadov
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After the restoration of Azerbaijan's state sovereignty, the formulation and implementation of foreign policy based on national interests was one of the important duties facing the country. It was necessary to determine an efficient and pragmatic foreign policy in order to pull the country out of the difficult situation that it had fallen into.

As soon as the Azerbaijan's National Leader Heydar Aliyev returned to power in 1993, he started to renew and rebuild Azerbaijan's foreign policy on the basis of the country's strategic interests. First, he eliminated gross foreign policy mistakes made by the previous government that strained the international political environment around Azerbaijan. The new foreign policy would be based upon the coordination of strategic interests of the country with the interests of regional states and states that had special influence in the South Caucasus. Heydar Aliyev formulated these principal directions and tasks of foreign policy back when he was elected the Chairman of the National Assembly (Milli Məclis):

"Foreign policy is one of the attributes ensuring Azerbaijan's sovereignty. Azerbaijan must have a sound foreign policy, an elaborate foreign policy, a forward-looking foreign policy, a foreign policy that would tie Azerbaijan to the international community, ensure relations of Azerbaijan with all states,

secure interests of Azerbaijan, and could ensure recognition of Azerbaijan as a *de facto* sovereign state across the globe. So far, Azerbaijan did not have such a healthy foreign policy".

Continuing, Heydar Aliyev drew attention to the mistakes made in this field: "Azerbaijan must have equal relations with all states, including Turkey, Iran, neighboring Georgia, Russia, the United States, European states, Arab and Muslim countries, Turkic-speaking countries, Central Asian states, [and] Kazakhstan". Aliyev stressed that having a policy of self-isolation, which dominated Azerbaijan's foreign policy during the previous years is not an option and contradicts national interests. He pointed out that the world does not know about Azerbaijan and its problems. The international community did not hear Azerbaijan's voice as a result of self-isolation and he called that policy "a blow to ourselves." Stressing the necessity to take deliberate steps towards the protection of the country's interests, Aliyev put the state interests of Azerbaijan above everything else. Taking into account the struggle of various states for economic interests and political influence in the South Caucasus and in Azerbaijan, Heydar Aliyev made flexible maneuvers and special tactical moves, Including practical changes that took into account the realities of foreign policy and were directed at the protection of the country's interests. The place of an independent Azerbaijan within the international relations system would be based on establishing good relations with European countries and the U.S., along with Russia and former Soviet countries, Turkey and Turkic-speaking countries, the Islamic world and Iran, and influential international organizations.

In the first place, it was necessary to put foreign relations in order and restore ties with neighboring and regional states. Azerbaijan joined the Commonwealth of Independent States (CIS) as one of the first steps in this direction and undertook consistent work in order to strengthen its direct bilateral ties with the member countries. By the end of 1993, a new approach was taken for the fundamental reconstruction of ties with the Central Asian republics, which had strained relations with Azerbaijan. The establishment of a successful dialog and understanding with Russia, with which Azerbaijan has historical ties, was important

for strengthening the international position of our country and ensuring stability and security in the region.

Azerbaijan significantly changed its foreign policy towards Turkey, which is a reliable strategic partner of Azerbaijan, and as a result, a qualitatively new stage of Azerbaijani-Turkish relations began. Azerbaijan was also successful in setting up bilateral political, economic and cultural relations with neighboring Iran. Ties with other member countries of the Organization of the Islamic Conference were also significantly improved.

Establishing sound relations with major states, such as the U.S., UK, China, Japan, France, Germany and Italy, was the cornerstone of Azerbaijani foreign policy, and Azerbaijan was able to set up mutually beneficial relations with these countries. This was the result of consistent work carried out by Azerbaijan to gain the attention of certain key influential states that are of strategic significance for the country.

Relations with Europe became one of the top priorities for Azerbaijani diplomacy and foreign policy. Stable and equal partnership have been established between Azerbaijan and the influential countries of Europe – the UK, Germany, France, Italy, Belgium, the Netherlands, Greece, Poland, Romania, Bulgaria and the Scandinavian countries. Numerous treaties signed with these countries constitute the legal basis of these relations.

The implementation of the Transport Corridor Europe-Caucasus-Asia (TRACECA) program, which envisions the restoration of the historic Silk Road, and the development of the Baku-Tbilisi-Ceyhan oil and Baku-Tbilisi-Erzurum gas pipeline projects constitute important components in the improvement of relations with European countries. Azerbaijan, as the initiator of and participant in these immense projects, is located in a significant geographical position at the intersection between East and West. Both the People's Republic of China, a major world player and a permanent member of the Security Council of the United Nations, and Japan which possesses vast technological expertise and potential, became political and economic partners of Azerbaijan as a result of its successful foreign policy. Ties between Azerbaijan and Israel are also expanding.

Azerbaijan has attached significant importance to enhancing cooperation with Asian countries. Many of these countries are members of the Organization of the Islamic Conference (OIC), which was established in 1969 and aims to increase solidarity between Islamic nations. In addition to a number of international and regional organizations that have observer status within the OIC, this organization currently has 57 members.

In 1975 the OIC obtained observer status within the UN and at the same time signed a resolution on cooperation with this organization. Undoubtedly, Azerbaijan's membership in such an influential organization opened significant opportunities to Azerbaijan for the development of mutual political, economic and cultural ties and cooperation with Muslim countries. Azerbaijan became a full member of the Organization of the Islamic Conference in December 1991.

Soon after Aliyev's return to power, the cooperation with the OIC began producing positive results. From the beginning, the General Secretariat of the OIC made declarations supporting Azerbaijan's position on the Armenian-Azerbaijani Nagorno-Karabakh conflict. At subsequent stages, the organization adopted resolutions recognizing the rights of Azerbaijan, whereas Armenian aggression against Azerbaijan, along with its ethnic cleansing policy was harshly condemned.

Both the 21st and 23rd conferences of OIC Foreign Ministers held in 1993 in Karachi and in 1995 in Conakry adopted resolutions in connection with the conflict between Armenia and Azerbaijan. At the 24th conference of OIC Foreign Ministers held in 1996 in Jakarta, the name of the resolution on this issue was changed to "On the Aggression of the Republic of Armenia against the Republic of Azerbaijan." Since then, the name of this resolution at all conferences of Foreign Ministers has remained unchanged. It should be noted that all adopted resolutions in the 8th, 9th and 10th OIC conferences of the heads of states and governments held in 1997 in Tehran, in 2000 in Doha and in 2003 in the Malaysian city of Putrajaya, respectively, have the same name.

In comparison to the previous resolutions, these latest resolutions have been significantly improved with new clauses such as this:

"The Organization of the Islamic Conference calls upon all states to refrain from supplying arms and supplies which encourage the aggressor to intensify the conflict and allow to continue the occupation of Azerbaijani territories; the territory of OIC member states shall not be used for military supply; invites OIC members states and other countries of the world community to use effective political and economic pressure in order to put an end to Armenian aggression and occupation of Azerbaijani territories; considers that Azerbaijan is entitled to compensation of sustained damages and imposes the liability for full payment of such damages on Armenia; requests the Secretary General of the OIC to inform the current Chairman of the OSCE about the position of OIC member states on this issue."

The relations between the OIC and Azerbaijan go beyond declarations and resolutions. The organization provides a venue for Azerbaijan to bring its position to the attention of the Islamic world and to seek the support of the member countries. President Aliyev's role in setting a right course for Azerbaijan's foreign policy in these directions has been indispensable for today's successes. He delivered an important speech at the OIC's summit held in December 1997 in Tehran, declaring that "Azerbaijan attaches significant importance to the work carried out by the Organization of the Islamic Conference in the Muslim world and the international arena." He brought to the attention of participants that during recent years Azerbaijan had significantly improved its political, economic, trade and cultural ties with fellow Muslim countries. Needless to say, the cooperation with the OIC and other international organizations has been beneficial and productive for all involved.

Aliyev also expressed his appreciation for the OIC resolutions in connection with the Nagorno-Karabakh conflict, especially singling out the resolutions adopted in 1994 in Morocco and in 1996 in Jakarta. He also noted that Azerbaijan is thankful to all member states for the OIC's support to the principles adopted in connection with the resolution of the Nagorno-Karabakh conflict at the Lisbon summit meeting of the OSCE.

President Aliyev's participation, speeches and meetings at the 7th and 8th

summits of the OIC created extensive interest within the Islamic world. The following response of the former Secretary General of the OIC, Azeddine Laraki during the Tehran summit is just one example:

"I am proud that I met with the President of Azerbaijan Heydar Aliyev and heard his opinion. I am proud that he highly appreciates the work of our organization. We will do everything possible to improve the ties between our organization and Azerbaijan. I assured Mr. President that the OIC has always been and will always be on the side of Azerbaijan. I also assured Mr. President that our unchangeable position is the liberation of Azerbaijani lands from the occupation."

Aliyev achieved immense success in the deepening and furthering of ties between the OIC and Azerbaijan. These successes led to the formation of strong diplomatic relations between Azerbaijan and other leading countries of the East.

It is from this perspective that this paper will review the resolution adopted at the 10th summit of the OIC held in 2003 in Putrajaya, Malaysia, and the state of relations between Azerbaijan and the OIC during the presidency of Mr. Ilham Aliyev. In addition to the political resolutions mentioned above, another resolution on economic aid to the Republic of Azerbaijan was adopted at this summit. The resolution condemns the Armenian occupation of Nagorno-Karabakh and other regions of the Republic of Azerbaijan, and ethnic cleansing of up to one million people by Armenia. It calls upon the OIC member states, Islamic organizations, as well as other international organizations to provide the necessary economic, financial and humanitarian assistance to alleviate the suffering of the Azerbaijani people. The summit meeting adopted a third document – a resolution "On looting and destruction of Islamic history and cultural monuments on the territories of the Republic of Azerbaijan occupied as a result of the aggression of the Republic of Armenia."

After reading the relevant report from the OIC Secretary General, the participants of the meeting strongly condemned the actions of the Armenian aggressors directed at the complete destruction of Islamic civilization within

the occupied territories of the Republic of Azerbaijan. They demanded the unconditional and immediate implementation of UN Security Council resolutions 822, 853, 874 and 884 by Armenia, and requested the OIC Secretary General to communicate to the UN, OSCE and other international organizations the OIC member states' position on this matter.

The unanimous adoption of the draft resolutions without any amendments and revisions confirms once again that the Islamic world is very familiar with the problems of the Nagorno-Karabakh conflict and irrevocably supports Azerbaijan. This reflects the successful coordination of Azerbaijan's foreign policy.

Ties with the OIC were one of the guiding foreign policy principles under the leadership of Heydar Aliyev. This can be seen from the comments of the current Azerbaijani president, Ilham Aliyev, at the OIC conference on law enforcement hosted in Baku in early 2009. He noted that this event will play an important role in expanding the cooperation between Islamic countries, and said:

"Azerbaijan plays an important role in the Organization of the Islamic Conference. On our initiative, various events within the framework of the OIC are carried out in Baku, ministers and representatives of other entities visited Baku. We want that cooperation within the framework of the Organization of the Islamic Conference to strengthen further, Islamic solidarity to become even stronger and mutual support among our countries to shows itself in all international organizations…"

President Ilham Aliyev also acknowledged the fruitful cooperation between Azerbaijan and the OIC:

"We always see a pleasant attitude and support from the Organization of the Islamic Conference. In connection with the Nagorno-Karabakh conflict, the Organization of the Islamic Conference has always unambiguously supported Azerbaijan's fair position, and the organization repeatedly adopted appropriate decisions and resolutions in connection with this issue. At the same time, during the contacts with other organizations, OIC raised this issue and declared that Azerbaijani position is just."

In particular, the president has touched upon the discussions taking place at the UN General Assembly, in March 2008 saying, "In the discussions held at the General Assembly of the United Nations in connection with the situation of the occupied territories of Azerbaijan, the major support for came from the Islamic countries and justice was served in the resolution adopted with a large majority of votes." He unambiguously expressed the trust and confidence in fraternal Muslim countries: "The people of Azerbaijan know and realize well who our friends are. Indeed, it was the moment of truth at the UN General Assembly last year. At that voting, real friends of Azerbaijan showed their position once again, that voting will never be forgotten by the people of Azerbaijan. In the first place, the attitude of friendly, fraternal countries towards us is fundamental for us in our policy."

Ilham Aliyev, is well-versed with the peculiarities of world politics, and as an acknowledged and influential politician, he noted the importance of unity and solidarity within this organization:

"I have great respect and love to all member countries of the Organization of the Islamic Conference. I also want you to know that, although we are young as an independent state, we do a lot of work for the strengthening of Islamic solidarity in Azerbaijan. I am absolutely sure that, if we can fully ensure this solidarity and mutual support among all Islamic countries, internal problems of the organization's member states may just as easily be solved."

While discussing relations with the Organization of the Islamic Conference and Islamic countries, it should be mentioned that the Islamic Educational, Scientific and Cultural Organization (ISESCO) pronounced Baku a capital of Islamic culture. This is an important cultural and political event for Azerbaijan and the world. Indeed, secular Azerbaijan is a country where the cultural values of the East and West meet. As President Heydar Aliyev wisely stated, "our face is to the East and our path is to the West."

The strengthening of bilateral relations with Turkey, a reliable strategic partner of Azerbaijan, and its further expansion to the highest level, is a very

important component of Azerbaijan's foreign policy. Today, relations between Azerbaijan and Turkey are deepening with great pace. In the past, the warm and friendly relationship between Heydar Aliyev and Suleyman Demirel, the President of the Republic of Turkey from 1993-2000, contributed to the improvement of relations between these two fraternal countries.

Thanks to Heydar Aliyev's energy strategy, Turkey became a transit country for export pipelines and in result of this Turkey's standing in the region increased. On November 1, 1999, during the presentation ceremony of the International Ataturk Peace Prize the recipient of the prize, Azerbaijani National Leader – Heydar Aliyev drew attention to the fact that he attaches great importance to Turkish-Azerbaijani relations:

"When we were signing the Contract of the Century, this contract provided the groundwork of a big oil pipeline, and we stipulated that this should be the Baku-Ceyhan oil pipeline…Many countries began putting pressure on us in connection with this issue. Many Caspian Sea countries tried to hinder implementation of this contract citing that the status of the Caspian Sea is not determined. Their main goal was to make sure that this big oil pipeline would go through Russia, rather than through Turkey by the Baku-Ceyhan route. But we repulsed all this pressure, resisted to it and gradually, step by step advanced towards laying the Baku-Ceyhan pipeline."

Heydar Aliyev considered Turkey and other Turkic-speaking countries throughout Asia as having one and the same root, origin and language. Heydar Aliyev, who was portrayed as a "Muslim leader with the iron character of the Soviets" and "the great Turk in the Kremlin" in the international media during the Soviet era, did a lot of work for the realization of the idea of Turkic solidarity. Aware of this, the ninth President of Turkey, a great politician and statesman, Suleyman Demirel, deeply appreciated Heydar Aliyev's unprecedented services for developing a strategy for the Turkic world and the unity of Turkic-speaking peoples: "Heydar Aliyev that I know is a Turkic patriot as much as he is a patriot of Azerbaijan. Heydar Aliyev, this great statesman can be considered the son of not only Azerbaijan but of the whole Turkic world."

Heydar Aliyev saw potential for improvement in Turkish-Azerbaijani relations. At the second Summit of the leaders of Turkic-speaking states, he called for the intensification of Turkish-Azerbaijani ties in many fields:

"We are satisfied that, within three years of Azerbaijan's independence, extensive ties have developed between Turkey and Azerbaijan. But we do not think that all of our opportunities have been used so far… Undoubtedly, we have big opportunities in the economic field. For example, cooperation of the Black Sea basin countries is already known to the world and certain achievements were made in this field. I believe that it is also possible to cooperate in the Caspian Sea basin."

The National Leader's strategy defining "Turkey [as] the closest friend and brother of Azerbaijan" continued to be one of the main priorities in Azerbaijani diplomacy under the presidency of Ilham Aliyev, elected in 2003.

Since 1992, more than 130 agreements, treaties and protocols in the political and economic fields have been signed on various levels between Turkey and Azerbaijan. The legal basis established by these documents creates broad opportunities for the continued improvement of relations between these two countries in all areas.

Economic relations between Turkey and Azerbaijan have steadily grown over the past years. A large proportion of foreign direct investment in Azerbaijan comes from Turkey. Azerbaijani companies have recently started to make major foreign direct investments in Turkey as well. Last year the volume of trade turnover between Azerbaijan and Turkey was 1,433.5 million USD, where imports accounted for 807.3 million USD and exports for 626.2 million USD. In total, in 2008, Turkey's share of Azerbaijan's foreign trade turnover amounted to 2.61 percent where imports accounted for 11.27 and exports for 1.31 percent.

Today, brotherly relations with Turkey may be the best example for all Turkic-speaking countries. There are common interests and benefits that bring both parties together to establish these relations. President Ilham Aliyev comprehensively explained the importance of this bilateral relationship in a speech during his official visit to Turkey in November 2008:

"As a result of our joint efforts and initiatives, very important transnational projects are implemented in the region. The successful functioning of the Baku-Tbilisi-Ceyhan oil pipeline serves to the stability and the intensification of cooperation in the region and increases our economic opportunities. Today, we already witness the successful functioning of the East-West energy corridor. And our initiatives are based on it. Everyone knows that the construction of the Baku-Tbilisi-Ceyhan oil pipeline was carried out amidst a complex geopolitical situation. After long negotiations and, in some cases, long disputes and pressures, it became a reality and everyone should reckon with this reality. It is not simply an energy project or an economic project. It has a grand meaning. Now, the issues of an East-West energy corridor and energy security in the region may not be solved without the participation of Turkey and Azerbaijan

Today, we are busy constructing the Baku-Tbilisi-Kars railway. This is also a historical project. This project will connect Europe with Asia through Turkey and Azerbaijan. It will connect Turkey and Azerbaijan by a railway. I remember, four years ago, when speaking before the Assembly in 2004, I predicted the successful implementation of these projects. But at that time, none of the projects were finished or commenced. And today they are a reality. From a historical perspective, we managed to do it within a short period of time by strengthening our friendship and brotherhood by joint efforts and will. I have no doubts that all future issues will be solved as successfully."

Ilham Aliyev has also called attention to the fact that the Turkish-Azerbaijani union is a stabilizing factor in the region and stated that "we live in a very sensitive region and in a broad sense the fate and stability of the region depends on our policy."

The South Caucasus region has a special place in Turkey's foreign policy. After the collapse of the USSR, Turkey recognized the independence of all three countries of the South Caucasus and established diplomatic relations with Azerbaijan and Georgia. Turkey supports a peaceful and just resolution of the Nagorno-Karabakh, Abkhazia and South Ossetia conflicts, based on the principle of territorial integrity. The Caucasus Stability and Cooperation

Platform, put forward by Turkish Prime Minister Erdogan, is also based on this principle.

Another indicator of the Turkish-Azerbaijani strategic partnership is their joint efforts in the international arena. Both states share a united position and support each other in all international organizations. With regard to the issues of regional and international security, it should be noted that Turkish-Azerbaijani military cooperation has been maintained within the framework of the NATO Partnership for Peace program for many years now. Another important area for cooperation is the joint stance against threats such as international and regional terrorism, narcotics trade, proliferation of WMDs, transnational organized crime, human trafficking and illegal trade in arms.

As a friendly country, Pakistan also has a special place in Azerbaijan's foreign policy. Following Turkey, Pakistan was the second country to recognize Azerbaijan's independence, and has not established diplomatic relations with Armenia. Relations between the two countries rest on deep historical, religious and cultural roots which are valuable for Azerbaijan because Pakistan has always supported Azerbaijan's just cause and never denied it assistance. Pakistan has always defended Azerbaijan's position in international organizations, including within the frameworks of the UN and OIC.

After the establishment of diplomatic relations between the two states, ties between Baku and Islamabad have become closer. Visits by President Heydar Aliyev to Pakistan and by leaders of Pakistan to our country have created opportunities for the strengthening of mutual ties. After a successful official visit by President Ilham Aliyev to Pakistan, a rapid development of ties in all fields between our states was given new impetus.

Azerbaijan has made significant strides in the improvement of bilateral political, economic and cultural relations with neighboring Iran. After the collapse of the Soviet Union, Iran has been one of the most important participants in the political processes of the Caucasus, as it borders both Azerbaijan and Armenia.

Diplomatic relations with Iran, which recognized Azerbaijan's independence on December 25, 1991, were established 3 months later on March 12, 1992. Diplomatic ties established during the first years of independence did not rise to the level of real cooperation due to a lack of coherent foreign policy by Azerbaijan towards Iran.

Only after Heydar Aliyev returned to power were Iranian-Azerbaijani relations declared to be one of the priorities of foreign policy, and diplomatic activities in this direction were intensified. It did not take long for results to appear. In August 1993, the first document – an agreement on economic cooperation – was signed in Baku between Iran and Azerbaijan. Following that agreement, official visits by the heads of state took place. On October 26-28, a delegation headed by the President of Iran Ali Akbar Rafsanjani came to Baku for an official visit. Shortly after that, President Heydar Aliyev, along with a high level delegation, went to Tehran for an official visit on June 29, 1994. This happened just one month after a ceasefire was agreed between Azerbaijan and Armenia and when the country was getting ready for a major event – the signing of the Contract of the Century. With deliberate strategic motivation, Heydar Aliyev was making significant efforts to pull the country out of its difficult situation. He began making serious declarations to this effect, one of which he made during his official visit to Iran: "The foreign policy of Azerbaijan is free and independent. Our country is open to all states of the world. We are ready to establish and have already been establishing ties with every state that recognized Azerbaijan's independence, is not hurting its interests and showing positive attitude to our country."

During that visit Heydar Aliyev clarified the foundations for the development and expansion of Azerbaijani-Iranian relations:

"Relations between Azerbaijan and Iran have deep roots. Our peoples lived together for centuries. Our historical and cultural values are similar. The peoples of Iran and Azerbaijan are both parts of the Islamic world. Values of the Islamic world are dear and honorable for us. We will further establish these values in our life. Our scientific, moral and cultural ties have connected us throughout history. The Republic of Azerbaijan and the

Islamic Republic of Iran have a very long border. Taking this into account, Azerbaijan is resolved to develop friendly and brotherly ties with Iran."

At the OIC summit meeting held on December 14, 1994, in Casablanca, President Heydar Aliyev met with the Minister of Foreign Affairs of Iran and expressed his gratitude to the Iranian side for its active support for the Azerbaijani position:

"...It is the first time that Azerbaijan has participated at a summit meeting of the Organization of the Islamic Conference. And this means that the doubts on the ties of the independent Republic of Azerbaijan to the Islamic world disappeared. I would like to say that I am hopeful that the resolutions to be adopted here will play an important role in defending the just cause of Azerbaijan. I highly appreciate the efforts of the Ministry of Foreign Affairs of the Islamic Republic of Iran in defending the Azerbaijani position during the drafting of these resolutions."

It must be noted though that in 1994, when Azerbaijan signed the Contract of the Century, Iran was cautious and regarded this as an unwelcome step. It was the lack of agreement on the status of the Caspian Sea that caused discontent from the Iranian side. President Heydar Aliyev proposed to the Iranian side that they should participate in the development of a natural gas structure as part of the newly-created international consortium. Iran accepted this proposal. As a result, the National Oil Company of Iran was included in the consortium with ten percent share.

When discussing Azerbaijani-Iranian relations, one cannot forget the role played by Iran in the social and economic development of Nakhchivan, which does not have a direct land link with mainland Azerbaijan. Despite the declaration of a ceasefire at the Armenian-Azerbaijani front in 1994, the country was in a very difficult situation. Nakhchivan, which was by then completely isolated from Azerbaijan, was in a blockade by Armenia in every sense of the word. The autonomous republic was experiencing serious difficulties, especially during the winter time due to insufficient energy. However, Iran never denied its assistance – it broke through the blockade, and supplied

Nakhchivan with both energy and food that saved thousands of people from starvation and severe cold. Heydar Aliyev acknowledged with gratitude that Iran was a friendly country and a vital supporter during those difficult days for Nakhchivan: "The mutual visits and trading between the residents of Nakhchivan and Iran was simplified. I note again Iran's assistance to Azerbaijan, Nakhchivan and express my gratitude." President Aliyev attached special importance to relations with Iran and noted that good Azerbaijani-Iranian relations have contributed significantly to the stability in the region.

Today, the foreign policy toward Iran under the presidency of Ilham Aliyev, looks at the development of ties with Iran not only from the perspective of national interests of Azerbaijan, but also within the framework of security of the Caspian Sea region and the Caucasus in general. In fact economic and political relations with Iran were raised to a qualitatively new level after Ilham Aliyev was elected as the president. A number of agreements had an important role in the development of cooperation between the two states. Major agreements were signed during reciprocal presidential visits, specifically official visits by the former President of Iran Seyid Mahammad Khatami in 2004 and by the current president, Mahmoud Ahmadinejad, in 2007, in addition to President Ilham Aliyev's visits to Iran in 2005 and 2007. In total, more than 90 documents covering various areas have been signed between the two countries.

As noted previously, energy exchange is an important field of Azerbaijani-Iranian cooperation. At the end of December 2005, during an official visit by President Ilham Aliyev to Iran, a main gas line from Iran to the Nakhchivan Autonomous Republic was opened. Finally, after fifteen years, the energy problem of Nakhchivan was resolved with an agreement made with Iran. The agreement on this gas line was reached in 2004 during the visit of Iranian President Khatami to Baku. From November 2005 consumers of Nakhchivan and Julfa, the city where gas lines from Iran cross the border, started receiving Iranian gas by the newly-laid pipeline. Gradually the fuel supply to other locations of Nakhchivan commenced and, within a short period of time, the number of subscribers in the autonomous republic exceeded 12,000.

By the end of 2005, Nakhchivani consumers were receiving approximately 52 million cubic meters of gas from Iran. This figure reached 250 million cubic meters in 2006 and, 350 million cubic meters in 2007. In return, an equivalent amount of gas was passed from Azerbaijan to Iran at Astara. It supplies northwest regions of Iran with gas. According to this 25-year arrangement, Iran passes 85 percent of the gas coming from Azerbaijan to Nakhchivan and takes 15 percent as a service fee for domestic consumption. The agreement does not involve cash payments. New perspectives for cooperation in the gas field between Azerbaijan and Iran were opened in March 2009 after Russia and Iran signed a memorandum of understanding in the oil and gas field. This might involve delivery of Turkmen gas to the Persian Gulf states through the transit lines of Azerbaijan.

During the last 15 years, the most important foundation of Azerbaijani foreign policy has been its strategic interests and it was distinctly evident in Azerbaijani-Iranian bilateral relations. Our country warmly accepts Iran's support for the Azerbaijani initiative to establish an organization of the Caspian Sea basin countries, as well as its support in the Organization of the Islamic Conference and in the Organization of Economic Cooperation. Relations will improve even more if Iran supports Azerbaijan's attempts to begin a reconstruction of the historic Europe-Caucasus-Asia Great Silk Way and Azerbaijan's participation in the North-South transport corridor.

Another encouraging trend in Azerbaijani-Iranian relations was the opening, after 10 years of negotiations, of the General Consulate of the Republic of Azerbaijan in Tabriz in 2004. Furthermore, during President Ilham Aliyev's 2005 visit the parties signed an agreement that aims to simplify trade between the two countries.

Over the past years Azerbaijan has significantly invested in the improvement of its political, economic, trade and cultural ties with other member states of the Organization of the Islamic Conference. Currently, Azerbaijan maintains an active dialog with Saudi Arabia, Indonesia, the United Arab Emirates, Malaysia, Kuwait, Qatar, Oman, Bahrain and Brunei. The recent

visits by President Ilham Aliyev to Kazakhstan and Uzbekistan reflect the importance that Baku attaches to developing its relations with the Central Asian countries.

At the same time, Azerbaijan has also good ties with Israel. Israel was one of the first states to recognize Azerbaijan, and diplomatic relations were established in 1994. The Jewish community living in Azerbaijan made significant contributions to the scientific, artistic and cultural life of this country during the last 100 years. Azerbaijan has long been a homeland for Jews. Since the Middle Ages, Jews fleeing from religious and political discrimination, prosecution and other hardships in either Western Europe or tsarist Russia, found safety and security within the Ottoman Empire and Azerbaijan. Currently, 42,000 Jews live in Azerbaijan. Their many national and cultural organizations, social and charitable funds, synagogues and schools actively contribute to Azerbaijani civil society. Israeli companies and businesses operate within Azerbaijan. Currently, there are 11 joint Israeli-Azerbaijani commercial entities, 5 entities with 100 percent Israeli investment and representative offices of 3 Israeli companies are registered in Azerbaijan.

Today, Israel is one of Azerbaijan's main trade partners. In 2008, Azerbaijan exported to Israel US$ 3.5 billion worth of oil and oil related products. Both parties intend to further increase this amount. Broad opportunities exist for the further improvement of cooperation with Israel in a wide range of fields: technology, construction, electrical equipment, project management, communication, infrastructure, agriculture, tourism, and recreation and health centers. Israel itself sees Azerbaijan as a very important strategic partner in the region and strives to expand relations with Azerbaijan in all areas.

Azerbaijan attaches special importance to the development of mutually beneficial ties with the People's Republic of China (PRC), one of the most influential countries in Asia. As a permanent member of the Security Council of the UN and the wolrd's most populous country, China is one of the most significant players in the international system. The visit by President Heydar Aliyev to the PRC in March 1994, shortly after his return

to power and the conclusion of 10 important documents between the two countries, initiated the successful development of Sino-Azerbaijani ties.

The state visit of President Ilham Aiyev to the People's Republic of China in March, 2005, was also very productive. Political cooperation between Azerbaijan and China is facilitated by the fact that the two countries share common interests. The territorial integrity of both Azerbaijan and China was violated and both countries face similar problems. China has always backed the position of Azerbaijan within international organizations. China has supported the resolution of the Nagorno-Karabakh conflict within the framework of the territorial integrity of Azerbaijan. Similarly, Azerbaijan supports China and recognizes the inviolability of Chinese borders. The positions of both countries in relation to this problem were confirmed by the parties once again at high level Azerbaijani-Chinese negotiations held in Beijing. China supports the intention of Azerbaijan to join the World Trade Organization. As a member of this organization, China considers that the realization of this intention will help the sustainable development of trade and economic cooperation between the two countries. On the other hand, there are striking similarities in the modern development paths chosen by both Azerbaijan and China. The development of both countries is based on strong social and political stability. While preserving a state of stability, Azerbaijan and China carry out economic reforms and achieve noteworthy successes.

Today, the principle of territorial integrity forms the basis of Azerbaijani-Chinese relations. China respects Azerbaijani independence, territorial integrity and sovereignty and supports the peaceful and just resolution of the Nagorno-Karabakh conflict within the framework of territorial integrity of our country. China supports relevant resolutions adopted by the UN Security Council. It should be noted that the PRC was the only UN Security Council member that voted for the amendment to the resolution put forward by Azerbaijan on cooperation between the UN and OSCE when voting took place at the UN General Assembly.

The close relations between the two countries is apparent within the frame-

works of international organizations. During the election for the International Fund for Agricultural Development held in February 2006, Azerbaijan supported the PRC's candidacy, taking into account China's request. During elections to the UN Human Rights Council held in May 2006, an agreement of mutual support was achieved between Azerbaijan and China and, consequently, the candidacy of Azerbaijan from the East Europe group was supported by China, and Azerbaijan supported the candidacy of China from the Asian regional group. Both states were elected members to this body. During the election for the position of Director General of the World Health Organization held in November 2006, China approached Azerbaijan with a view to supporting its candidate and even sent its candidate to our country on an official trip. Azerbaijan supported China's candidate, who eventually won.

At the same time, bilateral contacts between the law enforcement authorities of the two countries have intensified in areas of combating terror, separatism and extremist activities which have been increasing threats in recent years. Economic ties between China and Azerbaijan have been increasing too. In 2008, the volume of overall trade between the two countries was US$ 997.5 million which indicates a 2.4 times increase in comparison with the previous year. Last year, China's share in foreign trade turnover of Azerbaijan constituted 1.8 percent.

China is interested in Azerbaijan's energy resources. Multinational consortiums that took the lead in developing the energy resources of Azerbaijan include Chinese companies. As China continues to develop, its energy needs also increase. So, Azerbaijani energy may play a role in the development of the Chinese economy. Agreements between companies of the two countries foresee the creation manufacturing entities in Azerbaijan. Utilizing Chinese technology, they would focus on the production of cables, computers, mobile equipment for the energy industry, packages and packaging materials for use in agriculture, weaving and footwear industry products, and construction materials. Azerbaijan is also seeking close partnership with China in the Europe-Caucasus-Asia (TRACECA) transport corridor project.

The establishment of a relationship with Japan, which is a major player in global politics and a center of gravity in the world economy, due to its scientific and technological achievements, also coincides with the first term of Heydar Aliyev's presidency. In fact, cooperation between Azerbaijan and influential Japanese companies can be traced back more than 30 years. Even during the Soviet period, under the initiative of Heydar Aliyev, Japanese specialists were involved in the construction of a massive Baku Air Conditioner Plant in 1973-1975. This major project was realized with the assistance of Toshiba. During the Soviet period, the AZON plant was one of the entities that involved the close cooperation of Japanese companies. This plant was built in 1967 with partly local and partly Japanese technologies, and it specialized in manufacturing microchips.

Japan was one of the first countries to recognize Azerbaijan's independence. After Tokyo recognized Azerbaijan on December 28, 1991, diplomatic relations were established between the two countries in September, 1992. However, the government, which was in power then, did not take any actual steps towards the expansion of ties with Japan. After returning to power in June 1993 Heydar Aliyev pursued the strategy of establishing multifaceted relations with leading states, of both West and East. Consistent with this strategy he made significant efforts for the expansion of ties with Japan. The allocation of a large share (13.92 percent) of the Contract of the Century to Japanese companies Itochu and Impex, and their close involvement in the development of Caspian energy resources is a result of President Aliyev's outreach.

During President Heydar Aliyev's official visit to Japan in February 1998, a number of agreements on bilateral relations were signed and important steps were taken for the expansion of economic and trade ties. During the last 10 years, cooperation between Azerbaijan and Japan in various fields has continued, and the interests of Japanese businesses in Azerbaijan continues to increase. One of the important steps stimulating development of bilateral relations was the opening of The Japanese Embassy in Azerbaijan on January 21, 2000. This was the first Japanese embassy in the South Caucasus

region. Following this, in December 2002, President Heydar Aliyev signed an order about the establishment of the Azerbaijani Embassy in Japan.

The Japanese government has given Azerbaijan loans totaling more than US$ 400 million, including aid of US$70 million. Japanese financial help contributed to the development of a dynamic humanitarian component in the relations between the two countries. The Japanese government's concern for the Azerbaijani IDPs, who were driven out of their historic lands as a result of Armenian occupation, deserves special attention. Japan helped refugees who were displaced as a result of Armenian aggression either through government institutions or various international financial institutions, such as the Asian Development Bank. Japan also provided assistance to refugees through the UN High Commissioner for Refugees (US$2.66 million), Red Cross Society (US$1 million), and the Asian Development Bank (US$2.55 million). The Japanese Embassy in Baku has allocated funds for solving the drinking water problems of the IDPs, construction of irrigation systems and building infrastructure.

The Japanese government also allocates grants to Azerbaijan for the protection of national heritage sites.. The total amount of grants allocated by Japan to Azerbaijan within the framework of the Grassroots program is more than US$50 million. The growing ties between the two countries created a need for the study of Japanese history, language and culture in Azerbaijan. To address this, a Japanese language department was opened in 2001 as part of the Oriental Studies Department of Baku State University.

The first official trip by President Ilham Aliyev to Japan in March, 2006 contributed to the development of relations between the two countries. Japan is interested in Azerbaijan due to the latter's location on the geostrategic transit lines connecting the West and the East. The stable political and economic environment in Azerbaijan offers attractive business opportunities to Japanese businessmen. As a result of this, today there are many Japanese businesses operating in Azerbaijan. While the trade turnover between the two countries was only US$ 66.9 million in 2001, this figure had increased to US$ 365 million by 2008.

Cooperation between Azerbaijan and Japan within the framework of international organizations has also been quite successful. Both countries support UN reform and Azerbaijan supports Japanese membership in the UN Security Council. The Japanese participation in GUAM – the Organization for Democracy and Economic Development – during the last three years, is an important component of the relationship between the two countries. Japan consistently participated in the summit meetings of this organization, and maintains negotiations in the GUAM-Japan format. This is yet another confirmation of Japan's interest in the region and, specifically, in Azerbaijan. Baku also hopes to get Japanese support in the process of World Trade Organization membership. The ties between Azerbaijan and Japan also continue to develop in the humanitarian field and the strengthening of bilateral legislative contacts. The two countries have been working towards the establishment of a Japanese-Azerbaijani Chamber of Commerce and there are plans to hold business forums.

The Republic of Korea also constitutes an important component of Azerbaijani foreign policy in Asia. Although relations with the Republic of Korea are mainly economic, both countries also efficiently cooperate within the frames of international organizations. The Republic of Korea has not been indifferent to the most painful problem of the South Caucasus: the Nagorno-Karabakh conflict. It has repeatedly defended the Azerbaijani position and supports the peaceful resolution of the conflict on the basis of the principle of territorial integrity.

During the official visit of the President of the Republic of Korea Roh Moo-hyun to Azerbaijan on May, 2006, a number of bilateral documents were signed in the fields of communication and information technologies, energy, construction and air transportation. A working group for cooperation with Azerbaijan was created within the Ministry of Trade, Industry and Energy of the Republic of Korea.

During a 3-day state visit by President Ilham Aliyev to Korea in April, 2007, further significant agreements were signed. It did not take long for the

results of this cooperation to appear. The volume of overall trade between Azerbaijan and Korea reached US$ 859.3 million in 2008, a threefold increase in comparison to 2007.

Negotiations with Korea continue on Azerbaijan's membership in the World Trade Organization. Discussions also continue on the creation of free trade and economic zones, the construction of shipyards and the building of a high speed railway through the framework of the "State Program on the Development of the State Railway of Azerbaijan during 2008-2011." Korean companies are also interested in the modernization of the public transportation system in Baku and other cities.

Azerbaijan's rapidly developing friendly and cooperative relations with China, Japan and the Republic of Korea is yet another reflection of the swift overall social and economic development of this country. Azerbaijan's commitment to democratic values, human rights and freedoms are met with interest both in the East and the West. Azerbaijan follows a balanced foreign policy and maintains multi-vector ties, and this strategy has strengthened the country's position as a reliable partner in the international community, for both Western and Eastern countries.

The formulation of a balanced foreign policy course by the late President Heydar Aliyev laid the foundation of a qualitatively new level of ties between Azerbaijan and the countries of Asia. Under the presidency of Ilham Aliyev, Azerbaijani's ties with Eastern countries continued to develop along lines consistent with our national interests. Today, the Eastern countries are familiar with Azerbaijan's problems and decidedly support its position. This is largely thanks to the foreign policy pursued by President Heydar Aliyev. This is a foreign policy based on noble ideals and it strives to solve the country's problems, facilitate its overall development, and ensure that the voice of the Azerbaijani people is heard within the world community.

AZERBAIJAN IN THE POST-SOVIET REALM

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The breathtaking developments the world witnessed at the end of the 20th Century led to the disintegration of the Soviet Union, the emergence of newly independent states and fundamental geopolitical changes in the region. During and after such deep and profound transformation of the system of international relations, the post-Soviet realm has become an arena of conflicting interests between great powers, which has resulted in the formation of new power centres. Events in recent years have plainly shown that no great power can single-handedly manage the entire realm, nor hold it within an exclusive sphere of influence. After the collapse of the USSR, Russia's borders and the geopolitical situation have changed, but it has projected a new image on the international stage.

Immediately after independence, Azerbaijan acted to promote interstate relations with the newly independent states of the post-Soviet realm, all of which had long-standing historical, geographic and cultural ties with Azerbaijan; some even shared language and religion. Azerbaijan strived to maintain economic, commercial, and cultural contacts with these countries, which were threatened as a result of the demise of the USSR.

The establishment of Azerbaijani embassies in the post-Soviet states has contributed to advancement of bilateral relations and allowed Baku to fur-

ther expand the coverage and versatility of Azerbaijan's diplomacy. The Ministry of Foreign Affairs of the Republic of Azerbaijan has kept the growth and strengthening of bilateral relations in its focus.

In line with Azerbaijan's foreign policy, co-operation with the post-Soviet states has been continuously promoted: heads of states and governments, parliamentarians and foreign ministers have made numerous reciprocal visits; inter-governmental commissions, working groups, and task forces have been established with many countries; and by signing relevant interstate and inter-governmental agreements, bilateral relations have been placed on the firm footing of the contractual-legal framework.

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When defining its foreign policy priorities, Azerbaijan has been a proponent of building its relations with neighbouring countries in the spirit of friendship, mutual understanding and cooperation. From this perspective, one of the first tasks of the nascent Azerbaijani state after regaining independence was creating new approach to relations with its northern neighbour, Russia.

It should be noted that relations between Azerbaijan and Russia after the disintegration of the USSR in the early 1990s were in the formative stages and evolved without mutual trust. Relations between the two counties in the 1990s were advancing at a time when Russia was attempting to conceptualise its foreign policy, which could not but influence its policies towards newly independent states, including Azerbaijan. At the time, Russian political leadership, analysing processes unfolding in the post-Soviet realm and the geopolitical situation around Russia, came to realize that it should reconcile with the national interests of the newly independent states, allow interests of other great powers to expand into its sphere of influence or achieve a compromise with them. Despite announcing the newly independent states (member states of the Commonwealth of Independent States, CIS), including Azerbaijan, as a "priority direction of foreign policy" already in the 1990s, Russia did little to move beyond this mainly declarative position.

As the realisation of many post-Soviet realities progressed, a new political leadership came to power and developed the key theoretical underpinnings of Russia's foreign policy (the National Security Concept, the Concept of Russia's Foreign Policy, the Military Doctrine, etc.). Russian foreign policy towards the post-Soviet realm became clearer and more pragmatic. The policy of Russia towards its South Caucasus border states shifted to the creation of a "friendly and good-neighbourly space" along its borders and the prevention of efforts of other states to weaken and push out Russia from this region.

Russia's realisation of the irreversibility of historic realities and Azerbaijan's far-sighted foreign policy led to a radical rethinking and invigoration of bilateral relations in 2000. By now, cooperation between Azerbaijan and Russia in political and other areas has been genuinely revitalised. A high level of confidence exists between the presidents of the two states, and their regular meetings and reciprocal visits have greatly contributed to the deepening of bilateral relations. This enhancing of high-level political dialogue paved the way for strategic partnership between the two countries based on mutual understanding and equality. At the same time, the two states have established a sound contractual-legal framework for co-operation by signing over 150 interstate, inter-governmental and inter-agency agreements.

Azerbaijan and Russia executed a number of major bilateral legal instruments underlining this strategic partnership: the Friendship, Co-operation and Mutual Security Treaty between the Republic of Azerbaijan and the Russian Federation (3 July 1997), the Baku Declaration (9 January 2001), the Moscow Declaration (6 February 2004) and the Baku Declaration on Friendship and Strategic Partnership (3 July 2008).

In recent years, Russia has repeatedly stated that Azerbaijan is "an important partner of Russia in the short- and long-term perspective" and that "the spirit of respect, confidence and legal equality has proven itself" in relations between the two counties. In turn, the Azerbaijani political leadership has

stressed the great importance it places on relations with Russia, emphasizing that they have strategic character and represent an important factor for stability and development in the region.

In the course of the last few years, many problems previously existing between Azerbaijan and Russia have been removed or resolved. The delimitation and demarcation of the 390 km-long common border has continued, and 95% of the borderline has already been agreed upon. Negotiations conducted in the framework of the Interstate Commission have also progressed.

However, after the collapse of the USSR, the Caspian littoral states, including Azerbaijan and Russia, displayed sharply differing positions on the legal status of the Caspian Sea. Since regaining independence, the Republic of Azerbaijan has backed the exploitation of Caspian Sea resources by the seaside states within traditionally defined national sectors that emerged as an outcome of historic patterns of use. Azerbaijan maintains that sovereignty and jurisdiction of the littoral states should extend onto their respective sectors and that the division of the Caspian Sea into national sectors should be done on the basis of the midline in consideration of traditional practices; these are universally recognised principles of international law and reflect the sovereign rights of the littoral states over the Caspian Sea.

Along with multilateral talks on the definition of the legal status of the Caspian Sea, Azerbaijan has also conducted intensive bilateral diplomacy with its Caspian neighbours, including Russia. In recent years, as an outcome of these efforts, Azerbaijan and Russia have fully concurred on these matters. The division of the Caspian seabed into national sectors between the Republic of Azerbaijan, the Russian Federation and the Republic of Kazakhstan was accomplished pursuant to relevant agreements signed between the parties on the basis of the midline principle steadfastly advocated by Azerbaijan. Presently, in accordance with agreements between Russia, Azerbaijan and Kazakhstan, the littoral states have exclusive rights for development and exploitation of mineral resources and any other legal commercial and economic activities in their respective national sectors of the seabed, delimited on the basis of the midline.

Relevant rights are regulated by the Agreement for Division of Adjoining Areas of the Caspian Seabed between the Republic of Azerbaijan and the Russian Federation (23 September 2002) and the tripartite Agreement between the Republic of Azerbaijan, the Russian Federation and the Republic of Kazakhstan on the Intersection Point of Division Lines between Adjoining Areas of the Caspian Seabed (14 May 2003).

Commendable political understanding and the spirit of strategic partnership is characteristic of the entire spectrum of Azerbaijan-Russia relations, ensuring a fertile ground for the growth of bilateral commercial and economic cooperation. Annual trade turnover between Azerbaijan and Russia has reached two billion U.S. dollars, of which Russia contributes USD1.5 billion and Azerbaijan USD500 million in exports. These figures make Russia Azerbaijan's second largest trade partner.

Recent years have seen a significant growth of foreign direct investments between the two countries. Russian investments in Azerbaijan are mainly in the energy sector. Around 400 Russian companies and enterprises are registered as legal residents of Azerbaijan; of them, 170 are joint ventures, 95 are companies with 100% Russian capital and 124 are Azerbaijani branches and representative offices of Russian companies.

Simultaneously, Azerbaijan has cultivated direct relations with a number of Russian regions and federal units. Dagestan, Tatarstan and the Ural economic region have representation in Baku. Azerbaijan has signed cooperation agreements with the governments of the federal republics of Dagestan and Tatarstan, the cities of Moscow and St. Petersburg as well as with Moscow, Astrakhan, Saratov, Sverdlovsk, Chelyabinsk and other Russian provinces (Oblasti).

Economic cooperation between the two countries includes the development of transportation routes such as TRACECA and the North-South corridor; joint agricultural production and processing; the establishment of joint ventures in machine-building, petroleum equipment manufacturing, textiles and pharmaceuticals; the participation of Russian companies in the construction of road infrastructure in Azerbaijan; and tourism.

Azerbaijan delivers part of its oil exports to international markets via the Baku-Novorossiysk pipeline. A major Russian oil company, Lukoil, purchased a share in the Shah-Deniz off-shore gas condensate field and invested in the exploration and development of the D-222 (Yalama) off-shore structure, located beneath the line dividing the Azerbaijani and Russian seabeds. The State Oil Company of Azerbaijan (SOCAR) and the Russian public oil company, Rosneft, have signed a 26-year contract for the exploration and development of the Zigh and Hovsan on-shore fields located on the Absheron Peninsula (with a 25-75% share distribution, respectively). The two counties have at times exchanged electric energy. Cooperation in transportation has resulted in an increased volume of passenger and cargo transportation and collaboration in the construction of the Qazvin-Rasht-Astara railroad in Iran as part of the North-South transport corridor.

Given the situation in the Caucasus, the two countries have paid increased attention in recent years to migration issues and trans-border cooperation, including combating international terrorism and drug trafficking. The Russian Federation and the Republic of Azerbaijan signed an Agreement concerning the status and use of the Gabala radiolocation station (RLS Daryal).

At the same time, cultural, scientific and humanitarian contacts between Azerbaijan and Russia, always intense and extensive, have further grown, evidenced in an increase of student exchanges, enhanced cooperation in the science and education fields, co-sponsorship of cultural events, the opening of exhibitions and reciprocal Culture Days. A large Azerbaijani Diaspora in Russia and a sizable Russian community in Azerbaijan constitute an inherent basis for humanitarian, cultural and commercial ties between the two nations. The status of Azerbaijanis living in Russia has significantly improved in recent years, and our compatriots in Russia now consider their situation to be favorable. The organisation of the Azerbaijani Diaspora in Russia, and everywhere else, has speedily evolved in recent years and managed to partially alter previous stereotypes.

Since independence, relations between Azerbaijan and Ukraine have advanced in the spirit of friendship and cooperation. As both countries conduct independent foreign policy, do not bow to external pressures, hold close positions on most international issues, are committed to European and democratic values and maintain a political dialogue, relations between Azerbaijan and Ukraine have evolved to a level of strategic partnership. Azerbaijan and Ukraine are both founders and active members of GUAM where they collaborate to establish a common security space, extend the sphere of economic and humanitarian cooperation and resolve conflicts.

The major documents underpinning relations between Azerbaijan and Ukraine are the Friendship, Co-operation and Partnership Treaty between the Republic of Azerbaijan and Ukraine (16 March 2000) and the Declaration on Friendship and Strategic Partnership (22 May 2008). The adoption of these instruments has further promoted strategic partnership between the two nations: as of now, they have signed more than 100 inter-governmental and inter-agency agreements and protocols.

As an extension of this bilateral political dialogue and with the purpose of overseeing the implementation of these decisions, Azerbaijan and Ukraine have established the Council of Presidents. The Council is equipped with a high-level consultation mechanism covering all areas of bilateral co-operation and opening avenues for future collaboration. At the first meeting of the Council, the parties discussed issues of mutual interest and bilateral contacts.

Political, inter-parliamentary, economic, humanitarian, scientific, educational, cultural and other contacts between Azerbaijan and Ukraine, including cooperation over regional and international organisations, have been steadily progressing. In a number of authoritative regional and international organisations, the positions of Azerbaijan and Ukraine have been very close or virtually identical. The two countries have sustained political consultations within these organisations and have traditionally supported each other on a reciprocal basis.

Military-technical cooperation is one area of the Azerbaijan-Ukraine strategic partnership that has witness significant developments. The two countries have actively cooperated in combating terrorism, aggressive separatism and the illegal circulation of narcotic substances.

At the same time, in order to establish peace and security in the South Caucasus, Azerbaijan and Ukraine support the European Union's Eastern Partnership initiative and the respective Actions Plans for the integration of the two nations with the EU. They also cooperate with Euro-Atlantic integration and NATO's Partnership for Peace program.

In 2008, the volume of bilateral trade rose by 50% above the level of 2007 to reach USD739.3 million, imports from Ukraine comprising USD567.2 million and exports to Ukraine comprising USD172.1 million. Azerbaijan sells Ukraine energy, chemicals and agricultural produce and purchases from Ukraine metallurgic, machine-building, chemical and agricultural output.

It should be noted, however, that despite the successful implementation of the Interstate Programme on long-term economic cooperation for 2000-2009, the current volume of bilateral trade still falls short of the true economic potential of the two countries, which could be used more effectively to harness cooperation.

Beyond energy and transportation projects, there is a capacity for broadening cooperation in the sectors of machine-building, petroleum equipment manufacturing, chemicals, textiles, agriculture and agricultural processing. In view of the comprehensive actions taken in Azerbaijan to promote the non-oil sector of economy, its large development potential and its impressive growth in recent years, investments by Ukrainian companies in this sector could be very effective and yield a high return.

To help the future growth of trade and investments between the two countries, it is important to extend and diversify bilateral commercial, economic and investment cooperation. Considering that both economies increasingly need energy-saving and innovative technologies, the Presidents of Azerbaijan and Ukraine support bilateral cooperation in science, technology, innovative industries and space research.

Azerbaijan and Ukraine have a positive experience of close co-operation in energy projects that have been undertaken to promote the integration of the two countries into the European energy realm.

At the energy summit held in Vilnius, Lithuania, on 10 October 2007, Azerbaijan, Ukraine and Poland signed an agreement on the creation of the Sarmatia consortium to build and operate the Odessa-Brody-Plock-Gdansk oil pipeline system. Azerbaijan and Ukraine support actions for the improvement of transportation communications linking Ukraine with the South Caucasus (the Kerch-Poti-Batumi transport corridor) and the development of secure communications between Europe and Asia, specifically the Baku-Tbilisi-Poti/Batumi-Ilyichevsk railroad and ferry line.

With about 500,000 Azerbaijanis residing in Ukraine and 30,000 Ukrainians living in Azerbaijan, it is not surprising that the two countries have promoted active culture exchanges, including reciprocal Culture Days, exhibitions, fairs and science and education festivals. 114 Azerbaijani students study in 10 Ukrainian universities. Ukrainian is studied in the Baku Slavic University, and the Azerbaijani language is taught at the Philology Department of Kyiv National University. Such comprehensive strategic partnership raises bilateral co-operation to a new and qualitatively higher level.

Recent years have seen a revival and significant progress in bilateral relations between Azerbaijan and Belarus. The friendship between President Ilham Aliyev of the Republic of Azerbaijan and Alexandr Lukashenko of the Republic of Belarus has quickly raised bilateral relations to a new level of partnership and given cause to view the future of Azerbaijan-Belarus ties with optimism. Relations between the two countries had been somewhat stagnant for a period of time but have been given a new impetus by reciprocal visits of two presidents; political ties have started to develop on a new plain.

The Friendship and Co-operation Treaty signed between Azerbaijan and Belarus is a chief international instrument underpinning bilateral relations and regulating affairs between the two states. By now, Azerbaijan and Belarus have signed 66 intergovernmental and inter-agency agreements.

It should be noted, however, that in recent years Azerbaijan-Belarus relations and bilateral cooperation have developed mostly in the economic field. The current status of commercial and economic affairs between the two

reflects this progress. In 2008, the bilateral trade volume totalled USD94.7 million, of which imports from Belarus amounted to USD89.5 million and exports from Azerbaijan comprised USD5.2 million. Azerbaijan mostly exported agricultural produce; Belarus's imports consisted mainly of manufactured goods: tractors, lorries and special-purpose automobiles, road equipment, lorry cranes, electric transformers, etc. Azerbaijan is interested in importing high-quality machines, machine tools and instruments from Belarus, whereas Belarus seeks the transportation of Azerbaijan's oil and petroleum products and investment in the joint operation of Azerbaijan's oil fields. The two countries have also expressed interest in the joint production of cranes, lifts, automotive equipment, detachable and mounted equipment for tractors, solar batteries and other technological equipment.

Currently, there are 12 companies and enterprises in Azerbaijan that include Belarus's participation. Following the execution of a contract between Ganja Automotive Factory, BelautoMAZ Production Association and Minsk Tractor Factory (MTZ) on 24 November 2006 in Minsk, Ganja Automotive Factory started assembling trucks and tractors from Belarus-made parts on 19 March 2007. A regular passenger route, Minsk-Baku-Minsk, has been operated since 2007.

Still, current bilateral trade does not befit the economic wherewithal of the two countries. Along with economic ties, bilateral contacts have also grown in humanitarian affairs, culture, science, education, sports and other fields.

After their independence, Azerbaijan and Moldova established friendly and collaborative relations that have steadily grown. There is a political will in both countries to further intensify bilateral cooperation. The two countries have developed political dialogue and economic ties and have fruitfully cooperated in a number of international organisations. Positive developments in parliamentary relations and legislation have also occurred.

Azerbaijan and Moldova have continuously consulted with each other within the framework of international organisations and regional groupings and have frequently comprehensively supported each other's positions. Above

all, the two countries effectively collaborate within GUAM. So far, Azerbaijan and Moldova have signed 66 intergovernmental and inter-agency agreements.

It should be noted here, however, that despite the signing of a long-term economic co-operation treaty between the governments of the Republic of Azerbaijan and the Republic of Moldova, bilateral economic relations have lagged significantly behind their political ties. Trade volume between the two counties will have to considerably grow to reflect their true economic potential. Moldova's main exports to Azerbaijan thus far are wine and liquor, glass bottles, tractors, paper and cardboard, seeds and pharmaceuticals. In turn, Azerbaijan has primarily exported to Moldova natural fruit juices and medical products.

Azerbaijan's Azpetrol Company has agreed to invest in the fuel and energy sector of the Moldovan economy, particularly in the construction of the Curculeşti Free Port on the Danube and the Prut as well as in a petroleum refinery and 50 petrol stations. On behalf of the Republic of Moldova, Azpetrol has committed to repaying a USD15.3 million loan obtained from the European Bank for Reconstruction and Development for construction of the Curculeşti Oil Terminal and has accepted financial obligations of the Moldovan government for construction of the terminal and the residential resettlement of the current residents of the agricultural lands required for development of the port's external infrastructure. These financial commitments, including payment of direct debts and various sanctions and penalties, exceed USD25 million.

Currently, Moldova is economically represented in Azerbaijan through a branch of AGO-Dacia Joint-Stock Company and representative offices from three companies: Tors, Azcom C.A. Group and Moldovaizolit CJSC.

In July 2007, the government of Azerbaijan, in consideration of the friendly and collaborative relations between the Republic of Azerbaijan and the Republic of Moldova and their strategic partnership within GUAM, provided urgent assistance of USD1 million to Moldova to mitigate the economic impact of that country's drought.

Friendly relations and cooperation between Azerbaijan and Georgia, who have both suffered from territorial conflicts, have deep historic roots and

continue to evolve. Bilateral relations between the two countries have been elevated to the level of strategic partnership, with implications not only for Azerbaijan and Georgia but for the entire region. The two countries work actively together within regional and international organisations and collaborate on the implementation of transnational projects.

Azerbaijan and Georgia hold very close positions on a range of important issues within international and regional organisations, where they have regularly consulted with and traditionally supported each other. The two states have signed 90 various agreements.

In order to establish peace and security in the South Caucasus, Azerbaijan and Georgia support the European Union's Eastern Partnership initiative and respective Actions Plans for the integration of the two nations into the EU. They also participate in the processes of Euro-Atlantic integration and NATO's Partnership for Peace programme. At the same time, Azerbaijan and Georgia are both founders and active members of GUAM.

The Inter-Governmental Commission for Delimitation and Demarcation of the 480 km-long border between Azerbaijan and Georgia has been able, for the most part, to complete its task and reach agreement in line with international standards.

In addition to the genuine political understanding and spirit of strategic cooperation that are characteristic of Azerbaijan-Georgia relations, positive developments have also extended into the commercial and economic realms. Trade between the two nations has grown steadily to reach USD542.2 million in 2008. USD490.7 million of this consisted of Azerbaijani exports to Georgia, while imports from Georgia totalled USD51.5 million. Azerbaijan sold Georgia petrol, diesel fuel, liquefied natural gas, kerosene, bitumen, heavy oil, wheat flour and flour products, various vegetable oils, sugar, chemicals and furniture. Georgia exported to Azerbaijan cement, various agricultural produce, low-value scrap metal, mineral water and glass products. Presently, 163 companies with Azerbaijani capital operate in Georgia, and 86 companies with Georgian participation, of which 29 are joint ventures, are active in Azerbaijan.

At the same time, the two countries have implemented and continue to implement a number of large international and regional economic projects. The Baku-Tbilisi-Ceyhan and Baku-Supsa oil pipelines and the Baku-Tbilisi-Erzurum natural gas pipeline are all successfully operated. These pipelines assure stability and prosperity for the entire region. In 2008, Azerbaijan exported a considerable amount of crude oil via the Baku-Tbilisi-Ceyhan pipeline and natural gas via the Baku-Tbilisi-Erzurum Pipeline. The Baku-Supsa pipeline resumed pumping crude in November 2008. It is worth noting here that since the Baku-Tbilisi-Ceyhan Main Export Pipeline started operations, the average annual transit fee payable to Georgia for transporting Azerbaijani petroleum came to USD62.5 million. Thus, Georgia's total receipts over 40 years of the pipeline's operational lifecycle will exceed USD2.5 billion.

The throughput capacity of the Black Sea Terminal at Kulevi, Georgia, owned by the State Oil Company of Azerbaijan (SOCAR), will be increased to up to 15-20 million metric tonnes of petroleum in two years. SOCAR has invested USD340 million in constructing the terminal at Kulevi, while its overall investments in Georgia stand at USD400 million.

In addition to the oil and gas pipelines, Azerbaijan and Georgia have also robustly cooperated to realize other regional economic projects. For example, 86% of cargo transiting through or originating from Azerbaijan along the TRACECA corridor is carried via Georgian railways. In this regard, the opening of the Baku-Tbilisi-Kars rail line, which is expected to carry 15 million tonnes of cargo as early as 2015, will serve the goals of stability and regional cooperation. At the same time, Azerbaijan and Georgia, together with Kazakhstan, have commenced a container transportation project along the Poti-Baku-Aktau-Almaty route, which will help enhance the competitiveness of the TRACECA corridor and increase the volume of cargo transportation by ferry over the Caspian Sea.

Extending and deepening bilateral relations and collaboration with neighbouring countries, including the states of Central Asia is a major foreign policy priority of Azerbaijan. Throughout its development, the Azerbaijani state has continually been involved in strengthening mutual ties with the

major Central Asian nations, including the large, strong and important states of Uzbekistan, Kazakhstan and Turkmenistan.

For a variety of reasons, Azerbaijan focused on maintaining friendly bilateral relations with the nations of the Central Asian region. But the harsh totalitarian regime of the Soviet Union always resented independent external policies from the nations on its "national perimeter" and effectively prevented Azerbaijan from establishing more extensive relations and friendly contacts with Central Asian republics.

In the post-Soviet period, relations between Azerbaijan and Uzbekistan have been the most noteworthy among Azerbaijan's bilateral ties with the Central Asian countries. Extensive cooperation between the two states has developed largely as a result of the political will displayed by the President of Azerbaijan, Heydar Aliyev, and the President of Uzbekistan, Islam Karimov.

President Karimov of Uzbekistan made an official visit to Azerbaijan on 26-27 May 1996. Negotiations conducted and documents signed between the presidents of the two nations further strengthened Azerbaijan-Uzbekistan relations. During this visit, the presidents signed 17 intergovernmental agreements, including the Agreement of Friendship and Cooperation between the Republic of Azerbaijan and the Republic of Uzbekistan. These agreements gave a strong impetus to the establishment and development of bilateral economic relations and exchanges in telecommunications, transportation, culture, humanitarian affairs and more.

On 17-18 June 1997, President Aliyev of Azerbaijan followed with an official visit to Uzbekistan. During this visit, the parties signed 20 documents, including the Declaration on Further Development of Multisectoral Cooperation and Partnership between the Republic of Azerbaijan and the Republic of Uzbekistan and the Protocol on Establishment of the Inter-Governmental Commission for Bilateral Cooperation between the Republic of Azerbaijan and the Republic of Uzbekistan.

Overall, the two countries work together in a variety of international and regional organisations by defending each other therein. It should be stated that

Uzbekistan supports Azerbaijan's legal position in the Armenia-Azerbaijan conflict over Nagorno-Karabakh. From 1996-2000 and in 2002, Uzbekistan backed the adoption of a crucial amendment to the draft Resolution of Cooperation between the UN and OSCE that confirmed Azerbaijan's sovereignty over Nagorno-Karabakh. In this regard, on 29 October 2004, Uzbekistan supported including a document titled "Concerning Situation on the Occupied Territories of Azerbaijan" in the agenda of the 46th Plenary Meeting of the 59th Session of the UN General Assembly. On 14 March 2008, Uzbekistan voted in favour of adopting the Resolution "Concerning Situation on the Occupied Territories of Azerbaijan" in the 62nd Session of the UN General Assembly.

As a general rule, successful political ties between nations positively impact their economic relations. The leading transportation route in Central Asia is an Asia-Europe corridor regulated in the framework of TRACECA. After TRACECA participating states signed the Multilateral Framework Agreement in Baku on 8 September 1998, the TRACECA programme has become the major instrument for developing the Asia-Europe transport corridor in Central Asia.

The Inter-Governmental Commission for Bilateral Cooperation has also played a key role in enhancing bilateral economic ties. The Commission discusses matters of interstate investments, resolves many important bilateral issues and passes relevant decisions for implementation. By now, the Commission has conducted eight sessions; the last one was held in Baku on 8 September 2008.

Concurrently, bilateral co-operation in the fields of humanitarian affairs, culture, science and education has grown steadily, which can be substantiated by reciprocal participation of delegations of the two countries at humanitarian events held in Azerbaijan and Uzbekistan.

Another major state in the Central Asian region is the Republic of Kazakhstan. The establishment of bilateral relations with Kazakhstan across a spectrum of fields is a logical goal of Azerbaijan's foreign policy.

On 16-17 September 1996, President Nursultan Nazarbayev of Kazakhstan made his first official visit to Azerbaijan. During the visit the parties discussed enhancing of bilateral relations, extending economic coopera-

tion and a host of other issues of mutual interest. They also signed a number of bilateral agreements.

The official visit of the President of the Republic of Azerbaijan Heydar Aliyev to Kazakhstan on 10 June 1997 elevated Azerbaijan-Kazakhstan relations to a new level. During the visit, the parties discussed bilateral, regional and international issues of mutual interest and signed a number of agreements that helped deepen and strengthen relations between the two nations. The Agreement on Strategic Partnership and Alliance between the Republic of Azerbaijan and the Republic of Kazakhstan was signed on 24 May 2005 in Baku. Additionally, meetings and discussions between the heads of the two states held at various international and regional conferences as well as reciprocal official visits have contributed to better bilateral relations.

Moreover, Azerbaijan and Kazakhstan successfully cooperate in the framework of international and regional organisations and support each other on matters of principle. Sometimes, the two republics hold identical positions. Kazakhstan supports Azerbaijan's just stance on the resolution of the Nagorno Karabakh conflict and respects Azerbaijan's territorial integrity.

On 27 October 2009 in Vienna, the OSCE Permanent Council held a special plenary meeting to discuss Kazakhstan's possible presidency of OSCE for the year 2009. At the meeting, Azerbaijan expressed the full support for Kazakhstan's candidacy. This position was reiterated in a speech delivered by the Minister of Foreign Affairs of the Republic of Azerbaijan Elmar Mammadyarov at a meeting of the OSCE Council of Ministers on 5 December 2006.

The extensive energy potential of both countries has contributed to the maintenance of broad cooperation between Azerbaijan and Kazakhstan. Given the fact that both countries enjoy rich hydrocarbon reserves and must overcome the problem of transporting them from the Caspian to the world market, it is no surprise that the two countries have achieved a more advanced level of cooperation in this area. It is important to note that on 16 June 2006, the two countries executed the Agreement between the Republic of Azerbaijan and the Republic of Kazakhstan for Supporting and Assisting Transportation of Oil from the Republic of Kazakh-

stan to International Markets over the Caspian Sea and the Territory of the Republic of Azerbaijan through the Baku-Tbilisi-Ceyhan Main Export Pipeline. In the framework of the Fourth Energy Summit held in Baku on 14 November 2008, the Kazakh state petroleum company KazMunayGaz and SOCAR signed an agreement for implementation of the Transcaspian pipeline.

In terms of the disputes over the legal status of the Caspian Sea, Azerbaijan attaches great importance to the agreements signed between the Republic of Azerbaijan, the Republic of Kazakhstan and the Russian Federation on the delimitation of the Caspian seabed and on the general settlement of the legal status of the sea. The two countries have also intensified their transportation cooperation. Now, the capitals are linked by a regular flight, and a ferry travels across the Caspian Sea from Baku to Aktau.

A bilateral inter-governmental commission has been successful in resolving a number of issues. The fifth and latest meeting of the commission was held in Astana on 23 April 2008. The meeting discussed key bilateral economic topics and made relevant decisions. The volume of trade between the two countries has grown markedly over the years. Cooperation between Azerbaijan and Kazakhstan has also increased in the non-oil economy and in the private sector.

Relations between Azerbaijan and Central Asia have a long history. The peoples of Azerbaijan and Central Asia have a common religious, cultural and linguistic identity. At different times they shared similar histories as parts of various great empires, and their lands sat along the Great Silk Route. All this makes their ties stronger. In the humanitarian sphere, collaboration has grown within TÜRKSOY, an organisation of Turkic-speaking countries. Various humanitarian, scientific and cultural events held in Turkic-speaking countries are well-attended by respective high-level delegations.

The foundations of partnership relations between Azerbaijan and Turkmenistan were laid in major political documents signed by the President of the Republic of Azerbaijan Heydar Aliyev and the President of Turkmenistan Saparmurad Niyazov on 18 March 1996 in Baku: the Baku Declaration and the Friendship and Cooperation Treaty between the Republic of Azerbaijan and Turkmenistan.

Recently, relations between Azerbaijan and Turkmenistan have been raised to a qualitatively new and higher level. At the very first meeting of the Inter-governmental Commission for Economic Cooperation in Ashgabat on 17 January 2008, the two countries signed a Protocol setting the debt of Azerbaijan payable to Turkmenistan at USD44.8 million. On 5 March 2008 the two countries signed the Agreement on Settling Debt Obligations and Financial Liabilities between the Government of the Republic of Azerbaijan and the Government of Turkmenistan, and the due amount was remitted in full to the Turkmen government on 13 May 2008.

Relations have been greatly stimulated by official visits of the President of Turkmenistan Gurbanguly Berdimukhammedov to Azerbaijan on 19-20 May 2008 and the President of the Republic of Azerbaijan Ilham Aliyev to Turkmenistan on 28-29 November 2008. During these visits the parties extended the legal framework of cooperation between the two countries.

In 1998, the Republic of Azerbaijan and Turkmenistan established a bilateral group of experts to delineate the equidistant midline in the Caspian Sea between the shores of the two countries. The group holds regular meetings in Ashgabat and Baku and makes relevant propositions. Presently, Azerbaijan and Turkmenistan have increased their contact over humanitarian issues.

Azerbaijan's relations with the other two states in Central Asia, the Republic of Tajikistan and the Kyrgyz Republic, have also improved. Azerbaijani opened embassies to Tajikistan and Kyrgyzstan in 2007, and the Tajikistani embassy to Azerbaijan was established in 2008.

In this regard, official visits of President Ilham Aliyev of Azerbaijan to Tajikistan on 15-16 March 2007 and President Emomali Rahmon of Tajikistan to Azerbaijan on 13-14 August 2007 opened a new page in bilateral relations. The strengthening of political ties spurred economic developments between the two countries. On 7 February 2008, Azerbaijan and Tajikistan established an Inter-Governmental Commission on Trade and Economic Cooperation, which held its first meeting in Baku from 12-14 February 2008.

The Central Asian republics, which share linguistic and religious origins

with Azerbaijan, form an important dimension of Azerbaijan's foreign policy. Relations with these nations have progressed quickly since the collapse of the Soviet regime, and they continue to advance. From this standpoint, developing stronger ties with each of the Central Asian countries is of principal importance to Azerbaijan's foreign policy.

The Commonwealth of Independent States (CIS) was set up in Minsk on 8 December 1991 following the signing of the Agreement on Establishment of the Commonwealth of Independent States by the presidents of the Russian Federation, Ukraine and the Republic of Belarus. Later, all countries of the former USSR, except for Baltic states and Georgia, joined the Commonwealth by signing the Alma-Ata Declaration. Although Azerbaijan later refused to participate in CIS, the CIS Council of the Heads of States approved Azerbaijan's re-application to CIS on 24 September 1993. The same year, Georgia also joined CIS.

The main purpose of forming the Commonwealth was to prevent the sudden break-up of ties between the former Soviet countries, particularly commercial and economic links, and to avoid overly negative consequences resulting from the disintegration of the USSR. In a word used frequently used by political scientists, CIS aimed to achieve "a civilised divorce" of the former constituent parts of the Soviet Union. Indeed, CIS averted some adverse effects of the collapse and helped preserve traditional contacts in the post-Soviet realm, "softening the blow" and mitigating hardships of the transition period.

At the same time, however, CIS has failed to live up to many of the expectations of its members. There are several reasons for this setback: incorrect estimations of the durability and seriousness of the historic changes in the wake of USSR's demise; an unwillingness in Russia to give up its "big brother" mission and settle for a new role; a perception of integration within CIS as being at odds with Euro-Atlantic integration; the existence of unresolved conflicts within CIS and the failure of the organisation to take steps to resolve them; an opinion in some countries that membership in CIS entailed relinquishing of a part of their national sovereignty; varying levels of

economic development and differing positions of CIS members to international issues; and the accession of many members to other regional groupings and organisations (such as the Eurasian Economic Union, the Organisation of the Collective Security Treaty, the Organisation for Democracy and Economic Development (GUAM) and the Treaty on Establishing the Common Economic Space).

CIS promotes cooperation through a number of chartered sub-entities and agencies. Azerbaijan is represented in the Council of the Heads of States, the Council of Heads of Governments, the Council of Foreign Ministers, the Council of Defence Ministers, the Council of Ministers of Interior, the Economic Council (the Vice Prime Minister of the Republic of Azerbaijan Y. Eyyubov is an Azerbaijani representative in the Economic Council), the Parliamentary Assembly, the Coordination Council of Prosecutors General, the Council of Heads of Security and Special Service Agencies and a few other inter-agency boards. Azerbaijan participates only in information and analysis functions of the Anti-Terror Centre existing in the framework of CIS.

As a full-fledged member of the Commonwealth of Independent States, Azerbaijan regularly takes part in CIS summits and other forums. However, Azerbaijan does not favour political and military integration in the format of CIS and is instead a proponent of strengthening bilateral economic contacts. Azerbaijan does not approve of promoting agreed positions on international problems within CIS.

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Among the post-Soviet states, Azerbaijan has achieved a significant level of economic development and has attained a status of a solid and reliable regional power able to conduct an independent and multi-vector foreign policy. These developments have put Azerbaijan at the forefront of attention of neighbouring, regional and global powers.

Azerbaijan has become a strong regional leader with the capacity for independent participation in a number of geopolitical and geo-economic projects. Azerbaijan's role and authority in international affairs has continually grown. The far-sightedness of Azerbaijan's foreign policy was clearly demonstrated during a conflict that flared in the South Caucasus in the past year.

The creation of a framework for Azerbaijan's foreign policy priorities, the determination of foreign policy priorities and the country's successes in the international arena are intrinsically linked with the actions of President Heydar Aliyev. From 1993-1994, President Heydar Aliyev's actions secured Azerbaijan its place in the system of international relations. This would not have been possible without correctly identifying the extent of the interest that outside actors had in Azerbaijan, their geopolitical and economic significance and the overlapping circles of influence and interest of the international community in the post-Soviet realm and Azerbaijan.

CHAPTER III
Energy and Economy as Part of Foreign Policy

AZERBAIJAN'S FOREIGN ECONOMIC RELATIONS

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Introduction

Azerbaijan regained independence in 1991 with an array of internal and external problems. Deep economic crisis and collapse of state institutions was caused by the breakdown of the Soviet Union, political upheavals as a result of internal political struggle, war with neighboring Armenia with a fifth of its territory left under occupation and a million of refugees and displaced persons scattered across the country. Add to that information an economic blockade and an unfriendly external environment to which country was almost unknown. The whole existence of the country was at stake.

In the given circumstances, the only possible way towards state building and integration into the international community laid in the consolidation of political power and economic recovery. The challenging task for foreign policy was to manage the external environment to support internal developments along the way.

Since its first days of independence, Azerbaijan faced the enormous challenge of restructuring its economy towards self-reliance and integration into regional and international division of labor based of the comparative advantages of the country.

It is worth mentioning here that during the Soviet era the structure of the national economy was designed and developed to serve mainly as a raw and semi-processed products supplier to the whole economy of the Soviet Union. Though it was acknowledged that Azerbaijan was among the few self-sufficient economies among the republics of the USSR, it could not use its own resources for its own development. Azerbaijan contributed the lion's share of its national income, in an unfavorably disproportionate way, to the centralized budget to support the development of other Soviet Republics.

After it gained independence, Azerbaijan stood the chance to utilize its resources for the benefit of national recovery. In these described circumstances, natural resources, geographical location, and economic potential were the main factors and assets for economic development and it was natural and only possible to use these existing advantages of the country to pursue political objectives.

Among these strong comparative advantages were rich energy resources, economically favorable and strategically important geographic location and, consequently, enormous transport and transit potential.

Thus, it is by virtue of nature, geography and history that energy and economy were at the foundation of the recovery and revival strategy of Azerbaijan, its integration into international economy, were essential parts of national foreign policy. And it was an enormous challenge for foreign policy to map and market Azerbaijan internationally as a country with great opportunities using these advantages under circumstances mentioned above.

Since 1993, when internal political power was consolidated and the situation stabilized after the return to power of the National Leader Heydar Aliyev, Azerbaijan has witnessed steady and unprecedented growth and rising up of the country to the level of one of the most dynamic emerging economies in the world attaining ever growing geostrategic significance and importance. The past 16 years were glorious but thorny years of state and nation building and consolidating the country into the global community.

Through all these years foreign policy was an integral and essential part in the process of national revival. Now Azerbaijan has become one of the leading

countries in the world by a number of economic indicators; several international organizations indicated positive development of our country and rated it as top performer. Stability and economic progress has made Azerbaijan a reliable economic partner and attractive leading investment destination.

In this article we will attempt to briefly reflect on main objectives of the foreign economic policy aimed to serve the priority dimensions of national development strategy (energy, transport, information and communications technologies), as well as on means of foreign economic policy of Azerbaijan during the years of independence, as they evolved along the economic development and progress of the country and its stance in the international arena. Our purpose will be to show the impact of priority directions of economic policy on foreign policy as well as their interconnection and interdependence. This will also help to explain the evolution of foreign economic policy in the context of the development of the country.

Energy

It is difficult to overestimate the role of energy, in particular exploration and development of hydrocarbon resources, in the revival of Azerbaijan. National energy strategy developed and implemented under the leadership of the National Leader Heydar Aliyev played a vital role in national revival and progress. Through the years of independence, energy strategy has been the backbone of the national development. Its realization provided necessary financial resources and economic stimulus for rehabilitation and diversification of the economy as well as regional development and poverty reduction. One of the main objectives of the economic diplomacy was to serve the successful implementation of the energy strategy and economic recovery by ensuring conducive external conditions. However, the scope of tasks expanded step after step in implementation of the strategy.

In this respect, the foreign policy of Azerbaijan based on energy can be conditionally divided into the following periods:

I. 1991-1998

The first half of the period was the most dramatic in the modern history of Azerbaijan. Hardly any Newly Independent State had such a record of political upheavals and attempted coup d'états in the early years of independence. Azerbaijan was plunged into a war with Armenia with most severe consequences. There were numerous regional conflicts leading to almost a complete blockade of the major land transportation routes that connected the country with the outer world. Azerbaijan also was facing enormous external pressures on all its important decisions on the development of its hydrocarbon resources and in choosing its partners.

Implementation of the energy strategy required strong political support of leading industrialized democracies, attraction of financial resources in the form of Foreign Direct Investment (FDI), and loans of international lending institutions.

Consequently, during these years, generally the main objectives of foreign economic policy were to raise awareness about Azerbaijan, to mobilize and ensure international support for the development of national energy resources, to attract foreign investors into exploration and development of energy resources and secure international support for the exploration, and development of natural resources in the national sector of the Caspian Sea.

The culmination of the efforts was the signing in September 1994 of 8 billion USD "Contract of the Century" to develop Azeri-Chirag-Guneshli offshore oilfields with consortium of international oil companies. This milestone event ensured a breakthrough in national oil diplomacy and foreign policy and can be considered as the turning point for national recovery. The signing in 1996 of the 10 billion USD Production Sharing Agreement (PSA) for the development of Shah-Deniz offshore gas field was another important development which projected Azerbaijan also as a potential significant producer and exporter of natural gas. Subsequently, over 20 long-term PSA contracts worth of more than 60 billion USD have been signed with a consortia of international energy companies to develop mainly offshore oil and gas fields. Baku was reasserting itself as an important international energy capital, turning into the "UN of oil companies."

Early oil started to flow through Baku-Supsa and Baku-Novorossiysk pipelines bringing to the country badly needed revenues and with them confidence and international recognition.

II. 1998-2005

This period saw increased diplomatic activity aimed at the promotion of the concept of energy security through the diversification of sources of energy supply and routes for its delivery. "Happiness is multiple pipelines" was the popular slogan of the time. Development of new alternative routes for the export of hydrocarbons from the Caspian Sea to international markets was among the most challenging tasks of this period. Mobilization of international political and financial support towards the development of new regional energy infrastructure was a key foreign policy objective.

Construction of two major regional pipelines was started during this period – the BTC oil pipeline and SCP gas pipeline as major elements of East-West energy corridor. These developments signaled significant shifts in the Black Sea and Caspian region's development and the ever growing importance of Azerbaijan.

Anticipating increasing volumes of revenues, one of the main tasks was to ensure that financial resources were spent wisely and that excess resources were accumulated to eliminate pressures on the economy and to ensure that future generations also have a share in them. The State Oil Fund was established to fulfill these functions.

Responding to the initiative of British Prime Minister Blair, Azerbaijan was first among those who joined the "Extractive Industries Transparency Initiative (EITI)" to ensure transparency and accountability of the flows of financial resources.

As the reputation and stance of Azerbaijan gained international recognition, the concept of the East-West Energy Corridor to export of hydrocarbons from the Caspian Sea started developing shape with Azerbaijan being a

centerpiece of it. Azerbaijan actively participated in the Energy Charter process and in INOGATE initiative of the EU.

III. 2005-Current

This period has witnessed the unprecedented economic growth of Azerbaijan. In these years, the country demonstrated some of the highest rates of growth globally, and on average the national economy is one of the most dynamic in the world. This became possible mainly due to entering into the full-phased development of the ACG oilfield, the first phase of Shah-Deniz gas field, and increased export opportunities.

Two historic milestone developments have occurred during this period that supported the offshore developments – the completion and putting into operation of two major regional infrastructure projects – the BTC oil pipeline and SCP natural gas pipeline.

These two grand energy projects also changed forever the economic landscape of the entire region and laid the foundation for new international energy security architecture.

These developments set new prospects and horizons for national development as well as tasks for foreign policy. Scale and rates of national development have outgrown local capacities of the economy and now national development strategy can only be further sustained if its interests are promoted and secured far beyond its borders.

To ensure phased development of Shah-Deniz gas field, Azerbaijan is undertaking steps for the expansion of international markets for its natural gas exports. The country is engaged in intensive negotiations with neighboring as well as EU countries to secure mutually beneficial terms for the delivery of natural gas.

Increasing revenues from exports of hydrocarbon resources created the opportunity of investing in neighboring countries' energy and transport infrastructure – terminals in Georgia, Turkey, Romania and other countries.

Azerbaijan is also using its resources for international aid and assistance, projecting itself as an emerging donor country.

During this period, Azerbaijan is also undertaking measures to utilize its transit potential and increase national capacities for that purpose. The country has significantly upgraded its on-shore and maritime infrastructure capacities not only for increasing the export of its own hydrocarbon resources but also for the transit growing volumes of oil from Kazakhstan.

This period is also witnessing increased international diplomatic activity in the region to secure the sources of energy supplies from the Caspian region through national infrastructure to support the implementation of the Nabucco project – the EU supported a multi-national arrangement aimed at securing alternative energy supplies from the Caspian region as crucial pillar of the European energy security architecture.

Thus, through its years of independence Azerbaijan has evolved from an economically weak, internationally isolated, and unknown country into a most dynamic economy, a regional leader, and an important strategic partner. Successful implementation of the national energy strategy played major role in this transformation of the country and foreign policy has its fair share in this success story.

It is expected that the continued implementation of the national energy strategy will bring to the country in coming years revenues in the range of 150-200 billion USD. This will create enormous opportunities for further development in Azerbaijan and enhancing its international stance. But this also poses the enormous challenge of utilizing this opportunity nationally and internationally.

Transport

Transport is another field of activity that defines the economic profile of Azerbaijan and underlines its geographical significance and importance. As mentioned above, Azerbaijan possesses unique strategic advantages in the

development of transport and the transit potential linking Europe with Central Asia and beyond.

In this respect development of transport infrastructure is considered a priority of national development strategy. Massive investments are being allocated for the development and upgrading of transport infrastructure. New roads, railways, sea ports and air transport infrastructure is being developed, as well as a fleet of aircrafts, maritime ships and road transport means are being significantly increased and modernized.

These developments significantly enhance the competitiveness of Azerbaijan in the region and facilitate the development and expansion of its transit potential. Using its advantageous geographic location and developing transport infrastructure, Azerbaijan plays key roles in the development of East-West and North-South transport corridors.

In 1998, the country hosted a summit and international conference that launched the EU sponsored TRACECA initiative to develop transport corridor linking Europe to the Caucasus and Asia. The International Secretariat of TRACECA is located in Baku.

Azerbaijan initiated and sponsored construction of the Baku-Tbilisi-Kars railway to link national transportation systems of three neighboring countries along the ancient Silk Way route, connecting Europe and Asia – two global economic powerhouses.

National economic diplomacy actively pursues policy to enhance facilitation of transportation and transit of goods in all regional organizations and at all international fora.

Being a land-locked country, Azerbaijan is among the active participants of the Group of Landlocked Developing Countries (LLDCs) established under the auspices of the UN. The Group seeks international support to mitigate the negative impact of remoteness and the marginalization of these countries from international markets. Along with other Group members, Azerbaijan has been proactively pursuing the full and timely implementation of the goals and objectives set in the Almaty Program of Action including

those related to ensuring enhanced and predictable access to all markets for the exports of LLDCs.

Development of modern transport infrastructure will significantly enhance the competitive advantages of Azerbaijan and one of the main objectives of national diplomacy will be to preserve and to enhance this strength into years ahead and develop Azerbaijan as the crucial juncture of East-West and North-South transport corridors.

Information and Communication Technologies (ICT)

Development of a modern ICT sector has been defined as yet another priority for national economic and social development; a modern ICT sector to utilize and capitalize on the comparative advantages of Azerbaijan and turn them into a competitive market.

National strategy of ICT sector development aims at computerization of education and public services, increasing ICT literacy, modernizing communication networks, and developing ICT infrastructure for knowledge and information based economy that will define competitiveness of countries tomorrow.

During its years of independence, Azerbaijan has significantly advanced in the development of modern means of communication and now is among a leading group of nations by rates of telephonization, computerization and use of internet.

The country actively participates in the trans-regional project, the "Transnational-Eurasian Information Super Highway," and sees the realization of this project as an important step to develop and upgrade national ICT infrastructure and enhance the stance of Azerbaijan as a regional ICT hub.

The Government of Azerbaijan has decided to establish an initiative between Eurasian and neighboring countries to jointly build and manage the Transnational-Eurasian Information Super Highway. The project is expected to serve as a major element of the East-West transport corridor and to facilitate the supply of 20 countries of the region with internet, telecommunication

systems, e-information resources and e-economies. The realization of this project will enable increased internet penetration at improved price and quality, upgraded telecommunication infrastructure, regionalization of traffic, including development and storage of regional content, and strengthened economic development through online trade, e-commerce and e-marketplaces.

Azerbaijan strongly believes that this project will accelerate the implementation of the connectivity goals of the World Summits on the Information Society.

Private Enterprize, Trade & Investment

Since the day of its independence, Azerbaijan put emphasis on private initiative and private enterprise as driving force for economic and social recovery and development. Market-oriented reforms were at the core of the economic policy of the Republic. However, transition from centralized state-controlled economy to a market-regulated one in given difficult circumstances was a tremendous task. To facilitate this transition, attraction of FDI in non-oil sector as well as involvement of international assistance was chosen as the strategy for growth and development. Development of the energy sector with extensive involvement of leading global energy principles provided the necessary boost for the flow of investments into other sectors of the economy. Furthermore, massive investments in energy and related industries send strong signals of confidence in the country to the international business community.

An essential element of the national development strategy is to ensure that energy sector development with massive FDI creates opportunities for the development of national private enterprise, including small and medium enterprises (SME). Thus, national private enterprises are being involved as contractors and sub-contractors in the implementation of energy related projects under PSA.

The government is also creating favorable conditions for the private sector through extensive development projects and modernization of infrastructure and through financial support and favorable tax conditions for SME in particular in the regions of the country.

Development of private enterprise, in particular the SME sector, is seen as an essential part of social development, economic and political stability, regional development and reduction of poverty.

To encourage FDI in non-oil sector, as well as to ensure regional development, the government is further improving the business climate and providing additional incentives for business community. As a result of undertaken measures, the World Bank has ranked Azerbaijan as the "Top reformer" in its Doing Business 2009 report. In the global assessment of the ease of doing business, Azerbaijan has been moved up from the 97th to the 33rd position.

Consequently, through these years the share of the private sector in the national economy now exceeds 85%. Nowadays, the strengthened private sector is also looking forward for expanding their businesses in foreign countries.

Support of SME and private sector development, in particular of the SME, is among prime objectives of foreign economic policy.

All above-mentioned national economic development priority areas are the focus of foreign economic policy. Above-mentioned advancements in these fields laid a solid foundation for further promotion of national interests by foreign service through diplomatic channels and various means.

Bilateral Economic Relations

Foreign policy is more and more becoming a tool for promotion and protection of national economic interests and bilateral relations play a key role in this process. This trend will gain more strength even in the context of globalization and development of multilateral forms of diplomacy.

Bilateral relations are at the foundation of Azerbaijan's economic diplomacy. Since independence, the country has developed trade and economic relations and cooperation with over 150 countries.

To attract FDIs and to stimulate foreign trade, Azerbaijan has signed over 35 bilateral agreements on the promotion and protection of investments, on avoidance of double taxation, and other commercial agreements and documents have been signed to create stable, predictable and favorable legislative and regulatory framework for doing business in the country. The geography, volume and structure of foreign trade have expanded significantly.

As economic strength is growing and economic potential and opportunities are increasing, the task of promoting and expanding economic ties abroad is raised to the top of foreign policy objectives. The President of the Republic of Azerbaijan H.E. Ilham Aliyev, at regular meetings with heads of national diplomatic missions and the staff of the Ministry of Foreign Affairs (MFA), attends to this with special attention. Nowadays, diplomats and economists are working almost in all national overseas missions and this economic dimension is one of the most active in embassies' portfolio.

Regional Economic Cooperation

Regional cooperation constitutes one of the cornerstones of foreign economic policy of Azerbaijan. The importance for this dimension emanates from the fact that the region surrounding Azerbaijan is still in the process of shaping, reflecting new geo-political realities. A region that historically was the arena of confrontation and dividing lines nowadays is living through a historic chance of developing as a cohesive region integrated into wider international architecture.

Therefore regional cooperation provides a useful framework and tool to support national economic development. As economic potential is being utilized, the importance of regional cooperation grows. Regional cooperation provides an opportunity to promote and advance national interests far beyond national frontiers, participate and contribute to shaping and developing new regional environment reflecting new balance of interests, and conducive to the expansion of national development.

In this respect, tasks and objectives of the national economic diplomacy in regional cooperation can be defined as the following:

- To ensure that the regional environment is conducive to the national development and to the projection and promotion of national interest across the region (i.e. for safe and secure transport of energy resources, transport communications, safe and secure transit, etc.);
- To ensure harmonious integration of Azerbaijan into the regional division of labor based on natural advantages, strengthening its leading position in the region, preserving and developing its competitive strength;
- To facilitate the development of regional markets for the national economy and advancements of national interests.

Additionally, to the above-mentioned important regional projects and initiatives, Azerbaijan is also among founding members and active participants in regional economic organizations such as BSEC, CIS, GUAM, ECO, and OIC/COMSEC.

Participation in Global International Economic Organizations

One of the objectives of Azerbaijan's foreign policy is to ensure, on the one hand, that the national development policies correspond with global economic processes and on the other – that these national interests and development priorities are adequately safeguarded in the process of global decision making and are in line with commitments taken in the framework of international organizations and development institutions.

Azerbaijan is committed to international cooperation for development and considers internationally agreed-upon development goals, including the Millennium Development Goals, to be an essential part of national development strategies. Outcomes of major UN conferences and summits, including the International Conference on Financing for Development (Monterrey, 2002), World Summit on Sustainable Development (Johannesburg, 2002),

and the World Water Forum, have provided strategic guidelines for the implementation of Azerbaijan's national development policies in respective fields.

Azerbaijan attaches a great importance to further strengthening cooperation with the UN specialized agencies and programs and holds that the UN Development Assistance Framework (UNDAF) remains central to increasing efficiency of UN development assistance and upholding the national ownership.

Azerbaijan also remains committed to promoting good governance at the national level and strongly believes that transparency and accountability are essential to ensuring financial discipline and fighting corruption. Therefore, Azerbaijan joined the Extractive Industries Transparency Initiative (EITI) in 2003 and since then has successfully disclosed 9 EITI reports, and the 10th is at the stage of finalization.

EITI implementation has become a sustainable process in Azerbaijan. By implementing EITI, the Government of Azerbaijan achieved full accountability and transparency in oil and gas revenues. Azerbaijan's strong belief that transparency is a crucial factor for sustainable development and active participation in EITI since the launch of the initiative laid grounds for it to initiate a UN GA Resolution in support of transparency. In February 2009 Azerbaijan became the first and only fully compliant EITI country among 30 candidate countries.

Another important mission of the country's economic diplomacy is accession to the World Trade Organization and successful integration into the global economy. Currently, negotiations on the country's WTO accession are underway and the MFA is an active player in this challenging process.

Azerbaijan-EU Relations

Cooperation with the EU is one of the foreign policy priorities of Azerbaijan in its integration into the Euro-Atlantic structures.

Since the country's independence, the EU has been a major donor of development assistance as well as the biggest trade and economic partner of

Azerbaijan. EU is also one of the largest stakeholders in the Black Sea and Caspian region with stakes in energy, transport, ICT and other fields. Since the expansion of the EU towards the shores of the Black Sea, the Union is seeking to formulate more specific policies towards its immediate neighbors, including the Black Sea the Caucasus. Inclusion of Azerbaijan into the European Neighborhood Policy and adoption of the ENP Action Plan have marked a new milestone in EU-Azerbaijan bilateral relations. This framework has been further complemented by the Memorandum of Understanding (MoU) on strategic partnership in the field of energy.

The Eastern Partnership Initiative launched in May 2009 signals the EU's strong interest to comprehensively engage six countries of the ENP East region, including Azerbaijan, in cooperation towards democratic and market-oriented reforms. Security, economic development, human rights and social progress constitute important elements of this partnership.

As a sign of Azerbaijan's strong commitment to strengthening this partnership, the State Commission on Euro-integration was set up by Presidential Decree in 2005. Nine inter-agency working groups established under the Commission are responsible for implementation of all policy priorities. The Division for Cooperation with EU within the MFA has been also set up to oversee intra-governmental coordination also serving as the Secretariat of the State Commission.

Achievements and Key Challenges Ahead

During the period under review, economy and, in particular, energy have played a key role in revival and development of the country. National energy strategy was the backbone of country's revival and foreign policy mainly served to support its objectives.

Foreign economic policy was an integral and essential part of national development strategy. During the early years of independence, energy and eco-

nomic potential were the main assets in the arsenal of national foreign policy. Foreign economic policy used these factors both in promoting Azerbaijan internationally in an environment that was not aware of the country, in developing relations and strategic partnerships with leading industrialized democracies and trans-national corporations, in attracting FDI and developing international trade, and ultimately, in positioning Azerbaijan as an independent state on the international map. Effective foreign policy was essential for survival of Azerbaijan during the first years of independence.

Nowadays, foreign policy more and more relies on the growing strength of the economy and the leading position of Azerbaijan in the region.

National diplomatic missions contributed immensely to communication and spreading of information about Azerbaijan through diverse official and non-official channels, to promotion and protection of national interests through various mediums, to promotion of the image of Azerbaijan as an attractive, stable and secure investment destination and trade partner, and to ensuring support of foreign states in the realization of important regional projects.

They played also constructive and a sometimes decisive role in implementation of a number of important economic projects, particularly during the early and considered-to-be-risky years of 1990s. For example, construction and completion of Baku International Airport after Heydar Aliyev was initiated and supported by a diplomatic mission throughout all phases of project implementation. Most importantly, for that purpose, the first significant commercial loan for the non-oil sector was syndicated in the international financial market under the state guarantees of the UK and Turkey. And here a diplomatic mission played active role. Another important project was the development of a modern telecommunication center in the center of Baku. This was one of the most advanced telecom technologies in the space of Former Soviet Union (FSU). Other important initiatives were undertaken in banking and financial services, construction, agriculture and other fields. These are just few examples.

Implementation of the national energy strategy laid solid ground for expansion of national interests and subsequently foreign policy objectives. As

the national economy gets stronger and development strategy is becoming more complex and comprehensive, the objectives and tasks of foreign policy are also expanding in scope and scale.

External factors play a crucial role in national development and the role of foreign policy in managing them remains of ever-growing importance. Therefore, the economic dimension of the foreign policy has evolved into one of its most active and significant components of national foreign policy.

Through the years of independence, the notion and practice of economic diplomacy has evolved into a concept with a developed structure within the MFA. In 2000, the Department of Economic Cooperation and Development was created within the MFA. With time, economic diplomacy became a multi-faceted and complex dimension of foreign policy embracing practically all aspects of economic life of the country.

Nowadays, economic diplomacy is not only seen as a tool to promote and protect national interests abroad, but also as a vital link between national economy and its interests and external environment in which it has to function and maintain its competitiveness. These two domains of national development – internal and external - have to be in balance and harmonious equilibrium which is not static. More and more it is obvious that promoting and projecting the country's interests without changing internally will not give us the desired results, if not cause conflict.

From this understanding economic diplomacy is also aimed to assist and facilitate the upgrading of internal conditions to match the external environment. And it is not only about approximation and harmonization of legislation and regulatory frameworks, but also about applied rules and practices, capacity building and performance of national institutions, and formulating and projecting national interests beyond national frontiers.

Speaking strictly, promotion and projection of a country as regional leader, or regional hub without the capabilities of relevant national authorities to appropriately articulate national interests in the regional or wider international context will bear no practical results.

Therefore, there are two fronts for economic diplomacy that emerged from this understanding - Inward-oriented (to facilitate reform process, institutions' capacity-building and enhanced coordination and ensure support and assistance for that purpose) and outward-oriented (to promote and protect national interests, shape a conducive external environment for national development, strengthen regional and international standing of Azerbaijan). In this context, economic diplomacy plays also an important role as an element in checks-and-balances system to eliminate predominance of narrow vested interests of various authorities over broad national interests.

In the context of above-said main objectives and challenges of foreign economic policy in coming years can be formulated as follows:

- To anchor and further develop the place and role of Azerbaijan as an economic leader in the region and the role of Baku as the hub of the Caspian region;
- To utilize and enhance transit potential of Azerbaijan as key juncture in East-West energy and transport corridors and North-South transport link. In this context necessary efforts should be undertaken not only to ensure the development of Trans-Caspian energy and transport routes and infrastructure but also that these routes are secure and competitive;
- To ensure that Azerbaijan is an important and active player in new international energy security architecture;
- To facilitate the diversification of the economy and regional development as essential elements of sustainable development;
- To facilitate the development of new competitive advantages of the national economy in particular in such spheres as ICT and financial services, in which Azerbaijan possesses potentially strong advantages in the regional division of labor;
- To facilitate the development of knowledge and information based economy as defining the competitiveness of national economy in the future. To ensure for that purpose transfer of technology and the development of human capital;

- To coordinate and facilitate the implementation of initiatives, programs and projects in the framework of cooperation with the EU;
- To ensure that Azerbaijan fulfills its commitments undertaken in the framework of global initiatives;
- To facilitate the development of the national concept of international humanitarian and development assistance. To promote and develop Azerbaijan as emerging donor of humanitarian and development aid;
- To facilitate the negotiation process towards eventual membership in the WTO and eventual integration into international trade system on the conditions favorable for the country. The right balance of interests should be preserved among national producers, consumers (with the prevalence of the latter) with an ultimate aim to diversify the national economy and to enhance its international competitiveness;
- To develop and project national interests overseas through the development of markets for national industry and services, investments. To assist in this context national authorities and economic agents to formulate and promote their interests as part of national interests in wider regional and international context.

To meet these challenges, more close and tight international cooperation and coordination among national authorities need to be strengthened.

These all are extremely challenging objectives if viewed in relatively short to medium term time span. They impose high demands on foreign economic policy which needs to be more professional, responsive and pro-active. Only with such an approach can Azerbaijan remain on the competitive edge of the dynamic globalized economy and successfully pursue its political objectives.

ACHIEVING AZERBAIJAN'S STRATEGIC VISION: NEGOTIATING THE "CONTRACT OF THE CENTURY"

Dr. Valeh Aleskerov
Vice Speaker of the Parliament
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Azerbaijan's strategic vision, one that led in the first instance to what is often called "the Contract of the Century," is the product of the nation's experience in the 20th century, an experience very different from many other countries. After gaining their long-sought independence in 1918, Azerbaijanis quickly lost it to the Bolsheviks in 1920; and thus, after regaining it in 1991, they committed themselves to using all of the resources at their command to ensure that they would never lose that which many other nations take for granted.

A relatively small country on the western shores of the Caspian Sea, sandwiched between former imperial powers with divergent interests, Azerbaijan, according to this national vision, could survive and even become an indispensable player in central Eurasia by exploiting the country's own oil and natural gas wealth and its strategic location at the crossroads of Euro-Asian transportation links. And, as the country's leaders recognized from the very beginning, it could achieve this goal only by relying in the first instance on itself and by pursuing a balanced foreign policy.

The essential first step in the pursuit of this strategy was to guarantee the flow of the country's energy resources to world markets, by means of reaching and then signing a comprehensive agreement with a group of major energy

companies. To that end, Baku established the State Oil Company of Azerbaijan Republic (SOCAR) in September 1992 by merging Azneft with its on-shore oil production facilities, Kaspmorneft with its off-shore production facilities, two petroleum refineries, and a number of other institutions. That created a major new player whose significance to the nation would become obvious two years later when the Azerbaijani government and international majors signed the production sharing agreement known as "The Contract of the Century."

Because of the centrality of this accord to Azerbaijan's broader strategic vision, it is critically important even now to understand both the difficulties SOCAR and its partners faced, and overcame, and the ways in which this process not only served to promote the achievement of that strategic vision, but also sharpened its definition not only in the Azerbaijani government but among the Azerbaijani people. Now, on the 15th anniversary of that accord, its full significance is becoming clear, making a reconsideration of the negotiating process especially useful as Azerbaijanis look to the future.

Preparing for Talks

Almost immediately after the creation of SOCAR, the Popular Front – Musavat government took another decision which was to affect the entire course of talks with foreign energy companies. Needing funds, it believed that agreements with foreign firms were a precondition for its survival, and consequently, it welcomed as a win-win arrangement SOCAR's proposal to combine the Azeri, Chirag and Guneshli (ACG) fields so that foreign firms would not be able to play the development of one field against another. Not surprisingly, foreign firms which had been in competition with one another, then formed a united group to present a single negotiating position to Baku.

The government hastily legalized the unification of the ACG fields in order to get some advance payments and quickly presented its own contract idea to the foreign firms, expecting either from the government's inexperien-

ce or incompetence that these firms would simply agree and not press their own interests. But, Azerbaijan soon found that while it possessed an enormously valuable resource, foreign governments and major firms were not prepared to agree to everything it wanted.

A "Beneficial Contract" for Azerbaijan

After an initial impasse, various media reports appeared suggesting that a "contract beneficial to Azerbaijan" was in preparation and could be signed. Indeed, it was said, the APF-Musavat government was prepared to sign an accord during a visit to a European capital. It is difficult even now to explain the reasons for such secrecy and such optimism, but at least part of this series of leaks reflect the Azerbaijani government's fears about the breakdown of government institutions and the collapse of the economy. From its perspective, only the signing of an oil contract could prevent the total collapse of the country.

That experience continues to play a role in Baku: When Azerbaijani politicians talk about the existence in 1993 of a contract "beneficial for Azerbaijan" they are referring to something which has never been publicly released. The same applies to the claims about the alleged agreement between Azerbaijan and Turkey on the Baku-Ceyhan pipeline: it is still unknown whether the pipeline was supposed to go through Georgia, Armenia or some other country, and whether construction of this pipeline was going to start very soon. Such false promises were clearly made to try to calm the population even as Azerbaijan teetered on the brink of bankruptcy.

Media reports about a "soon-to-be signed" contract had more immediate impact in Baku. After Heydar Aliyev came to power and halted the negotiations, his opponents routinely invoked the existence of such not yet signed accords to cover their own failures and to accuse the new president of tilting toward Russia's oil business. Some in the opposition even circulated rumors that Aliyev had stopped the talks because the accord had been worked out

by Abulfaz Elchibey's team. In reality, however, there was no agreement, and any progress toward it had not been all that "beneficial" for Azerbaijan.

Reassessing the Situation & Forming the Team

President Aliyev's decision to pause the talks reflected not some nefarious political calculation as his opponents suggested and continue to suggest, but rather the following reality: there was no coherent structure within which the negotiations between the government, SOCAR and foreign energy companies could take place, nor was there any agreement on the Azerbaijani side on the basic framework for such an accord. To define that, the government needed to call a halt and reassess the situation. Only by doing that could Baku define a clear negotiating position and form a negotiating team capable of achieving Azerbaijan's goals.

President Aliyev named his son Ilham Aliyev, who represented SOCAR, to head the Azerbaijani team. A graduate of and later instructor at the Moscow State Institute of International Relations (MGIMO), Ilham Aliyev had extensive background in diplomacy and as an official at SOCAR he understood the private sector as well. Moreover, not only did he assemble a team of Azerbaijan's best specialists, but his status as the son of the incumbent president sent a message to foreign negotiators about the importance Heydar Aliyev ascribed to the talks, and to domestic critics that the president was heavily involved in the negotiations.

Restarting Negotiations on the Basis of New Principles

In June 1994, talks between Azerbaijan and the consortium of foreign energy companies resumed. The two sides met frequently during that month, but by the start of July, it was clear that positions were still far apart, a divide Ilham

Aliyev described at the time as "a huge abyss." But, if the two sides could not agree, there was one positive element present from the very beginning: for the first time, all the foreign energy companies clearly understood the basic principles and conditions – negotiable and non-negotiable - under which the Azerbaijani government was ready to continue talks.

That clarity on the Azerbaijani side left the foreign energy companies with two options: they could accept the basic principles put forth by the Azerbaijani side and continue negotiations based on these principles, or they could reject them and stay out of the project. The foreign companies chose the former, returned to the negotiating table, and conducted intensive talks throughout the summer of that year. Several times, the negotiations were paused, but because Baku had been clear about its position, the two sides came together, reached an agreement, and set a date for its signing.

The Contract of the Century is Signed and Implemented

On September 20, 1994, the accord, which quickly became known as "the Contract of the Century," was signed in Baku. A remarkable achievement given all the issues involved, it was signed by SOCAR and major foreign energy companies, and the ceremony was attended by officials from the United States, the United Kingdom, Russia, Turkey and Norway. The accord was quickly ratified by the Azerbaijani parliament, something that gave it the status of an international agreement that could thus play a major role in the delimitation of the Caspian seabed.

At the moment of signing, the oil reserves in the ACG fields were estimated at 510 million tons or approximately 3.75 billion barrels; today they are estimated at more than 7 billion barrels. Since then, various mergers and acquisitions have changed the composition of the shareholders. As of 2009, the composition is the following: BP (UK) – 34.1367%, Chevron (U.S.) – 10.2814%, Inpex (Japan) – 10.00%, Statoil (Norway) – 8.5633%,

ExxonMobil (U.S.) – 8.0006%, TPAO (Turkey) – 6.750%, Devon (U.S.) – 5.6262%, Itochu (Japan) – 3.9205%, Delta Chess (U.S.) – 2.7213%, and a SOCAR affiliated company – 10.00%.

A Success Story

When the contract went into force in December 1994, many opponents of Heydar Aliyev criticized him for a supposed betrayal of Azerbaijan's national interests. But that criticism was based on ignorance of the facts: some said that Azerbaijan would get only 20 percent of the profits, but in fact, under the terms of the accord, Azerbaijan collected oil revenues long before the project participants would recover their costs. When that is factored in, Azerbaijan's share of the profits is not 20 percent but 80 percent or more. Moreover, immediately after the accord was signed, Baku received tens of millions of U.S. dollars in bonuses, an influx of funds that helped stabilize the situation in the country and laid the foundation for Azerbaijan's rapid economic development. And, under the terms of the contract, participants were required to pay 25 percent in taxes once they started earning money on their investments.

Opponents also suggested that Azerbaijan would have to wait for many years before the companies involved would be able to pump oil from the ACG fields. While there was no question that the fields would not be at full production immediately, these critics exaggerated how long it would take before the oil would flow. In the event, the participants in the contract of the century were sending oil out long before the six to nine years critics said would be required.

And, others complained that the contract was either too deferential to Russia or too deferential to the West. But, neither of those positions withstands examination. On the one hand, Russian officials, including Foreign Minister Andrey Kozyrev, complained from the very beginning that the Contract of the Century could not be considered valid because there was not yet an agreement on the delimitation of the Caspian sea-bed. And on the other, the Russian company Lukoil received a 10 percent share in the ACG fields, something that would not have happened if the agreement was as deferential to the West.

The contract quickly led to results that exceeded all expectations. The Azerbaijan International Operating Company (AIOC), which the members of the consortium formed, began its work in January 1995. The first crude oil was pumped in November 1997, only 37 months later and not the six to nine years critics had said would be required. Shortly after that, Azerbaijani crude oil was exported through a Russian pipeline to Novorossiysk on the basis of an intergovernmental agreement between Baku and Moscow. As a result, by December 1999, Azerbaijan began receiving its share of the profits from this production, something that helped promote the economic growth of the country and secure its independence.

Some Russian officials were less than enthusiastic about any of this. President Heydar Aliyev understood that very well and did everything necessary to avoid provoking Russia and to allow Moscow time to come to terms with the situation as it was developing on the ground. As a result, the contract of the century has proven to be one of the most successful economic and geopolitical deals of the last one hundred years and became the basis for the launch of projects like the Baku-Tbilisi-Ceyhan oil and the Baku-Tbilisi-Erzurum natural gas pipelines.

All these projects reflect the national strategy of Azerbaijan and are ensuring its development and security as an independent country. Now, at the start of the 21st century, Azerbaijan is close to achieving its plans to be a major player in the development of a region at the crossroads of Europe and Asia, a status many doubted could be achieved but one that Azerbaijan and its people not only deserve, but have earned.

BAKU OIL DIPLOMACY AND "EARLY OIL" 1994-1998: AN EXTERNAL PERSPECTIVE

Dr. Terry D. Adams CMG
Former President of Azerbaijan International Operating Company (AIOC)

Introduction

"Foresight, good; hindsight, better"
Winston Churchill

With the collapse of the Soviet Union in 1991, oil rich frontier provinces from which global energy investors had been excluded became unexpectedly accessible. The First Gulf War in 1990 had raised international concerns over the security of oil supplies from the OPEC countries of the Arabian Gulf. Access to the newly independent oil rich states of the Caspian were seen to be a realistic alternative for energy investment. However it was clearly recognized that these countries were potentially hostile to foreign intervention, in an unstable and politically fragile Russian "near abroad". But the time was ripe, and the South Caspian became a focus of international attention. However, could oil be securely exported from a land locked Baku to global markets from the Black Sea? Azerbaijan would be heavily dependent on the political and practical cooperation of its neighbors for future oil transits, through abandoned Soviet pipeline infrastructure largely controlled by Russia; or through

the Trans-Caucasus, parts of which were in a state of civil war. But the oil prize was large, even when investment risk was exceptionally high.

Baku oil had an illustrious history extending back some 140 years or more. By 1900 Baku oil production led the world; and under the inspired leadership of the Nobel Family, Baku essentially invented the global oil industry we know today. More importantly the Nobels had left an enormous social, cultural and historical imprint on modern Baku that would have an impact on events surrounding the return of international investment in 1994. The newly formed Azerbaijan International Operating Company [AIOC] was to retread an historical path that had already been set some ninety years before.

The First Independent Democratic Republic of Azerbaijan emerged in 1918 from the turmoil of the First World War. It was a time of ethnic conflict, political instability and social collapse. Baku oil that underpinned the Azerbaijani economy was temporarily placed under the control of the British military. The British Oil Administration successfully reactivated the export of Baku oil through the Baku-Tbilisi-Batumi pipeline, first commissioned in 1906. At the same time, the Azerbaijani political leadership of the First Republic used Baku oil diplomacy as a means of cementing international alliances [primarily with Washington and London] to secure their newly won independence from Russia. These historical events were to resonate profoundly with the management of AIOC in 1994, for the "Early Oil Project" [EOP] in particular.

However in 1919 there had been a glut in global oil supply, and Baku oil had no competitive advantage. With a depleted Treasury, the British government was focused on establishing its rights to reparation from post war peace negotiations. The British Cabinet [primarily influenced by Winston Churchill who saw the future for British oil security in Persia] decided that Britain could no longer afford the cost of providing military security for Baku oil transits to Batumi. Britain and its military made an unexpected and undignified exit from Baku and the Caucasus that would later be regretted. Likewise despite fine words being spoken by President Wilson in Washington in praise of Azerbaijani democracy and nationalism, ultimately this did not fit with domestic politics, and the United States too withdrew its support for Baku oil and Azerbaijani independence. There is a voluminous correspondence in British archives in which Britain blamed the Americans for not funding oil security in the Caucasus, and the Americans blaming Britain for not fulfilling their political obligations in the region. In the end they both blamed the Italians for not having supplied the military security that had apparently been promised in Paris. However both Washington and London agreed that on no account were the French to be allowed this role. There was a misplaced confidence in London that the White Russian Army would secure the Caucasus, the Bolsheviks would fail and the independence of the small Caucasian Republics be saved.

But the control of Baku oil was crucial for the Soviet leadership in Moscow. Oil was needed to fuel the Bolshevik Revolution. Subsequently Baku oil would largely underpin the national security of the Soviet Union, through the Second World War up to the innovative offshore oil development at Oily Rocks in 1949. In 1921, the West finally abandoned Baku and the Caucasus to their Bolshevik fate. Baku oil diplomacy had failed. The First Independent Democratic Republic of Azerbaijan was dead. For the next seventy years Baku oil was isolated from and developed independently of global influence. Baku oilmen created a successful operating paradigm that differed greatly from their Western counterparts. They were the heroes of the Soviet Union, who with justifiable pride had total confidence in their professional abilities. However, isolation from international oil technology and management expertise had come with a price. Likewise lack of inward investment into Baku oil from the Moscow center had resulted in creating decrepit and moribund Soviet oil infrastructure within a seriously damaged urban environment. At the time of the formation of the second independent Democratic Republic of Azerbaijan in 1991, Baku oil was already in very poor shape. By 1994 the situation had materially worsened. There was an urgent need for capital investment that could not be provided from internal sources.

Herein lay the challenges for global energy investment and the future independence of Azerbaijan. At the time of the collapse of the Soviet Union in late 1991 Azerbaijan was already at war with Armenia over Nagorno-Karabakh. Could Baku oil diplomacy once more be used by the Azerbaijani leadership to secure independence; reactivate a failing economy; attract urgently needed investment in the Azeri oil sector; and would foreign oilmen be welcome in Baku's Sovietized and fiercely independent oil sector? In the early 1990s Azerbaijani history, culture, and Baku oil development was not appreciated by many foreign oil investors. This was to change, but was initially a cause for conflict and misunderstanding. The need for mutual respect and understanding arising from a clash of cultures would be of profound importance if cooperation in the oil sector and Baku oil diplomacy was to work for the common good.

The Contract of the Century September 20th 1994
The Azeri Chirag Deepwater Guneshli Production Sharing Agreement

On September 20th 1994, after three years of disruptive and complex negotiations, ten international energy investors, representing six different national interests, in the presence of many international dignitaries, met with President Heydar Aliyev in Baku to sign what he was to name "The Contract of the Century". It was a momentous day in the history of the new Republic that laid the foundations for the success we see today. The questions then centered around whether the Contract could be truly enforceable under Azerbaijani and British law, and could AIOC the foreign operating company operate successfully in tandem with the state oil company SOCAR? More importantly could the internal political risk environment in Azerbaijan and the Caucasus improve sufficiently to accommodate longevity of Contract? It was not a misplaced claim when many skeptics at the time called this Contract "Mission Impossible".

Table One
Original Foreign Oil Company Participation in the "Contract of the Century"

AMOCO	21.2625%	Pennzoil	12.2719%
BP	21.4084%	RAMCO	2.6031%
DNKL	2.1000%	STATOIL	10.7041%
LUKOIL	12.5000%	TPAO	2.1875%
McDermott	3.0625%	Unocal	11.9000%

Note: originally 10 companies representing 6 national interests; with Exxon USA and Itochu Japan to join later.

After fifteen years or more it is hard to recollect how difficult life was for Azerbaijan and its citizens at the time of signing of the "Contract of the Century". But this was the context in 1994 within which foreign investment decisions would be made and implemented. After three short years of independence, internal political turmoil, and of particularly bloody ethnic war, Azerbaijan had seen the collapse of its economy and isolation from its traditional industrial and agricultural markets across the former Soviet Union. The country suffered from rampant inflation, an unstable currency, and massive unemployment. Governmental infrastructure and social services had all but disappeared, through lack of central funding. The social hierarchy was being demolished. Baku had been a centre of research and academic excellence in Soviet times. Central funding had disappeared and a large number of professional "intelligentsia" were suffering serious deprivation. The traditional social safety nets of the Soviet period were gone. Internal political leadership was both confused and weak and was not delivering the services that society so desperately needed. More importantly Azerbaijan was losing in its territorial war in Nagorno-Karabakh. Up to twenty percent of its land

was under occupation; and some 800,000 internal refugees [IDPs] had been displaced from their natural homelands, that added to the drain on an already bankrupt central government. Internal power struggles tied to the war had resulted in abortive coups. At the same time Azerbaijan was diplomatically isolated, in fear of its northern neighbor Russia. Cold war politics with ambitions to reassert Moscow's authority over the newly independent countries of their "near abroad" remained high on the political agenda.

Once more the Azerbaijani leadership turned to Baku oil diplomacy to help resolve the problem. Some limited initiatives were taken by President Mutalibov, an experienced Soviet technocrat, but he was soon overwhelmed by damning military failures in Karabakh. He was quickly followed by President Elchibey, a charismatic academic with no political experience, but popular with the citizens of Baku. He raised the profile of Baku oil diplomacy. By 1993 a number of foreign oil companies had been invited to negotiate new oil contracts with the Azeri government on two discovered but undeveloped offshore oilfields [Azeri-Chirag]. At the same time a high level protocol was signed with Turkey [Ankara Accord] for the future construction of a trans-national oil export pipeline to the Turkish Mediterranean blue water port at Ceyhan. Geopolitics had entered the story of Baku oil diplomacy, and increased the threat of political interference from Russia to the north.

Elchibey believed that to preserve Azerbaijan's newly won independence, Turkish political and economic support would be a matter of the utmost national priority. Moscow disagreed with this; they saw it as Turkish political interference in their "near abroad". At the same time Elchibey raised misplaced ambitions to see the reintegration of Iranian Azerbaijan into the new Republic. This provoked an unnecessary political risk for increased interference from Iran in the south. In combination with a desperately failed economy, and political chaos arising from a destabilizing war in Karabakh, with a threatened march on Baku from a coup originating in Ganja, all this led in July 1993 to the precipitate political departure of Elchibey and the abandonment of foreign oil contract negotiations. The critical arrival of Heydar

Aliyev from Nakhchivan then followed, to reassert political authority in Baku; firstly as head of Parliament, and then as the elected President.

Curfews were imposed and internal stability restored; an effective cease fire was signed for Karabakh between two exhausted antagonists. Oil negotiations were started for a single consolidated contract encompassing the undeveloped Azeri oil fields of Azeri-Chirag-Deepwater Guneshli. Initially the negotiations were led for Azerbaijan by an external consultant Dr. Marat Manafov. The process proved to be fatally flawed when corrupt proposals were presented to the investors. This led to their total disengagement from all contract negotiation. These were only restarted when the SOCAR senior management team was appointed by the President to represent state interests. This proved remarkably successful, and after prolonged, effective, and intensive effort, the "Chirag-Azeri-Deepwater Guneshli Production Sharing Contract" was signed in Baku on September 20th 1994. The Contract of the Century was born. Fifteen years later the integrity and stability of the Contract still stands, and despite some inevitable conflicts of interest along the way and the many misgivings expressed on the security of Contract in the early years of operation, the Contract has essentially stood the test of time.

Investment Strategies

But why would any foreign companies have exposed themselves to such high political and commercial risk? Undoubtedly investment was encouraged by the clarity and vision being imposed on renewed contract negotiations by the Azeri government; by the inclusion of controlling mechanisms in the proposed contract to allow for paced investment; and increasing geopolitical support both regional and international, that was beginning to emerge from subtle and not so subtle Baku oil diplomacy. Therefore achieving foreign access to a proven giant offshore oilfield using conventional technology was too good a commercial prize to lose. But the overriding element in the mitigation of investment risk in 1994 was the historical coinci-

dence of two world class and politically experienced leaders in Baku and Tbilisi –Presidents Heydar Aliyev and Eduard Shevardnadze. They both enjoyed exceptional access to and influence with their global counterparts to get things done. More importantly from the very senior positions that they had held in the Moscow politburo, they both profoundly understood the political mind set in Moscow, that would prove critical as events unfolded. Both had clear visions of what was required to serve their national interests, and how to manipulate Baku oil resources for geopolitical benefit. "The Contract of the Century" was clearly seen to be the fundamental vehicle from which international political support could be derived and national independence from Russia secured.

What was the commercial prize that would drive such international support? The Chirag Azeri Deepwater Guneshli oil field complex had been discovered by Azeri technocrats before the collapse of the Soviet Union. The shallow water Guneshli oil field had already been developed by Azerbaijani experts in the state oil company [SOCAR]. The giant deepwater Guneshli, Chirag and Azeri oil fields [ACG] were proven but undeveloped, and were all part of and interlinked within the same giant oil bearing structure to be included in the new production sharing contract. Oil had been discovered from earlier appraisal drilling, but in water depths too great to allow for field development using existing Soviet technology. The foreign investors had been allowed to carry out technical due diligence on available oil field data, and agreed with SOCAR that contract negotiations would be based on a common understanding that the undeveloped ACG oilfield had probable recoverable oil reserves of some 3.5 billion barrels.

These were not yet proven reserves, so that within the Production Sharing Contract a Minimum Obligatory Work Programme [MOWP] was agreed that would validate the level of recoverable reserves at ACG. However if MOWP was not completed within thirty six months, this would invalidate the Contract for the investors without compensation. Equally if the programme failed to prove up bankable reserves in sufficient quantity, the investors

could exit the twenty five year Contract without penalty. As the commitment work programme involved direct cooperative effort between SOCAR and AIOC, it would provide the critical test to see whether or not the foreign operating company could successfully work in Baku, as well as test the viability of regional cooperation for logistical support. Conversely it allowed for SOCAR on behalf of the state, to determine whether or not the foreign operator could deliver on its contractual obligations to acceptable standards. Consequently this commitment work programme became the first and fundamental building block within the Contract on which all else would be built; both for the foreign investors and the government of Azerbaijan.

But what were the critical contractual elements that eventually led to the signing of the Contract of the Century in September 1994, what were the fundamental needs of the investors, and how did these align or misalign with the national interests of Azerbaijan? As the first President of AIOC, the external view was clear to me. From the Azerbaijani side, these only became apparent from dealing with President Heydar Aliyev and the head of SOCAR. But the priority for continuous alignment of common interests between host government and foreign investors would be the essential key to any success. This was not always fully appreciated by some of the investors or their SOCAR counterparts that created problems in the early days of operation.

The use of production sharing agreements in global oil investment was common practice. Simple in concept, they were nevertheless complex in application. They were also not universally popular. The cost recovery mechanism allows the foreign investor first priority to recover capital and operating costs from front end oil production. Consequently government revenues from profit oil could be significantly delayed. This was especially true for long lead time mega-projects such as ACG. Nevertheless as a contractual mechanism to attract long term foreign direct investment in high risk operating areas, production sharing was the most effective contract option for government and investor alike. SOCAR consulted broadly, and withstood external pressure to proceed more quickly with contract negotiation before they had

appreciated all the implications. Consequently both parties achieved a contractual balance of mutual self interest that has withstood the test of time.

Heydar Aliyev was clear in his choice of investors. They had to include major oil companies with an international track record and reputation for successful project delivery. Also, they had to have the technical capacity and professional skills to do the work quickly and efficiently, as well as cater for much needed technology transfer. However of particular importance was the ability and willingness of the investors to self finance the early project work. The Baku risk environment was such that conventional project financing was not an option. It was a given that the Contract would include material work and financial commitments, and would address the issue of local national employment and use of Azerbaijani goods and services. But the President primarily saw such a broad range of foreign investors with a diversity of national interests as being the mechanism from which he could build Azeri foreign policy, and secure national stability [Table 1]. Baku oil diplomacy would be his instrument of choice.

The foreign oil companies had an equally clear vision of their specific needs. Firstly that the commercial terms within the Contract would realistically reflect the risk environment involved. Secondly, that the Contract would be enforceable under both Azerbaijani and British laws with rights for international arbitration. The Contract would include mechanisms for economic stabilization, to allow for longevity of commercial balance in investment. Thirdly that joint management of the Contract and its subordinate operating company by government and investors would be through formally constituted committees, with material decisions for investment and development made only by unanimous agreement. No party could be forced to act against its own interest. In the event of deadlock, arbitration could be invoked. Shareholder objectives were achieved.

Importantly, both parties recognized the need to have the Contract spelled out in considerable detail, so that there could be little room for disagreement over well defined rights and obligations. Critically, both parties shared a common economic contract model from which the real rate of return sliding scale production sharing would be agreed. This required full transparency in cost recovery accounting from which profit oil could then be split. SOCAR had done a fine job in protecting national interests and ensuring investor commitment.

The Early Oil Project

Although the minimum obligatory work programme [MOWP] to prove up bankable reserves was the fundamental building block from which AIOC operations would begin, both the President and the foreign oil investors needed far more to demonstrate the long term viability of the "Contract of the Century". The long term vision was that ACG would at some time in the future be producing more than one million barrels a day of oil, with international export through a yet to be identified and independently financed main export pipeline [MEP] to the West. In 1994 this was something of a pipe dream. An early pilot project was needed comprehensive test from which future planning could proceed. More importantly with ongoing foreign investment in such an "Early Oil Project" [EOP], the President could embark with confidence on plans for Baku oil diplomacy. National political objectives were to be aligned with investor interests.

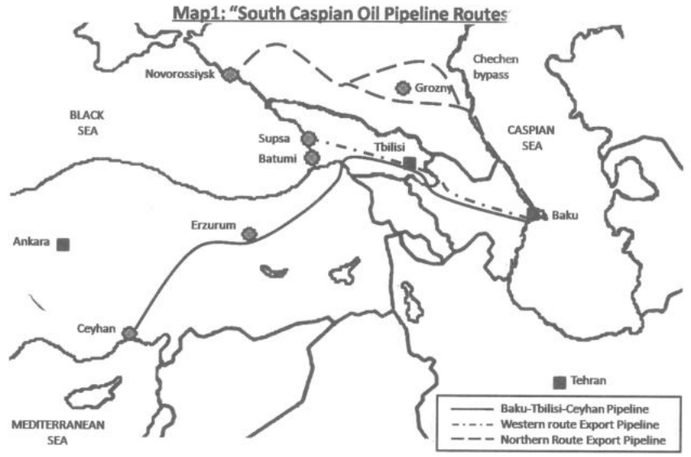
For the foreign investors their strategic objectives were very clear. Firstly EOP would determine whether or not global export of Baku oil from a land locked South Caspian to the Black Sea was possible. A successful MEP would be entirely dependent on the political cooperation of Russia and or Georgia that was by no means guaranteed. Secondly the EOP would be a critical operational test to confirm or not the effectiveness of access to regional logistics through Russia Georgia and Iran, for the supply of international goods and services. Again EOP would be totally dependent on regional cooperation that was by no means guaranteed. Lastly, if contractual rights to any export route or routes were successfully negotiated, then would they be enforceable? In short, "EOP" would be a strategic foreign investment to demonstrate whether or not international oil operations in the South

Caspian could be successfully managed; in terms of corporate, political, commercial, operational and global reputational risk.

Provision had been made within the "Contract of the Century" for such a pilot test. But importantly the EOP was an option for the foreign investors, not a contractual commitment. It was envisaged that an existing SOCAR offshore oil production platform [Chirag 1] could be converted and upgraded to western insurable standards, to take early oil production of some 120,000 barrels per day through a new sub-sea pipeline to Baku. From there the oil was to be sent through existing but unused Azeri export pipeline infrastructure, to connect with Russian pipeline infrastructure, for transport to the Black Sea oil port at Novorossysik. This was to be the Northern Export Route [NER]. NER was at first the only export option identified within the Contract. A second route through Georgia to the Black Sea would follow. The Western Export Route [WER] too became subject to the provisions of the Contract [Map 1]. However if EOP failed, not only would shareholders have lost substantial capital investment, more importantly the long term national interests of both Azerbaijan and Georgia would have been compromised. It was for good reason that Exxon dubbed the EOP the "Billion Dollar Experiment".

Despite the simplicity of concept behind EOP, as a critical pilot project, the operational challenges and risk from political failure was overwhelming. From a land-locked Baku, access to critical infrastructure required the political good will and cooperation of Azerbaijan's immediate neighbors and a hostile Russia in particular. In December 1994 within twelve days of formal ratification of the Contract by the parliament in Baku with mobilization of AIOC, the First Chechen War with Russia had started. This immediately truncated the Northern Export Route. Similarly although the ceasefire negotiated by President Aliyev in 1994 with Armenia over Nagorno-Karabakh was holding, it remained a material threat to any export along the WER. In Baku the internal political situation was also less than stable, culminating in a failed military coup against the President in March 1995. Similar political instability existed in Georgia for President Shevardnadze, who faced severe

Map1: "South Caspian Oil Pipeline Routes"



security problems from separatist movements in Abkhazia and South Ossetia; and from an independent local leader Aslan Abashidze, who controlled Ajaria and the Black Sea oil port of Batumi as well as all road access from Turkey. Not unexpectedly the hand of Moscow was consistently believed to be behind all these threats. The Cold War was alive and prospering in the politics of Caucasus.

Consequently for the shareholders in AIOC, their financial exposure in EOP had to be managed critically through paced investment. This was achieved within the Contract through use of targets as opposed to hard commitments so that flexibility in planning could be achieved. Milestones were used to measure progress. But most importantly strategic and critical contractual conditions precedent had to be met, that if not delivered, further investment in EOP would stop until such time as each condition precedent had been met.

For EOP investment these conditions precedent were made extremely clear:

Firstly, that technical due diligence on the moribund Chirag 1 platform would confirm the integrity of the platform and its practical suitability for upgrade

Secondly, that SOCAR on and offshore infrastructure could be adapted to do the necessary operational and construction work

Thirdly, contractual access to Azeri onshore export pipeline infrastructure, once technical due diligence had confirmed it fit for purpose.

Fourthly, and most critically that enforceable intergovernmental and transportation agreements were formally concluded with Russia [and subsequently with Georgia] before major EOP investment would commence.

Without all conditions precedent being met there would be no EOP. Much would depend on operational support and cooperation from SOCAR that would need to overcome the many difficulties that were to arise between two organizations that were operating in very different cultural paradigms. There was an overwhelming need for a President who would stop such conflicts dead. Effective access to Russian pipeline infrastructure was the ultimate challenge that would be totally dependent on Baku oil diplomacy.

Selection of EOP oil export routes immediately attracted international attention. Differing views and opposing national agendas created unexpected interference in the AIOC investment process. This reflected a very public geopolitical divergence over investor choice of EOP export routes. Both Ankara and Washington opposed any conceivable form of export through Russia, with others quite content to proceed with NER. The more rational investors perceived that the NER and WER were not mutually exclusive for EOP. In fact both routes would be needed for increased export capacity and operational security, a fact not recognized then or now by some investors in AIOC.

Caspian Title and Offshore Oil

However, well before the signing of the "Contract of the Century", the MFA in Moscow was challenging the legal authority of Baku to award any offshore oil contracts. Following the collapse of the Soviet Union no legal regime had been agreed for subdivision of the Caspian Sea. Until such unanimous agreement was achieved, it was claimed by Russia that no foreign investors in any Caspian offshore oil contracts could claim enforceable legal rights to Caspian title within their contract areas [6]. This was a serious challenge to Azerbaijan's sovereignty in their sector of the Caspian Sea. The challenge had been anticipated by President Aliyev, but he never wavered in his belief that, on this issue, Azerbaijani national interests would prevail. He was subsequently proven unequivocally correct.

In October 1993 the newly independent Caspian littoral states, together with Russia and Iran, met in Astrakhan to debate a variety of unresolved legal and environmental issues involved in the joint management of the Caspian Sea. Anatoli Adamishin, Russia's Deputy Foreign Minister, stated that existing treaties between the Soviet Union and Iran prevailed until such time unanimous agreement for a Caspian Regime was reached by all. He went on to claim that the oil negotiations that were proceeding in Baku violated the Iran Soviet Treaty of 1940 that remained in force, and was against Russian national interests. Four out of the five Caspian states signed what became the "Astrakhan Protocol". Azerbaijan abstained.

In November 1993, as a deliberate move in Baku oil diplomacy, Yuri Shafranik Russia's Minister of Energy was invited by President Aliyev to visit Baku. The purpose was to discuss the inclusion of Russian Lukoil as a participating investor in the "Contract of the Century". This was formally agreed. Russian commercial and political interests were seen to have been served. "An Agreement on Cooperation in the Area of Oil and Gas Exploration within the Territory of the Azerbaijan Republic between the Cabinet of Ministers of the Azerbaijan Republic and the Government Council of Ministers of the Russian Federation" was signed on November 20th 1993. Shafranik, under his authority as a member of the Russian Council of Ministers had effectively confirmed Russian recognition of Azerbaijan's right to continue with their contract negotiations in Baku. Shafranik was subsequently censured in Moscow for this act but the agreement stood. A diplomatic coup had been won by President Aliyev. The future presence of Lukoil in the

Contract was to serve both the interests of the Azerbaijan Republic and its foreign oil investors well. Lukoil became a valued member of AIOC.

In April 1994 the Russian MFA submitted a letter to the British Embassy in Moscow stated "that the attention of the British Side was drawn to the fact that the sectoral division of the seabed does not exist in the Caspian, and that any steps by whatever Caspian State that runs counter to this doctrine would not be recognized". BP was the lead foreign negotiator for the Baku Contract. It caught the attention of the foreign investors as to whether or not they should suspend negotiations until offshore title issues were resolved. They promptly concluded that they should proceed with the Contract, based on President Aliyev's resolute position, and inclusion of protective clauses in the Contract. The shareholders based their confidence on three laws passed by the Azerbaijan Parliament in 1991: Law on the Basis for the Economic Independence of the Azerbaijan Republic; Declaration of Restoring State Independence of the Azerbaijan Republic; and the Law on Ownership. Through economic stabilization provisions within the Contact, together with enforceable Government Guarantees and rights to International Arbitration, the interests of the foreign oil companies were well preserved. [6]

Within three days from the signing of the Contract of the Century in Baku on September 20th 1994, the Russian MFA publicly declared the Contract to be invalid, by which time President Aliyev was in New York attending a meeting of the United Nations. Feted by President Clinton and many other international leaders, Baku oil diplomacy had started in earnest. International access to Baku oil had become a global issue. In October, a memo by Russian Foreign Minister Kozyrev to Prime Minister Chernomyrdin was leaked to the Russian press that recommended harsh sanctions against Azerbaijan for their enactment of the Contract. It expressly recommended prohibiting Azeri access to the Russian Volga Don canal and river system that would directly impact on AIOC logistic operations. Southern access to Russian railways had already been cut off, ostensibly arising from security threats in Chechnya.

Nevertheless by late October Prime Minister Chernomyrdin was assuring President Aliyev that Russia would not interfere with the Baku oil Contract. On December 12th 1994 the Azerbaijani Parliament ratified the "Contract of the Century". This then triggered the immediate mobilization of AIOC and the return of international oil to Baku. In Moscow, support for and opposition to the Baku Contract had polarized. President Aliyev had the firm support of Prime Minister Chernomyrdin, Minister of Energy Shafrannik and Vagit Alekperov, President of Lukoil, for offshore operations. However the Russian MFA continued to oppose Azeri rights. On January 27th 1996 Russia and Iran issued a joint statement on the Caspian Sea to the 51st Session of the UN General Assembly, in protest against new offshore oil development. This was to be the last attempt by the MFA in Moscow to derail the intense NER ongoing contract negotiation between Moscow and Baku that were to be successfully concluded one month later.

The issue of unresolved Caspian title continued to rumble on, but did not directly impact on AIOC offshore operations. In June 1995 an "Ad hoc Caspian Working Group" of Caspian foreign ministers was convened in Tehran, to progress a solution for a Caspian Regime. Their work continues today. However, as President Aliyev had privately reassured Malcolm Rifkind, the British Foreign Secretary, on a visit to Baku in January 1996, for Caspian Title resolution common sense and national commercial interest would prevail. It was for the countries of the Caspian to resolve, and outside political interference in the process would be unwelcome. On July 6th 1998 a bilateral agreement for the determination of a median line between the Russian Federation and Kazakhstan was signed in Moscow. This allowed for unchallenged offshore oil development in their respective territorial waters. A precedent had been set by Moscow that effectively removed any further threats to Caspian offshore oil development. In January 2001 President Putin, signed a bilateral treaty that resolved the Caspian median line between Azerbaijan and Russia. President Aliyev's consistent and resolute confidence in Azeri offshore sovereignty, and subtle oil diplomacy with Moscow had prevailed.

The Politicization of EOP Export Pipelines

At the beginning of AIOC operations in Baku in January 1995, a plethora of export options were being discussed. These included swapping early production into the northern refineries of Iran for equivalent Iranian volumes for export from the Gulf; and for similar oil swaps with Lukoil at Astrakhan; by rail shipment of crude through Georgia to Batumi, and through Russia to Novorossiysk; but most importantly through Soviet pipeline infrastructure to the Black Sea. But none of these could be implemented until the first condition precedent for MEP was met. That is would it be technically and commercially feasible to use Chirag 1 as an abandoned SOCAR offshore platform for EOP production operations? If Chirag 1 did not successfully qualify, then plans for EOP would be abandoned. It took five months from kick start of intense technical and operational due diligence by AIOC and SOCAR for this to be achieved.

However selection from existing pipeline infrastructure [Map 1] soon focused on access to existing export pipeline infrastructure through Russia past Grozny to the Russian Black Sea oil port at Novorossiysk. The NER would require flow reversal, as it had previously been used to feed Soviet crude into Baku's oil refineries. A second western export pipeline route had been identified across the Caucasus through Georgia to the Black Sea [WER]. Both options had their disadvantages and attractions. NER would have to transit Chechnya where the First Russian Chechen War had already erupted. But the line was believed to be technically sound and commercially viable, requiring minimal investment. Azerbaijan would be responsible for line upgrade and pipeline operations in country, with Russian Transneft being operationally responsible for the Russian sector. Conversely the WER through Georgia had fewer issues associated with direct security, but the existing pipeline infrastructure was incomplete, disconnected, and in very poor state of physical repair.

In February 1995 at a confidential meeting with President Aliyev, the heads of SOCAR and AIOC were given a very firm directive that dictated

early pipeline strategy. For the selection of any export route, under all eventualities, Russian national interests were to be served first. There were to be no situations created by Baku that would actively alienate President Aliyev's political allies in Moscow. Therefore initial pipeline negotiations would focus on obtaining intergovernmental and oil transportation contracts with Russia for the NER. Preparatory work could also start on WER, but not brought into full effect until such time as Russian contracts had been signed. For President Aliyev it was in Azerbaijani national interests to be aligned with but not subordinate to a cooperative Russia; a view entirely shared by President Shevardnadze in Georgia. The geopolitical imperative could not have been made clearer for Baku oil diplomacy.

But, the Presidential directive had been given behind closed doors and stayed that way. It had been suspected by some, but for many the selection of an export route for EOP became a matter of national and international debate. It created a "cottage industry" for politicians, journalists, academicians and petroleum consultants, all of whom claimed special knowledge on how EOP export route selection would be made [6,7]. However, for the foreign investors commercial realities would temper political choices, as they would be the ones required to self finance the final choice. But reality had already been accepted by the more realistic investors in AIOC; that both routes would be needed for operational security, flexibility, capacity, and broader political cooperation both within and outside the region. Access to the Volga Don in Russia was important for AIOC operational logistics; and Georgian ports linked to the Trans-Caucasian railway played an equally important role. AIOC and its investors could afford to offend no one.

There was also a more subtle reason to see the Russian northern route go first. If AIOC oil was accepted by Russia for export through their pipeline system under an enforceable treaty and a freely negotiated transportation agreement, it would be a *de facto* recognition by Russia of Azerbaijan's sovereign rights to produce oil from their sector of the Caspian Sea. This was to be another building block in Baku oil diplomacy, this time for resolution of

a Caspian Regime [see above]. Transneft was to accept SOCAR oil across their border in October 1997.

Turkish National Interests and EOP

Since 1993 and the Ankara Accord, Turkey had seen it as a national priority that a main export pipeline would be built from Baku to their blue water oil port on the Mediterranean at Ceyhan. This had become a fundamental plank in Turkish foreign policy for the promotion of Turkish national interests across the Caucasus, the Caspian, and eastwards into Central Asia. For the foreign investors in AIOC it was an option that could only become reality if sufficient bankable recoverable oil reserves were proven in Azerbaijan's offshore, and if no more commercially attractive export options emerged in the future. As part of the MOWP, AIOC on behalf of the Azerbaijan government had committed to study a variety of export route options for a future main export pipeline [MEP] to report at the end of the MOWP commitment period [after 36 months], with a preferred recommendation.

A variety of Main Export Pipeline (MEP) routes were identified; from Baku to Novorossiysk; from Baku through Georgia to a new export terminal on the Black Sea; from Baku through Iran to Ceyhan; through Armenia to Ceyhan; and through Georgia to Ceyhan. However, although under the "Contract of the Century" the building an MEP was an option and not a commitment [an issue for much future political and commercial friction], it was inevitable that the Baku – Tbilisi - Ceyhan [BTC] pipeline would become the preferred choice. Any Russian option for an MEP was to be destroyed by security problems in Chechnya. Likewise an MEP export from Georgia would have required Black Sea constricted and competitive oil transits through the Bosporus that created an unacceptable long term environmental risk for AIOC investors. The American investors in AIOC, constrained by the US Iran Libyan Sanctions Act, could never accept Iranian

transit to Turkey. A similar transit through Armenia was equally unacceptable for Baku, with its unsettled war in Nagorno-Karabakh. Therefore the question for BTC as an MEP had always been "when" and "how", not "if" or "where", a fact that clearly was not recognized in Ankara or Washington.

Herein lay the rub. Turkey through TPAO, the state oil company, was a founder investor in the "Contract of the Century" and AIOC. They were there to capture a contractual commitment for the early construction of BTC. But Turkey was only a minor shareholder in AIOC with little power to influence events [Table 1]. By the summer of 1995 when investor commitments to EOP were close, the Turkish Government adopted a very public and aggressive position to capture contractual commitments from AIOC and the Azeri government for BTC. Turkey was convinced that if an EOP route was selected through Russia [NER] then no Georgian western route would follow, and that Russia would then ensure that no BTC would ever be built.

Turkey was encouraged in this belief by direct political support from Washington. [8] BTC too had become an integral part of President Clinton's Caspian and Central Asian foreign policy agenda. The American strategy was clear; that by supporting Turkey they would achieve several national objectives. Guaranteed access to Turkish military infrastructure was fundamental to the US political policy and practical containment of Iran and Iraq. This would be directly linked to US reciprocal support for BTC. At the same time increased American influence in the Russian near abroad was seen to correspondingly decrease Russian political influence in the same areas, bringing with it direct access to considerable non-OPEC oil and gas reserves in which BTC would play a lead function.

BTC was therefore seen to be of vital national interest for the future energy security of the United States and its European allies. It soon became an emotionally charged mantra from the National Security Council in Washington that no South Caspian oil would go through Russia or Iran, and that all multiple export route options to be chosen by AIOC and its investors must terminate in Turkey. But direct investment from Washington in BTC

was not included in the agenda. That was seen to be the responsibility of AIOC investors, to be carried out under political instruction. Neither Ankara nor Washington could be persuaded otherwise. The Washington political view had to prevail, despite consequences arising from distrust and inevitable delays. The AIOC investors did not take this political interference in their commercial business with good grace. Despite so many later claims to the contrary, when BTC was finally built, it was on the basis of commercial not political decisions. Investment had always been dependent on AIOC first proving bankable oil reserves at ACG, that were required to finance this international mega project. Claims of a geopolitical "win" by Washington and Ankara over Russian regional interests could not have been further from the truth. Commercial reality had prevailed.

But the political situation in 1995 was fragile and complex. For President Aliyev good relations with Washington was an essential plank in Azerbaijan's foreign policy based on oil diplomacy. Washington's support for resolution of the Nagorno-Karabakh conflict was seen as critical, in view of the effectiveness of a hostile Armenian lobby. At the same time Baku could not offend Russia. Political and practical support from Washington was also important to several American investors with broader political interests at home [7]. London truly remained neutral in the choice of export routes. The British Foreign Office felt that this was a political and commercial decision for Azerbaijan and the foreign shareholders, who after all would self-finance the decision. London was however vitally interested that British industry should benefit from Baku oil development, wherever possible. A parallelogram of opposing strategic forces was beginning to emerge; between Moscow, Ankara and Washington, the foreign oil companies, and the leaders in Baku and Tbilisi; all within a very fragile poverty stricken Caucasus. EOP had been politicized.

The Turkish government now turned to search for alternative incentives to achieve their political end. They were determined to get a firm commitment from the foreign investors to commit to BTC. Following a high profile visit from Prime Minister Tansu Ciller with President Aliyev in Baku in summer

1995, the Turkish Government offered AIOC preferential financing of some $250 million, for the refurbishment of the western export route. This corresponded to the initial scoping budget for the WER. But this Turkish preferential finance was highly conditional. Ankara demanded that all initiatives to progress an NER through Russia would be abandoned; that export volumes through the WER would be capped at 120,000 barrels per day [to maintain WER as a short term export option only]; and most importantly a firm contractual commitment from AIOC and President Aliyev that BTC would be built. For the foreign investors these were impossible conditions to accept.

As we have seen a commercially viable NER was a fundamental element in Baku [and Tbilisi] oil diplomacy; and until there were sufficient proven bankable reserves in ACG, any commitment to investment in an MEP would be premature. Nevertheless, led externally by Turkey's MFA and internally by their state oil company TPAO, it all developed into a heated publicity campaign to pressurize AIOC [and its President in particular] into agreeing the Turkish national objective. The offer for Turkish financing was formally rejected by the shareholders in a confidential management committee meeting at Gatwick, England. At one point the AMOCO chairman received a call on his mobile phone direct from the State Department in Washington, instructing him to ensure that the shareholders would all support the Turkish TPAO position. This was unprecedented political interference by Washington in the commercial decision process of the multinational investors in AIOC. It was firmly rejected. As AIOC would be self financing rehabilitation of the WER, access to alternative preferential financing would have been attractive, but not with unacceptable encumbrance.

In May 1995 following an AIOC visit to Moscow, Energy Minister Shafrannik approached Azerbaijan with a proposal for the reversal of the Baku Novorossiysk pipeline systems as the basis for an NER. By June President Aliyev had announced publicly that an EOP would be completed by fourth quarter 1996. But for the foreign shareholders this would only meet with their commitment if the conditions precedent for intergovernmental export

route agreements had been signed by Moscow. Contractual conditions precedent and Baku oil diplomacy were now inexorably linked; Azeri national interests and investor needs were completely aligned; and Baku oil diplomacy was being driven forward by a "hands on" President with whom political priorities were shared.

In June two joint teams of SOCAR/AIOC experts were formed to negotiate intergovernmental and transportation contracts, firstly with Moscow for the NER and subsequently with Tbilisi for the WER. In September 1995 AIOC shareholders approved draft agreements for both export routes, but with the condition precedent that agreements must be first concluded with Moscow and at the earliest opportunity. For the NER, Azerbaijan would become responsible for rehabilitation of its own oil export infrastructure, as well as operational control from Baku to the Russian border. At this point Azeri oil would be transferred to Transneft, that would deliver an equivalent volume of Urals Blend crude for Azeri oil export from their Black Sea port facilities at Novorossiysk.

Such contractual arrangements would prove highly favorable for Baku. Transneft was operationally responsible for oil transits through a war torn Chechnya; that later required them to build a pipeline bypass around Grozny [Map 1]. If for security reasons oil transits through Chechnya failed, under the proposed oil swap agreements Azerbaijan would still get oil for export from Novorossiysk. Likewise although Azerbaijan would be receiving an inferior quality of swapped crude, this oil swap came with preferential rights of export from a seriously congested port; much to the annoyance of Tengiz Chevron and their Washington political supporters for whom this posed a commercially competitive threat. That minimal capital would be needed for pipeline upgrade in the Azeri sector [$60 million] was an added bonus for the Azeri investors that initially made the NER more competitive export route option.

But the path toward final signature of agreements in Moscow for the NER proved difficult, complex, and unpredictable. The conflict of opposing interests between the Ministry of Energy, Transneft and the Ministry of Foreign Affairs again emerged, [reference Caspian Title above], with the introduction

in November of the Russian Ministry for Foreign Economic Relations into the negotiation process. They wished to reopen all aspects of draft agreements that had already been finalized. By mid-December the shareholders had become frustrated by lack of progress on obtaining Russian signatures on the final documents. President Aliyev was using all best efforts to progress the matter, as investor conditions precedent meant that they would commit no work or funds to EOP without them. In January 1996 during a visit to Baku by Malcolm Rifkind the British Foreign Secretary, it was agreed that PM John Major would bring UK political pressure to bear on his Russian counterpart to accelerate a conclusion. Likewise in Washington VP Al Gore was also making an identical approach to PM Chernomyrdin. Both were a visible demonstration that Baku oil diplomacy was working well.

On January 27th Russia and Iran raised an official challenge in the UN General Assembly protesting against any offshore oil development in the Caspian. This was a belated attempt by the MFA in Moscow to block the NER process for signature of final agreements. Finally on February 15th 1996 Presidential Resolution 146 approved Russian signature of the Intergovernmental Agreement between Russia and Azerbaijan. This was in fact a Treaty that created mutual intergovernmental obligations that were enforceable under international law. On February 19th, under Presidential Resolution 550, official approvals were given for Transneft to engage with SOCAR and AIOC to reactivate their northern pipeline route. On February 19th AIOC shareholders formally acknowledged that conditions precedent had been met, and investment in EOP was approved. The second milestone for Baku oil diplomacy was reached.

Agreements and approvals soon followed for the WER. But the technical due diligence that had preceded contract signature there were flawed. The discontinuous Soviet pipeline structure was in a very poor state of preservation. Transneft had also warned AIOC and SOCAR that the Georgian sector included randomly distributed rouge pipe that did not meet acceptable operating standards. This had not been identified during AIOC due dili-

gence. The initial budget approved for WER rehabilitation was set at $250 million, of which some $100 million was planned for Georgia. Events proved otherwise. The final expenditures for the WER rose to almost $640 million with $420 million being spent in Georgia. But without access to the WER that was commissioned in April 1999, oil exports from Baku would have been frozen when the NER was shut by the outbreak of the Second Chechen War soon after.

Conclusion

Baku oil diplomacy had won. The first diplomatic milestone in Baku oil diplomacy was reached with the signing of the "Contract of the Century" in Baku on September 20th 1994. Within one week, President Aliyev was in New York for a commemorative meeting to mark the 50th Anniversary of the Founding of the United Nations. Nineteen Heads of State were to visit President Aliyev in his suite at the UN Plaza Hotel, including a large US delegation led by Secretary Madeleine Albright. President Clinton had separately invited a handful of Presidents for private meetings in the White House, which had included Presidents Yeltsin, Aliyev and Shevardnadze [who in the end could not attend as he faced a threatened coup at home] It was reported by several diplomats at the time that "once again there was a smell of oil permeating Washington!"

EOP had become the flagship of Baku oil diplomacy. By the end of 1996, Azerbaijan had signed six new production sharing agreements. United States and Russian commercial interests were again well served, but French, Italian, German, Belgian, and Iranian commercial interests had joined the Baku oil race. Three further oil contracts were signed in 1997, with US commercial interest still in the ascendancy. By 1998 eighteen exploration and development contracts had been signed involving twenty eight international oil and gas companies representing thirteen national interests. All were diplomatically tied to Azerbaijan

through Baku oil. Regional powers were well served [Moscow, Ankara, and Tehran] as well as Washington and London. Most of the capitals in Europe together with Tehran, Tokyo and Riyadh had embassies in Baku. As President Aliyev had predicted from the first, "Flag would Follow Trade." This was a simplistic but effective definition of what Baku oil diplomacy was all about.

The process culminated in Baku on November 7th with an international celebration of production of "First Oil" from Chirag 1. This date was deliberately chosen to coincide with the 48th anniversary of offshore oil export from Oil Rocks that was perhaps an even greater milestone in the history of Baku oil. Regrettably the day was marred by a public clash between representatives from Washington, Ankara and Moscow. Deputy Prime Minister of Russia Boris Nemtsov proposed that any future export route for an MEP should be based on commercial competition for investors to decide. For Prime Minister of Turkey Mesut Yilmaz and Secretary Bill White [USA] it was BTC or nothing. President Aliyev was too politically astute to make such pronouncements in public, but was in fact aligned with Washington. He still needed US political support for resolution of the Nagorno-Karabakh "frozen" conflict, and the repeal by Congress of Section 907 of their Freedom of Support Act.

On October 20th 1997 SOCAR oil was successfully transferred across the Azerbaijani-Russian border to Transneft, for onward shipment to Novorossiysk. On December 26th the first lifting of AIOC "early oil" from Novorossiysk took place. AIOC was now fully operational and the last milestone for EOP and Baku oil diplomacy was reached. Enormous challenges had been overcome. An effective if not always respectful level of cooperation had developed between two opposing business paradigms at SOCAR and AIOC. The transition from what could only have been described as political chaos in 1994 had settled into a state of relative political stability. International alliances that would have been considered impossible for Azerbaijan in 1994 were working. Those international skeptics who had originally called the EOP "Mission Impossible" had been proven wrong. However for one external player a lesson had been learned. For both the First and Second Independent Democratic Re-

publics of Azerbaijan, the old Caucasian saying "Better a good neighbor than a distant relative" encapsulates all.

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CHAPTER IV
Armenia-Azerbaijan Conflict

ARMENIA-AZERBAIJAN NAGORNO-KARABAKH CONFLICT: HISTORICAL BACKGROUND, LEGAL ASPECTS AND NEGOTIATION PROCESS

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1. Historical and Political Background

1.1. Basic facts

The Nagorno-Karabakh region of the Republic of Azerbaijan is part of the geographical area called Garabagh (Qarabağ). The name of this part of the country consists of two Azerbaijani words: "qara" (black) and "bağ" (garden).[1] This area covers the lands from the Araz River in the south to the Kur River in the north, and from the junction of the Kur and Araz Rivers in the east to the eastern ranges of the Lesser Caucasus in the west.

From ancient times up to its occupation by the Russian Empire in the early 19th century, this region was part of different Azerbaijani states. On 14 May 1805, the Treaty of Kurakchay was signed between Ibrahim Khan,

[1] The term "Nagorno-Karabakh" is a Russian translation of the original name in Azerbaijani language – Dağlıq Qarabağ (pronounced Daghlygh Garabagh), which literally means mountainous Garabagh. In order to avoid confusion the widely referred term "Nagorno-Karabakh" will be used hereinafter.

Khan of Karabakh, and Tsitsianov, the representative of the Russian Czar, and the Karabakh khanate came under Russian rule.

The occupation of the Northern Azerbaijani territories – excluding Nakhchivan and Iravan khanates – was affirmed in the Gulustan peace treaty, signed between the Russian Empire and Persia on 12 October 1813. According to the Turkmanchay peace treaty signed on 10 February 1828, the Nakhchivan and Iravan khanates came under the Russian rule.

After the signing of the Gulustan and Turkmanchay treaties a very rapid mass resettlement of Armenians in Azerbaijani lands took place, resulting in an artificial territorial division.

Within the Russian Empire, the territory once belonging to Azerbaijan was split, under a number of laws, among different administrative divisions. According to the final administrative divisions, Azerbaijan was split among the Baku, Elizavetpol and Iravan provinces, and Zagatala okrug. The Elizavetpol province included, *inter alia*, the area presently under Armenian military occupation.

Between 1905 and 1907 Armenians carried out a series of large-scale massacres against Azerbaijanis. The atrocities began in Baku and then extended over the whole of Azerbaijan and Azerbaijani villages in the territory of present-day Armenia. Hundreds of settlements were destroyed and wiped from the face of the earth, and thousands of civilians were massacred.

Taking advantage of the situation following the First World War and the February and October 1917 revolutions in Russia, the Armenians began to pursue the implementation of their plans under the banner of Bolshevism. Thus, under the watchword of combating counter-revolutionary elements, in March 1918 the Baku commune began to implement a plan aimed at eliminating the Azerbaijanis from the whole of the Baku province. Outside of Baku, solely because of their ethnic affiliation, thousands of Azerbaijanis were annihilated also in the Shirvan, Karabakh, Zangazur, Nakhchivan, Lankaran and other regions of Azerbaijan. In these areas, the civilian population was exterminated en masse, villages were burned and cultural monuments were destroyed and obliterated.

On 28 May 1918, the Azerbaijan Democratic Republic (ADR) was proclaimed. On the same date, the Republic of Armenia was established. Article 1 of the Declaration of Independence of the ADR provided that "Starting from this day the people of Azerbaijan will have their sovereign rights. Azerbaijan that consists of Eastern and Southern Transcaucasia shall be a legal independent State".

On April 1919, the Allied Powers recognized temporary Karabakh General-Governship, which was established by the ADR on January 1919 and consisted of Shusha, Javanshir, Jabrayil and Zangazur uezds (uezd - administrative-territorial unit of the Russian Empire, which was applied in the ADR and Azerbaijan SSR until the late 1920s) with the center in the town of Shusha, to be under Azerbaijani jurisdiction and Khosrov bay Sultanov as its governor. In 1919, the Armenian National Assembly of Nagorno-Karabakh officially recognized the authority of Azerbaijan.

On 28 April 1920, the Soviet Socialist Republic of Azerbaijan (hereinafter – Azerbaijan SSR) was established. The facts illustrate that over the 70 years of the Soviet rule, Armenians succeeded in expanding their territory at the expense of Azerbaijan and expelling the Azerbaijanis from their historical lands. During this period, the aforementioned policy was implemented systematically and methodically. As a result, the territory of Azerbaijan, which in 1918-1920 constituted 114.000 sq.km, was reduced to 86.600 sq.km during Soviet rule.

On 30 November 1920, the western part of the Zangazur uezd was included in Armenia. As a result, the Nakhchivan region was cut off from the main body of Azerbaijan.

On 13 October 1921, the Treaty of Friendship between the Armenian SSR, Azerbaijan SSR and Georgian SSR, on the one hand, and Turkey, on the other, was concluded in Kars with the participation of the Russian Soviet Federative Socialist Republic. In Article 5 of the Treaty the Governments of Turkey, Armenia, and Azerbaijan expressed their consent that "the Nakhchivan oblast [...] forms an autonomous territory under the protection of Azerbaijan".

From 12 March 1922 to 5 December 1936 Azerbaijan was a part of the Transcaucasian Soviet Federative Socialist Republics (hereinafter - TSFSR). Until the admission of Azerbaijan into the TSFSR, the Basarkechar region of the New-Bayazid uezd of the Russian Empire borders and 2/3 of Sharur-Daralayaz uezd were included in Armenia. After the admission of Azerbaijan into the TSFSR a considerable portion of Gazakh uezd, a number of villages from Jabrayil uezd and the Autonomous Soviet Socialist Republic of Nakhchivan (hereinafter - Nakhchivan ASSR) were included in Armenia.

On the pretext of resettling the Armenians coming from abroad, the Council of Ministers of the USSR adopted on 23 December 1947 and 10 March 1948 special decisions on the resettlement of collective farm workers and the other Azerbaijanis from the Armenian SSR to the Kur-Araz lowlands in the Azerbaijan SSR. Under these decisions, during the period between 1948 and 1953 more than 100,000 Azerbaijanis were forcibly resettled from their historical homelands – the mountainous regions of Armenia – to the then waterless steppes of Mughan and the Mil plateau.

1.2. The Nagorno-Karabakh Autonomous Oblast of the Azerbaijan SSR

As far as Nagorno-Karabakh is concerned, in response to territorial claims of the Armenian SSR regarding this part of Azerbaijan, on 5 July 1921, the Caucasian Bureau of the Central Committee of the Russian Communist (Bolshevik) Party decided that:

"Taking into consideration the necessity of national peace between the Muslims and the Armenians, the importance of the economic relations between Upper and Lower Karabakh and the permanent relations of Upper Karabakh with Azerbaijan, Nagorno-Karabakh shall be retained within the boundaries of the Soviet Socialist Republic of Azerbaijan and broad autonomy shall be given to Nagorno-Karabakh with Shusha city as an administrative center."

On 7 July 1923, the Nagorno-Karabakh Autonomous Oblast (NKAO) was established in the mountainous part of Karabakh, where the majority of the population was Armenian. The town of Khankandi was defined as the administrative centre of the autonomy. In September 1923, the name of the town was changed to Stepanakert after Stepan Shaumian, Dashnak, and "Bolshevik" leader.

The borders of the NKAO were defined in that way to ensure a majority Armenian population. According to the population census of 12 January 1989, the population of the autonomous oblast was around 189,000 persons; of them: around 139,000 Armenians – 73,5 %, around 48,000 Azerbaijanis – 25,3 %, and around 2000 representatives of other nationalities – 1,2 %. At the same time, about 200,000 Azerbaijanis resided in Armenia at that time and were refused even cultural autonomy, both by the USSR central government, and the government of the Armenian SSR.

The allegations of discrimination against the Armenian population of Nagorno-Karabakh do not stand up to scrutiny. In reality, the NKAO possessed all essential elements of self-government.

The status of Nagorno-Karabakh as an autonomous oblast within the Azerbaijan SSR was stipulated in the Constitutions of the USSR of 1936 and 1977. In accordance with the Constitutions of the USSR and the Azerbaijan SSR, the legal status of the NKAO was governed by the Law "On the Nagorno-Karabakh Autonomous Oblast", which was adopted by the Supreme Soviet of the Azerbaijan SSR on 16 June 1981 following its submission by the Soviet of People's Deputies of the NKAO. As a national territorial unit, the NKAO enjoyed a form of administrative autonomy, and, accordingly, had a number of rights, which, in practice, ensured that its population's specific needs were met. Under the Constitution of the former USSR, the NKAO was represented by five deputies in the Council of Nationalities of the Supreme Soviet of the USSR. It was represented by 12 deputies in the Supreme Soviet of the Azerbaijan SSR.

The Soviet of People's Deputies of the NKAO — the governing authority in the region — had a wide range of powers. It decided all local issues

based on the interests of citizens living in the oblast and with reference to its national and other specific features. Armenian was used in the work of all government, administrative and judicial bodies and the Procurator's Office, as well as in education, reflecting the language requirements of the majority of the region's population. Local TV and radio broadcasts and the publication of newspapers and magazines in the Armenian language were guaranteed in the NKAO.

In the period 1971 to 1985, 483 million rubles of capital investment were channeled into the development of the NKAO, 2.8 times more than in the previous 15-year period. Over the preceding 20 years, the volume of per capita capital investment had increased nearly fourfold (226 rubles in 1981-1985 against 59 rubles in 1961-1965). Over the preceding 15 years, per capita housing construction amounted to 3.64 square meters in Azerbaijan as a whole, whereas for the NKAO the figure was 4.76 square meters. The number of hospital beds per 10,000 inhabitants was 15 per cent higher in the NKAO than in the rest of the republic.

The NKAO ranked relatively high among the republic's regions in terms of the number of pre-school places available. Thus, in the period 1971 to 1985 the increase in the number of places in children's institutions per 10,000 inhabitants in the oblast was 1.4 times the average for the republic. The same is true of the increase in the number of places per 10,000 inhabitants in schools providing general education, the NKAO being ahead by a factor of 1.6.

The fact that provision of housing, goods and services was superior to that in the republic as a whole was typical of the social and cultural development of the oblast. Per capita living space in apartment buildings in the region was almost one third greater than the average for the republic, while rural dwellers had 1.5 times more living space than peasants in the republic as a whole.

The population of the oblast had access to greater numbers of medium-level medical personnel (1.3 times more) and hospital beds (3 per cent more). There was a more extensive network of institutions providing cultural and information services (more than three times the number of cinemas

and clubs and twice as many libraries), and there were 1.6 times more books and magazines per 100 readers.

In fact, the NKAO was developing more rapidly than Azerbaijan as a whole. For example, whereas industrial output in the republic increased three-fold between 1970 and 1986, in the NKAO it grew by a factor of 3.3 (the rate of growth there was 8.3 percent higher). In 1986, 3.1 times more fixed capital assets were brought into use in the oblast than in 1970; in the republic the figure was 2.5. As far as basic social development indicators were concerned, the NKAO exceeded the average republic-wide standard of living indicators in the Azerbaijan SSR. There was significant progress in the development of cultural establishments, both in the oblast and throughout the republic.

In the 1988/89 school year, there were 136 secondary general education schools in Nagorno-Karabakh using Armenian as the language of instruction (16,120 pupils) and 13 international schools (7,045 pupils). In Azerbaijan as a whole during that school year, there were 181 Armenian schools (20,712 pupils) and 29 international schools (12,766 pupils). The State Pedagogical Institute in Khankandi had more than 2,130 students, mostly Armenian, studying in its Azerbaijani, Armenian and Russian divisions. In addition, Nagorno-Karabakh had dozens of specialized secondary schools and vocational training institutes offering instruction in Armenian and Russian.

Five independent periodicals appeared in the Armenian language. Unlike other administrative territorial units of Azerbaijan located far from the capital of the republic in mountainous areas, the NKAO was equipped with technical infrastructure to receive television and radio programs.

As has been explained above, and as the existence and development of the NKAO within Azerbaijan confirms, the form of autonomy that evolved in the Soviet period, fully reflected the specific economic, social, cultural and national characteristics of the population, and the way of life, in the autonomous region.

1.3. Beginning of the contemporary phase of the conflict

The present-day stage of the Armenia-Azerbaijan conflict began at the end of 1987 with attacks on Azerbaijanis in Khankandi (during the Soviet period – Stepanakert) and Armenia, resulting in a flood of Azerbaijani refugees and internally displaced persons.

On 20 February 1988, the representatives of the Armenian community at the session of the Soviet of People's Deputies of the NKAO adopted a decision to petition to the Supreme Soviets of the Azerbaijan SSR and the Armenian SSR for the transfer of the NKAO from the Azerbaijan SSR to the Armenian SSR.

On 22 February 1988, near the settlement of Asgaran, on the Khankandi-Aghdam highway, Armenians opened fire on a peaceful demonstration by Azerbaijanis protesting against the above decision. Two Azerbaijani youths lost their lives as a consequence:the first victims of the conflict.

On 26-28 February 1988, twenty-six Armenians and Azerbaijanis were killed as a result of disturbances in Sumgait. It is notable that one of the leading organizers in these events was Edward Grigorian, an Armenian and native of Sumgait, who was directly involved in the killings and violence against Armenians and the pogroms in the Armenian neighborhoods. By decision of the Criminal Division of the Supreme Court of the Azerbaijan SSR dated 22 December 1989, Grigorian was sentenced to 12 years imprisonment. The Court found Grigorian to be one of the organizers of unrest and massacres. Depositions by witnesses and victims show that he had a list of flats inhabited by Armenians and, together with three other Armenians, called for reprisals against Armenians, in which he took part personally. His victims (all Armenians) identified Grigorian as one of the organizers and active figures in the violence. In fact, events in Sumgait, necessary for the Armenian leadership as a justification for launching an extensive anti-Azerbaijani campaign and justifying the ensuing aggressive actions against Azerbaijan, had been planned and prepared in advance.

During 1988-1989 all Azerbaijanis were forced to leave Armenia. In the course of mass deportation, at least 216 Azerbaijanis were killed and 1,154

people were wounded. Refugees from Armenia – eventually numbering approximately 200,000 people – began to arrive in Azerbaijan.

On 23 September 1989, the Supreme Soviet of the Azerbaijan SSR adopted the Constitutional Law "On Sovereignty of the Azerbaijan SSR," 5th provision, which provided, *inter alia*, "that sovereignty of the Azerbaijan SSR shall cover the whole of its territory, including Azerbaijan's integral parts – Nakhchivan ASSR and NKAO", and that "the borders of the Azerbaijan SSR with other Union Republics might be altered only by mutual agreement of republics concerned."

On 1 December 1989, the Supreme Soviet of the Armenian SSR adopted a resolution on the re-unification of the Armenian SSR and Nagorno-Karabakh.

On 10 January 1990, the Presidium of the Supreme Soviet of the USSR adopted the Resolution "On incompatibility of the acts of the Supreme Soviet of the Armenian SSR concerning Nagorno-Karabakh with the Constitution of the USSR", in which was stated the unlawfulness of the unification of the Armenian SSR and Nagorno-Karabakh without the consent of the Azerbaijan SSR.

On 20 January 1990, with the approval of the Soviet leadership under Mikhail Gorbachev, Soviet army units were dispatched to Baku. Their reprisals, which were conducted with uncommon savagery, left hundreds of innocent Azerbaijani citizens dead and wounded.

In 1991, the central law-enforcement agencies of the then USSR apprehended dozens of the Armenian armed groups that operated outside Nagorno-Karabakh. The Chaykand village of the Khanlar district of Azerbaijan was turned, by the Armenian armed groups, into a criminal hub from which they bombed and shelled surrounding villages and roads, terrorizing the local Azerbaijani population. From 1989 to 1991, in Chaykand and adjacent areas only 54 people fell victim to Armenian armed groups. In 1992, Azerbaijan regained its control over the Goranboy district.

On 30 August 1991, the Supreme Soviet of Azerbaijan, with regard to the Constitutional Law of 23 September 1989, declared the restoration of state independence established in 1918 by the ADR.

On 2 September 1991, the joint session of the Nagorno-Karabakh regional and Shaumian district Soviet of People's Deputies declared the establishment of "the Nagorno-Karabakh Republic" within the borders of the NKAO and Shaumian district of Azerbaijan.

The Constitutional Act "On State Independence of the Republic of Azerbaijan", adopted on 18 October 1991, established the political and economical foundations of the Republic of Azerbaijan.

On 26 November 1991, the Supreme Soviet of the Republic of Azerbaijan adopted a Law "On the Abolition of the Nagorno-Karabakh Autonomous Oblast of the Republic of Azerbaijan".

At the end of 1991 and the beginning of 1992 the conflict turned to its military phase. Taking advantage of the political instability as a result of the dissolution of the Soviet Union and internal squabbles in Azerbaijan, Armenia initiated, with external military assistance, combat operations in Nagorno-Karabakh.

In February 1992, an unprecedented massacre was committed against the Azerbaijani population in the town of Khojali. This tragedy, which became known as the Khojali genocide, involved the extermination or capture of thousands of Azerbaijanis; the town was razed to the ground. Over night from 25 to 26 February 1992, Armenian armed forces with the help of infantry guards regiment № 366 of the former USSR implemented the seizure of Khojali. The inhabitants of Khojali remaining in the town before the tragic night (about 2,500 people) tried to leave their houses after the beginning of the assault in the hope of finding a way to the nearest place populated by Azerbaijanis. But instead, the invading forces destroyed Khojali, massacring the population.

The annihilation of hundreds of blameless inhabitants of Khojali was one of the most heinous crimes during the armed conflict in and around the Nagorno-Karabakh region of the Republic of Azerbaijan. The Armenian armed forces and foreign military units spared virtually none of those who had been unable to flee Khojali and the surrounding area. As a result, 613 persons were killed, including 106 women, 63 children and 70 elderly people. 1,275 inhabitants were taken hostage, while the fate of 150 persons remains unknown to this day. In the course of the tragedy 487 inhabitants of Khojali were severely maimed, including 76 children. Six families were completely wiped out, 26 children lost both parents, and 130 children lost one of their parents. Of those who perished, 56 persons were killed with particular cruelty: burning alive, scalping, beheading, gouging out of eyes, and bayoneting of pregnant women in the abdomen.

Armenian officials deny their responsibility for the crimes committed during the conflict, including against the population of Khojali, falsifying facts and perpetuating interpretations of the events, which deviate from reality. Nevertheless, even the subtlest propaganda will never manage to disprove the facts that speak of a situation diametrically opposite to that represented by the Armenian side.

Apart from the considerable information in possession of the law-enforcement agencies of the Republic of Azerbaijan, the responsibility of Armenia is documented also by numerous independent sources and eyewitnesses, and is in some cases acknowledged by the direct perpetrators of the massacre.

Thus, for example, Markar Melkonian, brother of the well-known international terrorist Monte Melkonian, while considering what has happened in Khojali simply a consequence of "discipline problems" and "insubordination" among Armenian military units, testified the following:

At about 11:00 p.m. the night before, some 2,000 Armenian fighters had advanced through the high grass on three sides of Khojalu, forcing the residents out through the open side to the east. By the morning of February 26, the refugees had made it to the eastern cusp of Nagorno-Karabagh and had begun working their way downhill, toward safety in the Azeri city of Agdam, about six miles away. There, in the hillocks and within sight of safety, Nagorno-Karabagh soldiers had chased them down. "They just shot and shot," a refugee woman, Raisa Aslanova, testified to a Human Rights Watch investigator. The Arabo fighters had then unsheathed the knives they had carried on their hips for so long, and began stabbing.

Now, the only sound was the wind whistling through dry grass, a wind that was too early yet to blow away the stench of corpses.

Monte crunched over the grass where women and girls lay scattered like broken dolls. "No discipline", he muttered. He knew the significance of the day's date: it was the run-up to the fourth anniversary of the anti-Armenian pogrom in the city of Sumgait. Khojalu had been a strategic goal, but it had also been an act of revenge.[2]

In his book "Black Garden: Armenia and Azerbaijan through peace and war", the British journalist Thomas de Waal makes references to words of the Armenian militaries. Thus, "[a]n Armenian police officer, Major Valery Babayan, suggested revenge as a motive. He told the American reporter Paul Quinn-Judge that many of the fighters who had taken part in the Khojali attack "originally came from Sumgait and places like that".[3]

But the most important was that the recently elected President of Armenia Serzh Sarkisian said of what had had happened:

Before Khojali, the Azerbaijanis thought that they were joking with us, they thought that the Armenians were people who could not raise their hand against the civilian population. We were able to break that [stereotype]. And that's what happened. And we should also take into account that amongst those boys were people who had fled from Baku and Sumgait.

As Thomas de Waal sums up, "Sarkisian's account throws a different light on the worst massacre of the Karabakh war, suggesting that the killings may, at least in part, have been a deliberate act of mass killing as intimidation".[4]

[2] Markar Melkonian, My Brother's Road. An American's Fateful Journey to Armenia (London & New York: I.B.Tauris, 2005), pp. 213-214.

[3] Paul Quinne-Judge, "Armenians, Azerbaijanis tell of terror; Behind an alleged massacre, a long trail of personal revenge", Boston Globe, 15 March 1992, as cited in Thomas de Waal, Black Garden: Armenia and Azerbaijan through peace and War, New York University Press, 2003.

[4] Thomas de Wall, Black Garden: Armenia and Azerbaijan through peace and war (New York & London: New York University Press, 2003), pp. 169-172.

The facts mentioned above confirm that the intentional slaughter of the civilians of Khojali on 25-26 February 1992, including children, elderly and women, was aimed at their mass extermination only because they were Azerbaijanis. Khojali was chosen as a stage for further occupation and ethnic cleansing of Azerbaijani territories, striking terror into the hearts of people and creating panic and fear before continued massacres.

In May 1992, Shusha, the Azerbaijani-populated administrative centre of the region within Nagorno-Karabakh, and Lachyn, the region situated between Armenia and Nagorno-Karabakh, were occupied. In 1993, the armed forces of Armenia captured another six regions of Azerbaijan around Nagorno-Karabakh: Kalbajar, Aghdam, Fuzuli, Jabrayil, Gubadly and Zangilan.

Contrary to numerous statements from official Yerevan that Armenia is not directly involved in the conflict with Azerbaijan, there is indisputable proof, which testifies against such allegations, indicating the direct military aggression of the Republic of Armenia against a sovereign state.

There is ample evidence proving the participation of the Armed Forces of the Republic of Armenia in the hostile actions against Azerbaijan. Since, the scope of this article does not allow for a complete list of the available evidence, below are just a few well-documented facts of direct military actions on the part of Armenia.

Thus, in January 1994 the Armed Forces of Azerbaijan defeated the subdivisions of the separate motor-rifle regiment №. 555 (Army unit No. 59016) of the Republic of Armenia in combat and captured several Armenian soldiers. According to the documents seized in the wake of the combat operation, one of the units of this regiment made a dash in April 1993 from the town of Vardenis in the Republic of Armenia to the Kalbajar region of Azerbaijan with the objective of supporting the group of Armenia's occupation forces in this part of Azerbaijan.

Among the captured items during combat operations in the Kalbajar region of Azerbaijan there were combat maps with battle-orders addressed to the commander of the separate motor-rifle regiment № 555 and to the head

of the operational group, signed by the Chief of Staff of the Armed Forces of the Republic of Armenia, lieutenant-general G.Andresian, as well as working combat maps of the officers of the 3rd motor-rifle battalion of the 3rd separate motor-rifle brigade of the Armed Forces of the Republic of Armenia. These maps are marked with a hand-written decision to launch an assault and seize the Kalbajar region of Azerbaijan on 1 April 1993.

The Azerbaijani troops also seized many personal documents of the citizens of the Republic of Armenia drafted into the military and sent to Azerbaijan to participate in combat operations. Among them are national passports, military ID's issued by the different drafting bodies of the Republic of Armenia ("military commissariats"), call-up papers for joining military service and participation in the military musters issued by drafting bodies of the different districts of the Republic of Armenia, official ID's of the employees of the Ministry of Interior and the Ministry of Defense of the Republic of Armenia, special contracts for service in the Armed Forces of the Republic of Armenia, travel warrants, petitions for conferring military ranks, drafting warrants, leave warrants and vocation passes.[5]

In 1992-1994, the Armenian Armed Forces occupied administrative districts of the Republic of Azerbaijan as follows:

May, 1992 – the Shusha district;

May, 1992 – the Lachyn district situated between the former NKAO and the Republic of Armenia;

April, 1993 – the Kalbajar district (between the former NKAO and Armenia, to the north of Lachyn);

July, 1993 – the Aghdam district;

August, 1993 – the Fuzuli district;

[5] For more information see the report entitled "Military occupation of the territory of Azerbaijan: legal assessment", Document of the UN General Assembly and Security Council A/62/491-S/2007/615, 23 October 2007.

August, 1993 – the Jabrayil district;

August, 1993 – the Gubadly district;

October, 1993 – the Zangilan district.

On 30 April 1993, the UN Security Council adopted Resolution № 822, demanding immediate withdrawal of all occupying forces from the Kalbajar and other recently occupied areas of Azerbaijan.

On 29 July 1993, the UN Security Council adopted Resolution № 853, which demanded "the immediate, complete and unconditional withdrawal of occupying forces involved from the district of Aghdam and other recently occupied districts of the Republic of Azerbaijan".

On 14 October 1993, the UN Security Council adopted Resolution № 874, which called for "immediate implementation of the reciprocal and urgent steps provided for in the CSCE Minsk Group's Adjusted timetable, including the withdrawal of forces from recently occupied territories".

On 11 November 1993, the UN Security Council adopted Resolution № 884, which condemned the occupation of Zangilan district and the town of Horadiz, attacks on civilians and bombardment of the territory of the Republic of Azerbaijan, and demanded the unilateral withdrawal of occupying forces from the Zangilan district and Horadiz, and the withdrawal of occupying forces from other recently occupied areas of the Republic of Azerbaijan.

In conclusion, the ongoing armed conflict in and around the Nagorno-Karabakh region of the Republic of Azerbaijan has resulted in the occupation of almost one-fifth of the territory of Azerbaijan and made approximately one out of every eight persons in the country an internally displaced person or refugee, 20,000 people were killed, 50,000 people were wounded or became invalids, about 5,000 citizens of Azerbaijan are still missing.

The aggression against the Republic of Azerbaijan has severely damaged the socio-economic sphere of the country. In the occupied territories, 871 settlements, including 11 towns, 848 villages, and hundreds of hospitals and medical facilities have been burned or otherwise destroyed. Hundreds of thousands of houses and apartments, thousands of social and medical buildings have been

destroyed or looted. Hundreds of libraries have been plundered, a great deal of valuable manuscripts have been burned or otherwise destroyed. Several State theatres, hundreds of clubs and dozens of music schools have been destroyed. Several thousands of manufacturing, agricultural and other kinds of factories and plants have been pillaged. Hundreds kilometers-long irrigation systems have been totally destroyed. Several hundred thousand sheep and dozens of thousands of cattle have been driven out of the occupied territories to Armenia. About 70% of the summer pastures of Azerbaijan remain in the occupied zone. The regional infrastructure, including hundreds of bridges, hundreds of kilometers of roads and thousands of kilometers of water pipelines, thousands of kilometers of gas pipelines and dozens of gas distribution stations, have been destroyed.

The war against Azerbaijan has also had catastrophic consequences for its cultural heritage, both in the occupied territories and in Armenia.

According to preliminary data, the overall damage inflicted on the Republic of Azerbaijan as a result of Armenian aggression is estimated to be tens of billions USD.

On 12 May 1994, a ceasefire was established. However, Armenia continues to violate the truce. In addition to shelling and killing Azerbaijani soldiers along the cease-fire line, Armenians also attack civilians residing in adjacent territories.

1.4. Armenian terrorism

After the open assertion by Armenia in the late 1980s of its territorial claims on Azerbaijan and the launching of armed operations in the Nagorno-Karabakh region of the Republic of Azerbaijan, Armenian terrorism became significantly more active and such well-known terrorist organizations as the Armenian Secret Army for the Liberation of Armenia, the Commandos of Justice of the Armenian Genocide and the Armenian Revolutionary Army transferred the center of their activities from the Middle East, Western Europe and North America to the territory of the former USSR.

In all, as a result of terrorist acts against Azerbaijan carried out since the late 1980s by the Armenian secret service and Armenian terrorist organizations closely connected with it, including terrorist acts on road, rail, sea and air transport and ground communications, over 2,000 citizens of Azerbaijan have been killed, the majority of them women, the elderly and children.

It is notable that the first entry in the tragic list of crimes by Armenian terrorists in the territory of Azerbaijan was made before the beginning of the conflict, in 1984, when, in Baku, a passenger bus on the № 106 route was blown up, killing one woman – a mother of two children - and injuring several other people. The identified terrorist responsible for that crime was an Armenian named Vartanov.

In early 1988, terrorism in Armenia was raised to the status of State policy and its target was the territory of Azerbaijan. Weapons and ammunition were transported on a large scale from Armenia to the NKAO and into the hands of underground terrorist groups in other parts of the territory of Azerbaijan. In 1988 alone, more than 100 instances of the illegal manufacture and the theft of firearms were uncovered by the law enforcement agencies of Azerbaijan. During the same year, Armenians carried out 32 terrorist acts in NKAO and in districts on the frontier with Armenia, the victims of which were primarily civilians.

In December 1988, a military transport aircraft on the Baku-Yerevan route with rescue-workers and humanitarian aid for victims of the Armenian earthquake on board, suffered a disaster near Yerevan in circumstances that remain unexplained. Some versions of the event indicate firing, and others of the deliberate disorientation of the pilot by air traffic control at Yerevan airport (in view of the low altitude of the flight and the mountainous terrain) or the placing of a bomb on board. The underlying motive for this planned "air disaster" is completely unprecedented, in that the victims of this crime were 79 people who had been sent on a humanitarian mission from Azerbaijan to Armenia, despite the difficulties that had by then arisen in relations between the two republics.

On 27 May 1989, on a train from Yerevan to Baku, an Armenian citizen, V. Minasyan, was arrested and found to be in possession of an explosive

device. In her statement she confessed that she had been intending to carry out an act of sabotage in Baku. The first attempt to carry out the plans did not succeed, but on 24 July 1989 there was an explosion on an Azerbaijani train at Karchevan station.

On 7 October 1989, the road bridge across the river Khalfalichai on the southern edge of the town of Khankandi, was blown up. On 29 April 1992, the perpetrator of this terrorist act - one A. Abramyan - was sentenced to 15 years imprisonment by the Supreme Court of the Republic of Azerbaijan.

Over the period from 19 January to 17 February 1990, a terrorist group based in Yerevan carried out numerous raids from the territory of Armenia on the innocent inhabitants of frontier villages in the Gazakh district of Azerbaijan, resulting in the deaths of inhabitants and shepherds of the villages of Kheyrymly and Sofulu. The same terrorist group carried out an attack on a Gazakh district internal affairs patrol vehicle and plotted the destruction of a railway locomotive. Two members of the group, L. Arutyunyan and A. Mkrtchyan, detained by law enforcement agencies of Azerbaijan, were sentenced by the Supreme Court of the Republic of Azerbaijan to five and six years imprisonment respectively.

On 18 February 1990, 13 people were injured by an explosion in an inter-city bus on the Shusha- Baku line, at the 105 km marker of the Yevlakh-Lachyn road.

On 4 March 1990, Armenian terrorists blew up the Nabiyar-Shusha pipeline, which supplied the town of Shusha with its drinking water.

On 11 July 1990, between the settlements of Getavan and Charaktar in the Mardakert district of Azerbaijan, an armed assault was launched on a road convoy, traveling under troop escort and conveying people and goods to the town of Kalbajar. In that terrorist act, three people were killed and 23 injured. On 19 June 1992, the individual identified during the investigation as the perpetrator of this crime, one A. Airiyan, was sentenced by the Supreme Court of the Republic of Azerbaijan to death by firing squad.

On 10 August 1990, in the Khanlar district of Azerbaijan, Armenian terrorists blew up an inter-city bus operating on the Tbilisi-Aghdam route, killing 20

passengers and injuring 30. The perpetrators of that terrorist act were arrested before they were able to carry out their plan to blow up, on 17 June 1991, a bus on the Aghdam-Tbilisi route. The Supreme Court of the Republic of Azerbaijan found A. Avanesyan and M. Tatevosyan guilty of those crimes and sentenced them to death by firing squad and 15 years imprisonment respectively.

In November 1990, a terrorist group, set up by one M. Grigoryan, a member of the terrorist organization Ergraparkh, based in the territory of Armenia, and composed of inhabitants of the Echmiadzin district of Armenia, was sent into the territory of Azerbaijan. This group was disarmed by the law enforcement agencies of Azerbaijan while attempting to carry out acts of terrorism and sabotage. By its decision of 18 June 1991, the Supreme Court of the Republic of Azerbaijan handed down the following prison sentences on the members of the group: T. Khachatryan - nine years, Z. Oganyan - eight years and A. Grigoryan - seven years.

On 9 January 1991, at the 5 km marker on the Lachyn-Shusha road in the area of Galadarasi village, Armenian terrorists fired on a UAZ-469 vehicle belonging to military unit № 44688 of the city of Ganja, killing the driver, Sergeant I. I. Goek, the commander of the reconnaissance battalion, Lieutenant Colonel A. P. Larionov, the chief of staff in the commandant's office of military unit № 3505 (the command centre for the special units of the interior forces of the Ministry of Internal Affairs of the USSR), Major I. D. Ivanov, and a journalist from the newspaper Molodezh Azerbaidzhana - Ms. S. A. Asgarova, born 1969, who left an orphaned infant son. On 23 March 1993, the perpetrators of this crime - A. Mkrtchyan, G. Petrosyan, A. Mangasaryan, G. Arutyunyan and G. Arustamyan, who, in addition to the case in question, had been responsible for other acts of terrorism and murders - were sentenced by the Supreme Court of the Republic of Azerbaijan to death by firing squad, and other members of the terrorist group to prison sentences of varying lengths.

On 30 May 1991, 11 people were killed and 22 injured following an explosion on a passenger train from Moscow to Baku near Khasavyurt station (Dagestan, Russian Federation).

In May 1991, law enforcement agencies arrested S. Aznaryan, an inhabitant of the Noemberyan district of Armenia, in a Baku-Tbilisi train at Shamkir station and removed from his possession two mines, a submachine-gun and maps of the Azerbaijan rail and road network. On 31 July 1991, a Moscow-Baku passenger train was blown up near Temirgau station (Dagestan, Russian Federation), killing 16 people and injuring 20.

The law enforcement agencies of Azerbaijan detained and disarmed two members of the Armenia-based terrorist organization Urartu, A. Tatevosyan and V. Petrosyan, who, on 2 August 1991, had carried out an armed attack on inhabitants of the Kalbajar district of Azerbaijan. The terrorists were sentenced by the Supreme Court of the Republic of Azerbaijan to ten and eight years imprisonment respectively.

On 20 November 1991, a Mi-8 helicopter carrying a group of peace-enforcement representatives from Russia, Kazakhstan and the senior Azerbaijani leadership was shot down near the village of Garakand in the Khojavand district of the Republic of Azerbaijan. The killing of 22 people, including statesmen from three countries, effectively put an end to the first attempt to settle the Armenia-Azerbaijan conflict and prompted an escalation of violence in the region.

The single successful terrorist act carried out by Armenian terrorists against vessels of the Azerbaijan Caspian Shipping Line occurred on 8 January 1992. An explosion on the ferry "Sovetskaya Kalmykia" operating between Krasnovodsk and Baku claimed the lives of 25 people and injured 88. The same year an attempt to carry an explosive device on to the steamer "Sabit Orujov" was prevented.

On 28 January 1992, a civilian helicopter flying on the Aghdam-Shusha route was shot down by Armenian terrorists over the Azerbaijani town of Shusha, killing 41 passengers, most of them women and children, as well as the crew.

On 28 February 1993, 11 people were killed and 18 injured near Gudermes station (Dagestan, Russian Federation) by a bomb placed in a Baku-Kislovodsk train.

On 2 June 1993, a passenger carriage was blown up in a siding at Baku railway station. On 22 July 1994, I. Khatkovskiy, a Russian national and correspondent for the newspaper Demokratichesky Tilzit, resident of the village of Gastelovo in the Slavsky District of the Kaliningrad region of the Russian Federation, was found guilty of committing this crime and sentenced to eight years imprisonment by the Supreme Court of the Republic of Azerbaijan. The investigation process revealed that I. Khatkovsky was recruited by the intelligence service of the Directorate for National Security (the former KGB) of Armenia and provided with detailed instructions on how to organize the bombing of transportation facilities, communications and vital services in Azerbaijan, gather intelligence information and commit terrorist acts in the territory of the Russian Federation.

On 1 February 1994, a Kislovodsk-Baku passenger train was blown up at Baku station, killing 3 people and injuring more than twenty.

On 9 April 1994, a railway car was blown up at Khudat station.

On 17 March 1994, an Iranian C-130 transport aircraft was shot down in Azerbaijani airspace over Azerbaijani territory occupied by Armenian armed forces, resulting in the deaths of 32 people who were citizens of the Islamic Republic of Iran.

On 19 March 1994, a bomb placed in one of the carriages of a train by Armenian terrorists exploded an underground railway station in Baku. As a result of this act, 14 people died and 42 were injured, some seriously. Only thanks to the alertness of the railway staff, who on 26 March 1994 found an explosive device in a railway carriage at Gazymammad station of Azerbaijan Railways, was another tragedy averted.

Six people were killed and three wounded at Dagestanskiye Ogni station (Russian Federation) on 13 April 1994 as a result of an explosion on a Moscow-Baku passenger train.

On 3 July 1994, there was an explosion on a train between the 28 May and Ganjlik underground stations, killing 14 people and wounding 54.

2. Legal aspects of the conflict

In order to justify the territorial claims of Armenia towards Azerbaijan, the officials of the former frequently raise a proposition, according to which Nagorno-Karabakh has never been within the jurisdiction of independent Azerbaijan.

In addition, in view of official Yerevan, the secession of Nagorno-Karabakh from Azerbaijan in the process of the disintegration of the USSR in 1991 and the establishment of the "Republic of Nagorno-Karabakh" were legally founded. Thereby special emphasis is placed on the provisions of the Law of the USSR "On the Procedures for Resolving Questions Related to the Secession of Union Republics from the USSR" of 3 April 1990, according to which in the case of a realization by a Union Republic of the secession procedure provided for in this Law autonomous entities would acquire the right to decide independently the question of staying in the USSR or in the seceding republic, as well as to raise the question of their own legal status.

Moreover, Armenia claims that Azerbaijan has no reason to aspire to its frontiers of the Soviet period, as it refused to regard itself as a successor State to the USSR.

Apart from that mentioned above, the Armenian side frequently speculates on the international legal principle of the right of peoples to self-determination, trying to extend its application to the Armenian population of Nagorno-Karabakh in the form of unilateral secession.

As was mentioned above, on 20 February 1988, the representatives of the Armenian community at the session of the Soviet of People's Deputies of the NKAO had adopted a decision to petition to the Supreme Soviets of the Azerbaijan SSR and the Armenian SSR for the transfer of the NKAO from the Azerbaijan SSR to the Armenian SSR.

It should be made clear in this regard that the procedure for changing the borders of Union republics was stipulated in the constitutions of the USSR and the Union republics. Thus, under Article 78 of the USSR Constitution, the territory of a Union republic could not be altered without its consent. The borders

between Union republics could be altered by mutual agreement of the republics concerned, subject to approval by the USSR. This provision was also incorporated in the Constitutions of the Azerbaijan SSR and the Armenian SSR.

In response to the decision of the Soviet of People's Deputies of the NKAO of 20 February 1988, on 15 June 1988 the Supreme Soviet of the Armenian SSR adopted a resolution agreeing to the incorporation of the NKAO in the Armenian SSR and requesting the Supreme Soviet of the USSR to consider and approve the transfer of the oblast from the Azerbaijan SSR to the Armenian SSR. In resolutions adopted on 13 and 17 June 1988, the Supreme Soviet of the Azerbaijan SSR and its Presidium, in turn, declared the transfer of the NKAO from the Azerbaijan SSR to the Armenia SSR to be unacceptable and impossible, based on Article 78 of the Constitution of the USSR and Article 70 of the Constitution of the Azerbaijan SSR.

It would seem, based on the provisions of the Constitution of the USSR and the Basic Laws of the Azerbaijan SSR and the Armenian SSR then in force, that the issue could have been considered closed, particularly since there were no serious grounds even for discussing the possibility of changing the borders between the Union republics.

However, on 12 July 1988, the Soviet of People's Deputies of the NKAO adopted an illegal decision on the secession of the oblast from the Azerbaijan SSR. In response, on 13 July 1988 the Presidium of the Supreme Soviet of the Azerbaijan SSR, guided by the Constitutions of the USSR and the Azerbaijan SSR, as well as the Law of the Azerbaijan SSR "On the Nagorno-Karabakh Autonomous Oblast", adopted a resolution declaring the decision of the Soviet of People's Deputies of the NKAO of 12 July 1988 on the unilateral secession of the NKAO from the Azerbaijan SSR to be illegal and without effect.

The so-called "Congress of plenipotentiary representatives of the population of the Nagorno-Karabakh Autonomous Oblast", held on 16 August 1989, declared unambiguously that it refused to recognize the status of Nagorno-Karabakh as an autonomy within the Azerbaijan SSR. At the same time, the "Congress" proclaimed the region an "independent union territo-

ry," in which the Constitution of the Azerbaijan SSR and other laws of the republic no longer applied. The "Congress" established a "national soviet," which was declared the sole people's authority in the NKAO.

As was to be expected, the reaction of the Azerbaijani side was not slow in coming. Thus, on 26 August 1989, the Presidium of the Supreme Soviet of the Azerbaijan SSR adopted a resolution declaring the decision of the so-called "Congress of plenipotentiary representatives of the population of the Nagorno-Karabakh Autonomous Oblast" to be illegal.

Of course, the Armenian SSR also participated actively in the attempts to formalize through legislation the seizure of the NKAO from the Azerbaijan SSR. In addition to the aforementioned resolution of the Supreme Soviet of the Armenian SSR of 15 June 1988, the highest legislative body of this Union republic adopted many other anti-constitutional decisions, the best known of which is the resolution on the reunification of the Armenian SSR and Nagorno-Karabakh, adopted on 1 December 1989.

Against the backdrop of these and many other decisions of the Armenian parliament on Nagorno-Karabakh, which openly attempted to legalize the unilateral seizure of part of the territory of one Union republic for the benefit of another and incite the creation of an unconstitutional entity in the territory of another State, the statements now being made by Yerevan about the non-involvement of Armenia in the hostilities in the territory of Azerbaijan may seem surprising, to say the least.

Obviously, before Azerbaijan and Armenia gained independence and the conflict was taken up by international organizations, the USSR central authorities played the role of arbitrator. In connection with the adoption in the late 1980s of the illegal decisions aimed at the secession of the NKAO from the Azerbaijan SSR and annexation of the oblast to the Armenian SSR, the Supreme Soviet of the USSR and its Presidium considered on several occasions the situation with respect to the crisis in Nagorno-Karabakh. All decisions of the superior State body of the former USSR, in particular the resolutions of 10 January and 3 March 1990, unequivocally recognize the

inadmissibility of changing borders and the constitutionally established national-territorial division of the Azerbaijan SSR and the Armenian SSR.

Thus, the whole process of separating Nagorno-Karabakh from the Azerbaijan SSR in favor of the Armenian SSR, formally started on 20 February 1988, was accompanied by the apparent violation of the USSR Constitution.

The correctness of this appraisal is evidenced by the next attempt of the Armenian side to legalize the secession of Nagorno-Karabakh, made on 2 September 1991 by the proclamation of the "Republic of Nagorno-Karabakh". In the Armenian side's opinion, the basis for the legality of this step was the Law of the USSR "On the Procedures for Resolving Questions Related to the Secession of Union republics from the USSR" of 3 April 1990.

The Armenian side is confident that the establishment of the "Republic of Nagorno-Karabakh" was irreproachable from the point of view of standards of international law, since, in its view, on the date the Republic of Azerbaijan obtained its recognition, the "Republic of Nagorno-Karabakh" no longer formed part of it. However, as a simple analysis of these arguments shows, there are serious doubts as to their "irreproachability" from a legal point of view.

It is necessary first to note that the purpose of the Law of 3 April 1990 was to regulate mutual relations within the framework of the USSR by establishing a specific procedure to be followed by Union republics in the event of their secession from the USSR. A decision by a Union republic to secede had to be based on the will of the people of the republic, freely expressed through a referendum, subject to authorization by the Supreme Soviet of the Union republic.

At the same time, according to this Law, in a Union republic containing autonomous entities, the referendum had to be held separately in each of them, peoples of which retained the right to decide independently the question of staying in the USSR or in the seceding Union republic, as well as to raise the question of their own legal status. It is not difficult to see how an attempt by a Union republic to secede from the USSR would have ended, assuming it had complied with the procedure stipulated in the Law of 3 April 1990. It is therefore curious to hear this Act being invoked by uncom-

promising advocates of the unrestricted right of peoples to self-determination, since that is precisely what the Law limited.

It is important to emphasize that the secession of a Union Republic from the USSR could be regarded valid only after the fulfillment of complicated and multi-staged procedure and, finally, the adoption of the relevant decision by the Congress of the USSR People's Deputies.

However, until the Soviet Union ceased to exist as an international entity the mentioned Law was without legal effect, since no Union republic, including Azerbaijan and Armenia, had used the procedure for secession stipulated in it.

Until the Republic of Azerbaijan attained full independence and was recognized by the international community, the territory, on which the NKAO of the Azerbaijan SSR existed before 26 November 1991, had remained part of Azerbaijan.

After the collapse of the USSR, the international legal doctrine of uti possidetis juris underlay the international, regional and national legitimization of the boundaries of the newly independent States.

According to the above-mentioned doctrine, from the time that the Republic of Azerbaijan attained its independence, the former administrative borders of the Azerbaijan SSR, which included also the NKAO, are recognized as international and protected by international law. This understanding is also confirmed in the aforementioned four UN Security Council resolutions on the conflict in and around the Nagorno-Karabakh region of the Republic of Azerbaijan.

As far as the right of peoples to self-determination is concerned, it is well known that, in reality, the practical realization of this right, as stipulated in relevant international documents, does not involve unilateral secession, but represents a legitimate process carried out in accordance with international and domestic law within identified limits. Obviously, the critical factor in addressing the issue of self-determination with regard to the conflict in question is that all actions aimed at tearing away a part of the territory of Azerbaijan were unconstitutional and accompanied by violation of basic rules of international law, particularly those prohibiting the use of force and the acquisition of territory.

Azerbaijan's approach to the right of self-determination derives from its true value and envisages securing the peaceful coexistence and cooperation of the Azerbaijani and Armenian communities of the Nagorno-Karabakh region and creating the necessary conditions for the effective realization of their right to participate in the conduct of public affairs, including through the formation of legitimate regional authorities at all levels.

3. The Situation in the occupied territories Of Azerbaijan

Armenia exercises overall effective control of Nagorno-Karabakh and other occupied territories, whether directly by its own armed forces or indirectly through a subordinate separatist regime which survives by virtue of its military and other support.

Taking advantage of the favorable results of military actions, Armenia is trying to consolidate the current status quo and impose finally a fait accompli situation through measures aimed at preventing the expelled Azerbaijani population from returning to their places of origin. Such measures include, *inter alia*, continuing illegal settlement practices and economic activities in the occupied territories, accompanied by serious and systematic interference with property rights.

Sources, including Armenian ones, report that tens of thousands of settlers who moved into the occupied territories of Azerbaijan, including districts adjacent to the Nagorno-Karabakh region, including Lachyn, Kalbajar, Zangilan and Jabrayil. Armenia intends to increase the Armenian population on the occupied territories from currently reported 143,000 to 300,000 by the year 2010. Facts testify that this is being done in an organized manner with the purpose of annexing these territories.

Highly alarmed by the far-reaching implications of this activity, Azerbaijan has requested to address the situation in its occupied territories within the UN General Assembly. This initiative proceeded from the strong belief that the

only way of reaching a just, complete and comprehensive settlement of the conflict between Armenia and Azerbaijan is an approach based on the full and unequivocal respect for the letter and spirit of international law.

On 29 October 2004, the UN General Assembly decided to include the item entitled "The situation in the occupied territories of Azerbaijan" to the agenda of its 59th session. On 11 November 2004, a report on the transfer of population into the occupied territories of Azerbaijan (A/59/568) was submitted to the UN General Assembly. The UN General Assembly's consideration of this agenda item played a crucial role in attracting attention to the issue of the illegal transfer of settlers into the occupied territories of Azerbaijan, as well as in initiating urgent measures for putting this dangerous practice to an end.

A visit to the occupied territories of the OSCE Fact-Finding Mission from 30 January–5 February 2005 became a logical result of Azerbaijan's initiative to raise the issue on the situation in its occupied territories into the agenda of the 59th session of the UN General Assembly. The main outcome of the mission's activity was a report based on comprehensive facts, both provided by the Azerbaijani side and obtained during a study of the situation on the ground. The mission clearly confirmed the installation of settlements in the occupied territories, sharing the concerns of Azerbaijan. In turn, the OSCE Minsk Group Co-Chairmen, proceeding from the conclusions contained in the Mission's report, emphasized the inadmissibility of changes in the demographic composition of the region and urged appropriate international agencies to conduct needs assessment for resettlement of the population located in the occupied territories and return of the internally displaced persons to their places of permanent residence. The report and recommendations of the OSCE Minsk Group Co-Chairmen that were based on it, laid down a basis for further consideration and resolution of the problem.

The issue of the situation in the occupied territories of Azerbaijan has also been included in the agenda of the subsequent sessions of the UN General Assembly.

On 7 September 2006, the UN General Assembly adopted resolution A/RES/60/285 entitled "The situation in the occupied territories of Azerbaijan" proposed by Azerbaijan in regard to the incidents of massive fires taking place in the occupied territories.

The resolution of the UN General Assembly stressed the necessity of an urgent environmental operation, called for assessment of the short-term and long-term impact of the fires on the environment of the region, and for its rehabilitation. For these purposes, the resolution emphasized the readiness of the parties to cooperate and called upon the organizations and programs of the United Nations system, in particular the United Nations Environment Program to cooperate with the OSCE.

The OSCE Fact-Finding Mission carried out from 4 to 12 October 2006 assessed the short-term and long-term impact of the fires on the environment in the affected territories and confirmed, *inter alia*, that "the fires resulted in environmental and economic damages and threatened human health and security".

On 14 March 2008, the UN General Assembly adopted at its 62nd session resolution A/RES/62/244 on the situation in the occupied territories of Azerbaijan. Seriously concerned that the armed conflict in and around the Nagorno-Karabakh region of the Republic of Azerbaijan continued to endanger international peace and security, the UN General Assembly reaffirmed its continued strong support for the sovereignty and territorial integrity of the Republic of Azerbaijan within its internationally recognized borders, demanding the immediate, complete and unconditional withdrawal of all Armenian forces from all occupied territories of the Republic of Azerbaijan. At the same time, the Assembly reaffirmed the inalienable right of the population expelled from the occupied territories to return to their homes. It also recognized the necessity of providing normal, secure, and equal conditions of life for Armenian and Azerbaijani communities in the Nagorno-Karabakh region of the Republic of Azerbaijan, which would allow for the development of an effective democratic system of self-governance in this region, within the Republic of Azerbaijan. The General Assembly also

reaffirmed that no State shall recognize as lawful the situation resulting from the occupation of the territories of the Republic of Azerbaijan, nor render aid or assistance in maintaining this situation.

Against this backdrop, as in many other cases of belligerent occupation, Armenia tries to disguise its own role in regard to what is happening in reality in Azerbaijan's occupied territories and overall camouflage its annexation policy by holding various kinds of "elections" and "referenda" in the territories. The international community expressed its principled and unequivocal position with regard to these illegal exercises and their negative impact on the ongoing peace process, and reaffirmed its respect for the territorial integrity of Azerbaijan.

4. The conflict settlement process

The process of mediation efforts for the settlement of the Armenia-Azerbaijan conflict within the Conference for Security and Cooperation in Europe (CSCE)[6] has been ongoing since February 1992. At the Additional Meeting of the CSCE Council of Ministers, held in Helsinki on 24 March 1992, a decision was adopted to convene as soon as possible a conference on Nagorno-Karabakh in Minsk under the auspices of the CSCE to provide an ongoing forum for negotiations towards a peaceful settlement of the crisis on the basis of the principles, commitments and provisions of the CSCE.

In general, the legal and political constituent for the settlement of the conflict is based on the norms and principles of international law, laid down in UN Security Council resolutions 822, 853, 874 and 884 as well as in the appropriate documents and decisions of the Organization for Security and Cooperation in Europe (OSCE) and other international organizations. As

[6] On 1 January 1995 the CSCE became the Organization for Security and Cooperation in Europe.

mentioned above, the UN Security Council resolutions were adopted in 1993 in response to the occupation of the territories of Azerbaijan and reaffirmed respect for the sovereignty, territorial integrity and inviolability of the international borders of the Republic of Azerbaijan and all other States in the region. The Council demanded immediate cessation of all hostile acts, immediate, complete and unconditional withdrawal of occupying forces from all occupied regions of the Republic of Azerbaijan, and called for the restoration of economic, transport and energy links in the region, ensuring the return of refugees and displaced persons to their homes. The UN Security Council also approved the efforts of the OSCE Minsk Group on the achievement of the peaceful solution to the conflict and called for a search of ways to achieve conflict settlement within the OSCE Minsk process. None of these resolutions was implemented by Armenia.

On 12 May 1994, a ceasefire was established. According to the decision taken at the CSCE Budapest Summit (5-6 December 1994), Heads of States and Governments of the CSCE participating States set up the institution of the Co-Chairmanship of the Minsk Conference for the coordination of all mediation efforts within the CSCE framework. The Budapest Summit tasked the CSCE Chairman-in-Office to conduct negotiations aimed at the conclusion of the political agreement on the cessation of the armed conflict, the implementation of which will remove the consequences of the conflict and will allow for the convening of the Minsk Conference. The Summit also adopted a decision on the deployment of CSCE multinational peacekeeping forces after the achievement of the agreement between the Parties on the cessation of the armed conflict, and the establishment of the High Level Planning Group (HLPG) located in Vienna and aimed at the preparation of the peacekeeping operation. It superseded an earlier Initial Operation Planning Group (IOPG), which was established in May 1993.

The OSCE Chairman-in-Office issued on 23 March 1995 a mandate for the Co-Chairmen of the Minsk Process (DOC. 525/95).

At the OSCE Lisbon Summit, which was held on 2-3 December 1996, the Co-Chairmen of the OSCE Minsk Group and the OSCE Chairman-in-Office

recommended the principles, which should be the basis for the settlement of the Nagorno-Karabakh conflict. But Armenia did not accept these principles and was the only one out of 54 OSCE participating States not to support them.

The OSCE Chairman-in-Office made a statement with the inclusion of those principles. They are as follows:

- territorial integrity of the Republic of Armenia and the Azerbaijan Republic;
- legal status of Nagorno-Karabakh defined in an agreement based on self-determination which confers on Nagorno-Karabakh the highest degree of self-rule within Azerbaijan;
- guaranteed security for Nagorno-Karabakh and its whole population, including mutual obligations to ensure compliance by all the Parties with the provisions of the settlement.

After the Lisbon Summit the institution of the triple Co-Chairmanship, including Russia, France and the USA, was established in 1997 (since 1992 the Chairmen of the Minsk Conference were Italy in 1992-1993, Sweden in 1994, Russia and Finland in 1995-1996). In April 1997 the negotiations were suspended and substituted by visits of the Co-Chairmen to the region. On 1 June 1997, the Co-Chairmen presented a draft of a comprehensive agreement on the settlement of the Nagorno-Karabakh conflict, which consisted of the Agreement on the cessation of the armed conflict and the Agreement on the status of Nagorno-Karabakh. Despite the readiness of Azerbaijan to start constructive consultations on the essence of the mentioned documents, Armenia categorically rejected the proposed approach.

On 19-23 September 1997, the Co-Chairmen, during their visit to the region, presented new proposals based on a "stage-by-stage" approach to the settlement, according to which it was planned at the first stage to liberate 6 occupied districts, to deploy the OSCE peacekeeping operation, to return the displaced persons to the liberated territories and to restore main communications in the conflict zone. At the second stage the problems of Lachyn and Shusha were to be solved and the main principles of the status of Nagorno-Karabakh were to be adopted. As a result, the OSCE Minsk

Conference ought to be convened. On 10 October 1997, the Presidents of Azerbaijan and Armenia in their joint Statement in Strasbourg stated that "the recent proposals of the Co-Chairmen were a hopeful basis for the resumption of negotiations within the framework of the Minsk Group".

But after the resignation in February 1998 of Levon Ter-Petrossian, the President of Armenia, and with the coming to power in March 1998 of Robert Kocharian, the next visit of the Co-Chairmen to the region took place, when Armenia officially withdrew the consent to the proposals on the "stage-by-stage" settlement of the conflict.

On 9 November 1998, the Co-Chairmen put forward proposals based on the concept of a "common State". According to this concept, Nagorno-Karabakh would have the status of a State and a territorial unit in the form of a republic, which, together with Azerbaijan would constitute the common State within the internationally recognized borders of Azerbaijan. Azerbaijan rejected those proposals since they violated its sovereignty and contradicted the Lisbon principles. Since then no new proposals have been made and the Minsk process, practically, has reached a deadlock.

In order to give additional impetus to the negotiations, direct talks between the Presidents of Azerbaijan and Armenia on achieving conflict settlement began in April 1999.

During their visit to the region in March 2002 the OSCE Minsk Group Co-Chairmen proposed to conduct negotiations at the level of special representatives of the Presidents of Azerbaijan and Armenia. The proposal was accepted by the heads of both states. On March 13-15 and July 29-30 2002, the two meetings of the special representatives of the Presidents of Armenia and Azerbaijan took place near Prague.

In 2004, direct talks between the Foreign Ministers of Armenia and Azerbaijan started within the so-called "Prague Process".

Nevertheless, despite positive signs in the drive to find a settlement to the conflict, the parties have yet to achieve a substantial breakthrough. The OSCE Minsk Group Co-Chairmen reported on 22 June 2006 to the OSCE

Permanent Council that during the past seven months they intensified mediation efforts and worked hard to achieve agreement of both sides on basic principles for a settlement. For that purpose they visited Baku and Yerevan three times together and several more times separately, organized two meetings of the Ministers of Foreign Affairs of Armenia and Azerbaijan and two summits between the Presidents of both States – first in Rambouillet in February and then in Bucharest in early June. For the first time since 1997, when the current format of the Co-Chairmanship of the Minsk Group was established, a joint Mission of Representatives of the Co-Chair countries at the Deputy Foreign Minister level traveled to the region in May in order to make clear to the Presidents of both countries that 2006 was the necessary window of opportunity for reaching an agreement on Nagorno-Karabakh.

According to the Co-Chairmen, a set of core principles had been proposed to Presidents Aliyev and Kocharian. They clarified that their approach was not aimed at solving all aspects of the conflict in one phase. Instead, in the words of the Co-Chairmen, their principles sought to achieve a major degree of progress, but deferred some very difficult issues to the future and envisioned further negotiations.

Nevertheless, the Co-Chairmen stated that since the two Presidents failed to agree, they had reached the limits of their creativity in the identification, formulation, and finalization of these principles. They made clear that if the two sides are unable to agree on those principles, which have been put forward, it is now contingent upon the parties themselves to work together to reach an alternative agreement that both find acceptable. The Co-Chairmen pointed out that they see no point right now in continuing intensive shuttle diplomacy and in initiating further presidential meetings.

In response to the statement of the Minsk Group Co-Chairmen and comments made on that by the Armenian side, which has traditionally attempted to distort the reality of the process of negotiations, the Ministry of Foreign Affairs of the Republic of Azerbaijan clarified, *inter alia*, that definition of the legal status of the Nagorno-Karabakh region of the Republic

of Azerbaijan is impossible under the conditions of continuing occupation and ethnic cleansing and, accordingly, envisages liberation of the occupied territories of Azerbaijan, demilitarization of the whole conflict zone, provision of appropriate international security guarantees therein and the return of the forcibly displaced population of Azerbaijan.

The Azerbaijani side once again reaffirmed its readiness to grant Nagorno-Karabakh the highest status of self-rule within the internationally-recognized territorial integrity of the Republic of Azerbaijan and based on its Constitution.

The Ministry also pointed out that with the aim of establishing inter-communal harmony, as well as creating objective conditions for defining the region's status, and also taking into consideration the perspective of the region's further development, Azerbaijan would be prepared to review, in conformity with the precedents existing in international practice, implementation of a complex of economic and other incentives for the population of Nagorno-Karabakh after the restoration of its ethnic composition as of the pre-conflict period.

Along with that, the Ministry reaffirmed Azerbaijan's adherence to continuing talks to achieve lasting and fair peace in the region.

On 13 July 2007, the Co-Chairmen of the OSCE Minsk Group issued a statement in which they provided an assessment of the emerging situation in the settlement process for the conflict in light of the meeting between the President of the Republic of Azerbaijan Ilham Aliyev and the President of the Republic of Armenia Robert Kocharian in St. Petersburg on 9 June 2007. The Co-Chairmen stated that during the meeting the Presidents concentrated their discussion on a limited number of obstacles that stand in the way of agreement on a set of "basic principles" for the peaceful settlement of the conflict. The Co-Chairmen further stated that the Presidents could not overcome these remaining differences. The Co-Chairmen in their statement took note of the initiative to organize a joint visit to the Nagorno-Karabakh region, Yerevan and Baku of a group of intellectuals from Azerbaijan and Armenia. The Co-Chairmen welcomed and highly appreciated that event, which they consider as a first concrete confidence-building measure.

In its statement following the adoption by the UN General Assembly on 14 March 2008 of resolution A/RES/62/244, the Ministry of Foreign Affairs of the Republic of Azerbaijan made it clear that the draft paper on "basic principles" for the peaceful settlement of the conflict, prepared by the Co-Chairmen of the OSCE Minsk Group, contained more disagreements and unsettled issues rather than clarity.

On 2 November 2008, the Presidents of Armenia, Azerbaijan and Russian Federation signed a Declaration in Moscow. The Declaration states that "the settlement of the conflict should be based on the norms and principles of the international law and the decisions and documents approved within this framework", which includes among others the UN Security Council Resolutions of 1993 as well as the UN General Assembly Resolutions of 2006 and 2008. It also declares that the settlement of the conflict based on the norms and principles of international law will create favorable conditions for economic growth and all-around cooperation in the region. Thus, the document brings to naught the speculations by Armenia on priority of regional cooperation before the final settlement of the conflict and elimination of its main consequences.

The conflict settlement issue is being routinely addressed at all OSCE Summits and Ministerial Council meetings, which stress generally the importance of dialogue and efforts to achieve an early settlement of the conflict based on the norms and principles of international law.

The issue of the conflict also remains on the Council of Europe agenda. Thus, consideration of the matter in question during the January 2005 session of the Council of Europe Parliamentary Assembly resulted in adoption on 25 December 2005 of resolution 1416 titled "The conflict over the Nagorno-Karabakh region dealt with by the OSCE Minsk Conference". The Parliamentary Assembly reaffirmed the occupation of a considerable part of the territory of Azerbaijan and expressed its concern that the military action, and the widespread ethnic hostilities which preceded it, led to large-scale ethnic expulsion and the creation of mono-ethnic areas which resemble ethnic cleansing. The Assembly made it clear that the occupation of foreign territory by a member State constitutes a grave violation of that State's obligations as a member of the Council of Europe and reaffirmed the right of displaced persons from the area of conflict to return to their homes safely and with dignity. The Assembly also recalled the relevant resolutions of the UN Security Council and urged the parties concerned to comply with them, in particular by withdrawing military forces from any occupied territories.

5. Azerbaijan's position toward conflict settlement

Although the mediation efforts conducted for a long time within the framework of the OSCE have not always been consistent and have yet to yield results, Azerbaijan continues to be committed to solving the conflict peacefully and in a constructive manner.

The strategy of the government of Azerbaijan is aimed at the liberation of all occupied territories, the return of the forcibly displaced population to their homes, and the establishment of durable peace and stability in the Nagorno-Karabakh region of Azerbaijan, as well as in the entire South Caucasus.

The ultimate objective of the settlement process is to elaborate and define the model and legal framework of the status of the Nagorno-Karabakh region within Azerbaijan. Having said that, Azerbaijan believes that the process of definition of any status shall take place in normal peaceful conditions with direct, full and equal participation of the entire population of the region, namely, the Armenian and Azerbaijani communities, and in their constructive interaction with the government of Azerbaijan, exclusively in the framework of a lawful and democratic process.

A number of important steps have to be taken to reach a stage where the parties concerned can start considerations of the self-rule status for the Nagorno-Karabakh region within Azerbaijan.

Firstly, the factor of military occupation must be removed from the conflict settlement context. Unjustified delay on the return of territories can complicate the already difficult settlement process.

Secondly, the demographic situation, which existed in the region before the outbreak of the conflict, must be restored. It is clear that the status may only be defined through the direct participation of both the Azerbaijani and Armenian communities, living side-by-side in Nagorno-Karabakh.

Thirdly, a regime of interaction between the central authorities of Azerbaijan and local authorities of the Armenian community must be established, until the new legal status of self-rule for the Nagorno-Karabakh region is elaborated.

Another important element is the rehabilitation and economic development of the region. This step is essential for the process of normalization, peaceful co-existence and cooperation between the two communities. It should include restoration and development of economic links between the two communities, as well as between the central authorities of Azerbaijan and the Nagorno-Karabakh region, restoration and opening of the communications for mutual use by both sides in both directions. This will in particular provide a connection with Armenia for the Armenian population of the Nagorno-Karabakh region, and for Azerbaijan with its Autonomous Republic of Nakhchivan, through the Lachyn road.

The fifth element entails cooperation between the two communities in the humanitarian sphere, including the implementation of special programs on education and tolerance.

As for the implementation of the peace agreement to be signed between Armenia and Azerbaijan, it will be guaranteed by the commitments undertaken by the two sides under the Agreement, and by relevant international guarantees, including those by the great powers and international organizations.

It is obvious at the same time that the success of the peace process depends on the constructive approaches of both sides, as well as on the active contribution of the international community, especially the OSCE Minsk Group and its Co-Chairmen.

However, it is very difficult to hope for a substantial breakthrough based on the position on which Armenia persists. Indeed, the military actions against Azerbaijan were aimed from the very beginning at seizing the territories by means of force and the fundamental change of their demographic composition. Therefore, it is for the purpose of unilateral secession that Armenia wants to retain control over some occupied districts surrounding Nagorno-Karabakh, prevents the displaced Azerbaijani population from returning to their homes and thus excludes equal consideration of the opinions of both communities.

It is obvious that this approach of Armenia cannot serve as a sound basis for conflict resolution. To argue otherwise would be tantamount to accepting the consequences of breaches of the rule of law and human rights, or, in other words, prevalence of force over justice.

While being committed to the peaceful settlement of the conflict, Azerbaijan, however, will never compromise its territorial integrity and thus accept a fait-accompli-based solution, which the Armenian side is trying to impose.

The conflict can only be solved on the basis of respect for the territorial integrity and inviolability of the internationally-recognized borders of Azerbaijan, and peaceful coexistence of Armenian and Azerbaijani communities in the Nagorno-Karabakh region, fully and equally enjoying the benefits of democracy and prosperity.

The continuation of a "no peace-no war" situation without concrete prospects for the soonest resolution of the conflict represents a permanent direct threat to the security, independence and democratic development of Azerbaijan. It is also the main source of instability in the whole South Caucasus region.

CHAPTER V
Democracy, Human Rights and Foreign Policy

DEMOCRACY, HUMAN RIGHTS AND FOREIGN POLICY: FROM WINSTON CHURCHILL TO HEYDAR ALIYEV

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> Many different forms of Government have been tried and will be tried in this world of sin and woe. No one pretends that democracy is perfect or all-wise. Indeed, it has been said that democracy is the worst form of Government except all those other forms that have been tried from time to time.
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> **Winston Churchill's**
> speech in the House of Commons,
> November 11, 1947

On March 5, 1946, at Westminster College in the US town of Fulton in the state of Missouri, Winston Churchill delivered his famous speech which was consequently called "Churchill's Fulton speech". It is considered to be one of the best of Churchill's numerous speeches, and by right holds a special place in the history of not only international relations, but also within the history of humankind. The intent interest in this speech has been determined by the fact that having been delivered at the end of World War II, it addressed not only the main principles of relations between states in the post-war situation, but also designated the entire course for the further development and

spread of democracy throughout the world. It should be no coincidence that former U.S. president Ronald Reagan considered that the Fulton speech had given birth not only to the modern West, but also to peace on our planet.[1]

Traditionally, political scientists and researchers acknowledge that the date of this speech, March 5, 1946 as the date of the beginning of the Cold War between the West and the USSR. However, very few consider the Fulton speech as a starting point for the development and spread of democracy worldwide. 'The Cold War' and 'democracy', two notions that contradict each other at face value, act as determining elements within international politics according to Churchill's conception. In order to understand the role of democracy and human rights in foreign policy today one should identify their place in the global confrontation between the great powers in the second half of the 20th century.

It was in this period that "another type of relations" between the West and the East began: a struggle for spheres of influence, a struggle against the dissemination of communist ideology, a struggle for the minds and hearts of millions of people. Following World War II all the efforts of the great powers were aimed at containment. Advocacy and advertising of one's own power and capabilities in conjunction with criticism of the other became the norm of interaction between the USA and the USSR.

The question of democratic values and human rights were not excluded from this process. The economic, military and scientific rivalry between the two superpowers also included the ideological issues of basic social values. However, the West considered the development of its social order with the guarantee of human rights very differently to that of the Soviet Union. As stated above, these different approaches between the West and the Soviet Union were first expounded by Churchill in his "Sinews of Peace" speech delivered at Fulton. Western politicians, beginning with Churchill, were

[1] Reagan Ronald The Brotherhood of Man. Westminster college, 1990, p.14

aware that without real progress within the realms of democratic values, without serious changes in providing human rights and freedoms, it would be impossible to gain victory in the race against the ideals of a communist social order, so popular at that moment in history. In essence, Western leaders were seriously challenged by questions of how to address the ideals espoused by the communist and socialist camp, which had the potential for broad appeal within society (however incompatible they were with its actions): ideals such as social equality, economic development, tolerance between races, religious acceptance, rule of law, all under the conditions of a capitalist market economy.

The eventual collapse of the Soviet Union in 1991 fundamentally altered this international political arena. It may seem paradoxical, but Churchill's genius allowed the United Kingdom not only to maintain relations with the Soviet Union for the following 70 years, and to determine the style of interaction and type of relations which were necessary to win the ideological struggle with the communist regime, but also to forecast how the West should behave after the collapse of the USSR. Fully understanding that the iron curtain would be unable to contain the values and beliefs of the West, Churchill outlined the main principles of international politics which the West should rigorously carry out in order to provide not only for its own security, but also to disseminate the main values of democracy and human rights to all countries of the world.

"We cannot be blind." he said, "to the fact that the liberties enjoyed by individual citizens throughout the British Empire are not valid in a considerable number of countries, some of which are very powerful. In these states control is enforced upon the common people by various kinds of all-embracing police governments. The power of the State is exercised without restraint, either by dictators or by compact oligarchies operating through a privileged party and a political police. It is not our duty at this time when difficulties are so numerous to interfere forcibly in the internal affairs of countries which we have not been conquered in war. But we must never

cease to proclaim in fearless tones the great principles of freedom and the rights of man which are the joint inheritance of the English-speaking world and which through Magna Carta, the Bill of Rights, the Habeas Corpus, trial by jury, and the English common law find their most famous expression in the American Declaration of Independence."

"All this means," he continues, "that the people of any country have the right, and should have the power by constitutional action, by free unfettered elections, with secret ballot, to choose or change the character or form of government under which they dwell; that freedom of speech and thought should reign; that courts of justice, independent of the executive, unbiased by any party, should administer laws which have received the broad assent of large majorities or are consecrated by time and custom. Here are the title deeds of freedom which should lie in every cottage home. Here is the message of the British and American peoples to mankind. Let us preach what we practice - let us practice - what we preach."[2]

This quotation from Churchill's speech allows us to imagine very precisely those basic provisions which comprised the basis of the foreign policy and international relations of the leading Western countries immediately following World War II. Today these principles remain the main paradigm of international relations, even following the collapse of the USSR and the appearance of new states on the international stage – independent, free participants of the international process. The appeal to mankind to adopt the basic principles of democratic freedoms became the quintessence of foreign policy for the leading Western countries following Churchill's speech.

However, for 70 years, behind this policy and in the shadows, remained the real potential for confrontation and war between the two rival powers. This possibility for war and violence was a constituent feature of the relationship between the West and the USSR. The West represented an indivisible part of a common policy against the communist system. Only following the collapse of the USSR did the policy of dissemination of democracy come to the forefront and become the main doctrine of the foreign policy of Western states within their international relations.

Thus, the development and dissemination of democracy, human rights, and the rule of law along with other values of the West can be divided into two stages. The first stage is the development and dissemination of democracy as a constituent part of the domestic and foreign policy of the West after World War II. During this period, democracy and human rights as the main values of the West started to be used in the struggle against the communist ideology of the USSR. The second stage emerged right after the collapse of the Soviet Union as the development and dissemination of democracy as the main element of Western foreign policy.

This concept for the dissemination and development of democracy in the first stage was deep and comprehensive. It was in part a response to the horrific violation of the rights and freedoms of people by fascist Germany. Europe, with the support of the United States, could not allow a repeat of those horrific events which they had suffered as a result of World War II. Following the devastation of World War II, Europe had to find a way of rebuilding which would provide not only stability, not only security, but also the capacity to develop, to compete and to survive in the complicated arena of a post-war world.

Central to this new Europe were three fundamental principles: democracy, human rights and the rule of law. The facets of which were developed in two directions: first – direct promotion of democracy, human rights and rule of law which would provide the ideological basis for bilateral relations between great powers. Second was the use of these principles in the building of new post-war and united European institutions. It was not by a mere chance that European leaders like Winston Churchill, Conrad Adenauer and Charles de Gaulle, among others, constantly spoke of the urgency for the formation of a special organization which could unite all of Europe.

[2] The Sinews of Peace by Winston Churchill www.historyguide.org/europe/churchill.html

Indeed, this did happen on May 5, 1949 when the representatives of 10 countries of Western Europe – Belgium, France, Italy, Great Britain, Denmark, Luxemburg, Netherlands, Ireland, Norway and Sweden signed in London the Statute of the Council of Europe. Chapter I of this document reads: "The aim of the Council of Europe is to achieve a greater unity between its Members for the purpose of safeguarding and realizing the ideals and principles which are their common heritage and facilitating their economic and social progress."[3] This was the first time in the history of mankind that an organization was created to unite states, not for political or military purposes, but with a view towards the maintenance and realization of the ideals and principles which advanced democracy, human rights and the rule of law.

These principles were the foundations of an international organization which represented the system of values and attitudes of a free Europe. In the complicated political situation of confrontation between the two superpowers, the creation of the Council of Europe ensured that legal registration of the concept of democracy, human rights and the rule of law as the main values of the western world were enshrined within an international organization. In other words, democracy for the first time in the history of mankind became not only a domestic governmental process of building a state, but more importantly an intergovernmental policy, i.e. the pursuit of democracy acquired a transnational character.

The cold war and the confrontation between the two world powers, with their two different ideologies certainly introduced the concept of democracy as an alternative ideology to communism. However, the collapse of the Soviet Union, and the resulting changes across the political global map, marked the second stage in the dissemination of democratic values across the globe, essentially removing all impediments for the spread of democratic ideas around the world. In fact, from the 1990s, western countries, consisting of the USA,

[3] Statute of the Council of Europe http://www.ena.lu/

Great Britain, France, Germany, Italy and others, purposefully and methodically started the process of dissemination of the values of democracy, human rights and the rule of law within the newly-formulated states, including the third world. This new wave of democratization around the globe, following the collapse of the USSR, was called "the third wave of democratization" by the American political scientist Samuel P. Huntington, which he referred to as a global democratic revolution. According to him, the first wave of democratization started in the USA at the beginning of the 19th century and lasted until the end of World War I upon which President Woodrow Wilson pledged to make the world "safe for democracy." Then came an anti-democratic reaction – the establishment of fascism in Italy, Nazism in Germany and Stalinism in the USSR. The second wave of democratization started with the victory over fascism in World War II, the return of democracy to Austria, democratization of Germany and Japan, and the dissemination of democratic institutions and procedures in a number of developing countries as a result of decolonization. This lasted approximately until the mid 1960s when there again appeared to be an authoritarian reaction to democracy in the world. The third democratization wave started in the 1970s and became a global phenomenon following the collapse of the Soviet Union.[4]

Accepting as a whole the "wave" concept of the development of democracy, it is difficult to agree with the "wave" idea of its dissemination. Prior to World War I, the main thrust was the protection of democracy, which enabled the West to formulate the basic principles of sovereignty, inviolability and reliability that a stable democracy provides. It was during the bloody battles of World War I that some values were crystallized which in the next development of the Western civilization laid the foundation for a democratic attitude, the philosophy of human rights and the rule of law. World War II

[4] Huntington Samuel P. The Third Wave: Democratization in the late twentieth Century, (London: University of Oklahoma Press), 1991 p.3; 13-26

became not only a test for the cohesion of the newly-formed ideology, but also proved the extreme importance of the de-elitization of democracy, and its transformation into an attractive and urgent norm of everyday life for each individual. Taking into account the fact that the post World War II period also involved the dissemination of communist ideology, and that the number of countries with democratic, in the Western sense, institutions of social order was sharply reduced, the task of urgency and attractiveness of democracy for wider appeal acquired a special vitality. Only after the collapse of the USSR did the stage of dissemination of democracy start in the real sense of the word.

Thus, the breakdown of Huntington's "waves" of democracy can be ascribed only to two periods: the post-World War II period, and the post-Soviet period. Moreover, the period after World War II and the stages of the spread of democracy considered, took place while the number of democratic states actually reduced in the world. However, this period should be taken into consideration anyway, as it is characterized with the strengthening, consolidation of the ideas of democracy within the western civilization itself which affected their attractiveness to the entire world. As has already been mentioned above, the de-elitization of democracy, its transformation into the everyday norm of life not only formed the Western democratic alternative, but also attracted others to this idea of democracy.

Unlike the post-war period, the post-Soviet period of diffusion of democracy as characterized by the global nature of its scope, provided democracy, human rights and the rule of law for the first time as global phenomena to overcome the contentious issue of sovereignty. Human rights and the rule of law went beyond the domestic affairs of a particular state and got an international dimension, a transnational character.

Moreover, the international system itself which was perceived as a foreign, international factor acquired two ways of presentation. 1) An international context of modernity reflecting a change in the geo-strategic situation in the world, the global financial system and the proliferation of new information technology. 2) External international forces which could influence

the political development of a particular country. Examples of external international factors include the USA and the countries of the European Union, international organizations (the European Union, OSCE, Council of Europe, and World Bank), and international non-governmental organizations (Amnesty International, Helsinki Group, etc.).

Thus, the thesis here is that the global distribution of democracy which started after the collapse of the Soviet Union in the early 1990s did not take place on the basis of spontaneous, unpredicted, undeveloped actions. The Western world, having accumulated colossal experience for the democratization of society, after having turned the three pillars of the state order (democracy, human rights, the rule of law) into firm elements of the foreign policy of their states, evolved the global expansion and assertion of human rights and the rule of law all over the world.

Azerbaijan, in this respect, was not an exception either. Having freed itself from communist totalitarianism, Azerbaijan made an unequivocal decision to move towards the formation of a democratic society. Those values that symbolized the developed democratic states, more precisely, democracy, human rights, freedom of speech, independent legal proceedings, have certainly become priorities for Azerbaijan. Like the other countries of the post-soviet period, Azerbaijan started to move from totalitarianism to democracy, from the rights of the state to human rights, from chaos which, unfortunately, began right after the collapse of the Soviet Union, to the rule of law.

This movement from totalitarianism to democracy has been a very natural process supported by the majority of the population of Azerbaijan. The Azerbaijani people who have suffered all the horrors of a communist, totalitarian regime have made efforts to embrace democracy. The choice of democratic values and a democratic state order were conditioned not only by the historical background of Azerbaijan, but also by the reaction to the tragic events of the January 20, 1990 when by Mikhail Gorbachev's ordered Soviet tanks into Baku, shooting and mutilating hundreds of people. This inhuman crime with no sense and deprived of any moral make-up urged forward the

Azerbaijani people's will to escape the prison of peoples and approach the values of democracy and free society.

The striving for the restoration of the people's infringed rights is also connected with the aggression which Armenia unleashed upon Azerbaijan. The deportation of Azerbaijanis from Armenia, then the occupation of Karabakh and the territory around it, resulted in ethnic cleansing that led to the annexation of 20 percent of Azerbaijan. One million Azerbaijani people were either refugees or Internally Displaced Persons (IDPs), and lost their primordial lands and homes. The rights of these people were violated in the rudest way, and the efforts aimed at their restoration became not only a dominant domestic issue, but also a foreign policy of the state.

The Azerbaijani people's desire to get out of the chaos which occurred in Azerbaijan at the beginning of the 1990s and to build a normal state where the rule of law would be an indivisible part of an everyday life, also acquired priority. Unlawfulness, arbitrariness, and the high level of criminality almost destroyed the country's independence which could have resulted in its disappearance from the political map of the world. Under these conditions the struggle for the establishment of the rule of law actually became the struggle for the survival of the people and maintenance of the country.

Thus, after having experienced the deficit of democracy, human rights, law and order, the Azerbaijani people turned their eyes to the West, choosing to integrate into the Europe and establishing close links with the West. This decision was vitally important not only for the Azerbaijanis who, as it has already been stated above, found themselves under the hardest of conditions, but also for the maintenance of the independence of Azerbaijan and its statehood.

This period of Azerbaijan's development can tentatively be called a declarative period for the development of democracy, human rights and the rule of law in Azerbaijan. Why declarative? Because it was too early to speak about a real democratic formation, a real struggle for human rights, and there was no new code of laws in Azerbaijan meeting with international standards. The intention of the Azerbaijani people and the Azerbaijani government to move

towards Euro-integration required the transfer from words, from declarations, from statements to the realization of concrete actions.

Unfortunately, the internal political situation in 1991-1992 in Azerbaijan started to get complicated. After having announced the necessity for the formation of a democratic society, the government continued loosing control over law and order, both within the country as well as in the districts exposed to Armenian aggression. The growing chaos in the management of the country, the intrigues concerning power, along with the absence of democratic traditions and experience, forced some to question the very idea of forming an independent, secular, democratic Azerbaijan. Most tragic of all for the people was the colossal humiliation regarding the occupation of Azerbaijan sovereign territory, resulting in the expatriation of a million citizens from their native lands and the absence of the world community's political will to understand and to support the newly-established independent Azerbaijani state. Even though UN resolutions were adopted one after another, the situation was still dire as already stated, went beyond the control of the central government, threatening the sovereignty and existence of Azerbaijan as an independent free state.

Amidst this critically complicated situation Heydar Aliyev – one of the most outstanding politicians of the contemporary times came to power, a milestone in the history of Azerbaijan. This charismatic personality came to the political podium in the middle of the crisis of state formation, of internal instability within the state, and of the Karabakh war, which had almost developed into a civil war, and everything that the Azerbaijani people associated with democracy was under question.

In this troubled period of Azerbaijan's history, Heydar Aliyev as a genuine leader of the nation, did not reject the democratic values of the people and turn again to the establishment of a totalitarian state. Instead of using force, he employed democratic methods to resolve problems. It is a paradox, that in order for the system of state government not to completely collapse and for the civil war to cease, Heydar Aliyev shared power with those who came with troops to occupy Baku and paved their way to power with tanks. In order to

interrupt the further occupation of Azerbaijan Heydar Aliyev called Armenia to sign without delay an agreement on a complete ceasefire. For the economy of the country, which had been driven almost to the state of collapse, managers from the USA, Europe and other developed countries were invited. Finally, for Azerbaijan to further move along the path of a democratic transition, Heydar Aliyev deepened the process of integration into Europe, by increasing the number of direct contacts with European countries and the USA, even though neither the USA or Europe were in a position to really support him.

The same way as Churchill had called on Europe, in response to the rigid totalitarian regime in the Soviet Union, to enhance European democracy, to create institutions for European integration, and to establish closer strategic links with the US, so did Heydar Aliyev. He made an uncompromised choice in favor of a democratic and secular state and consolidation of all political and social institutions of the country for establishing a strategic partnership with Europe and the US. Democracy, which was employed by Churchill to overcome not only internal but also external pressures, found a vivid manifestation in Aliyev's policy and became an effective mechanism to resist attempts to entrench totalitarianism in Azerbaijan.

Thus, since 1993 Azerbaijan has implemented a planned, well-thought out, successive movement towards the establishment of democratic principles for state management, with the guarantee of rights for all citizens, including refugees and IDPs and the formation of a legal state. This extremely complicated and hard way transition was accompanied by the struggle for inter-political stability in Azerbaijan which was so important for the realization of these plans. Until 1996 the dangers of a coup d'etat, or the physical alienation of Aliyev and his close companions were made periodically every several months. It was Aliyev who came to power and implemented steps for state formation, which passed from the declarative period of building a democratic society to the period of adaptation of Azerbaijan to the realities of international cooperation.

The process of dramatic transition for any state always entails certain complications, which have to be handled with caution However, in this case, Aliyev

acted as a truly extraordinary politician. After coming to power in 1994 he signed a ceasefire with Armenia. Aliyev also developed and signed the contracts through which some of the largest companies in the world were invited to Azerbaijan to help develop its gas and oil sectors. Fully understanding that by inviting leading Western businesses to Azerbaijan would inevitably attract also those business values on which they would build their work, Aliyev applied all his talent as a politician to the successful realization of the given project.

In parallel with the development of energy projects, close relations were also established with European states and the USA. This entailed trips to leading states in order to present Azerbaijan not only as a country rich in natural resources, but also as a nation willing to integrate into the European political and legal sphere. Within a short period of time impressive successes were achieved in the field of adaptation of the country to new democratic values, which were accepted not as theoretical categories, but as norms of everyday behavioral patterns.

Further integration into the European sphere required a new Constitution. In 1995 after a referendum the first Constitution since independence was adopted which meets the highest norms and standards in terms of human rights and individual freedoms. It laid the foundation for the democratic development of Azerbaijan and its adaptation to the new conditions of international politics. The values comprising the embodiment of developed democratic states were laid in the foundations of the state formation of Azerbaijan according to the new constitution.

Furthermore, on the July 8, 1996 Aliyev signed a decree for the realization of a program for cooperation between the Council of Europe and Azerbaijan. On July 28, 1996 this made it possible to establish official relations with this organization.[5] Azerbaijan was granted status as "a specially invited guest" to the Council of Europe, which helped facilitate closer rela-

[5] Avropa Şurası və Azərbaycan Respublikası arasında əməkdaşlıq proqramının həyata keçirilməsi tədbirləri haqqında Azərbaycan Respublikası Prezidentinin Sərəncamı//«Azərbaycan» qəzeti 09 iyul 1996-cı il, № 129

tions with European partners and helped form a working mechanism to improve Azerbaijan's national legislation to the level of European standards.[6] As a result, the foreign policy of Azerbaijan had a bright future within the realm of international relations, having started "speaking" the language of democracy and human rights.

The efficiency of the foreign policy actions of Azerbaijan sharply increased; the country was exposed to new horizons and perspectives for cooperation with developed countries of the world which began to open to Azerbaijan. The interest in economic and international projects related to Azerbaijan began to increase as a result. All of this had happened by January 20, 1998 and May 14, 1999 when President Aliyev signed two more decrees on measures to help deepen the cooperation between the Council of Europe and Azerbaijan. These decrees not only solidified the efforts of Azerbaijan along a more deepened integration into the structures of the Council of Europe, but also helped improve Azerbaijan's foreign policy.[7]

Alongside the President's decrees to deepen cooperation with the Council of Europe, serious work on legislation change and democratic reforms; formation of a legal state was underway in Azerbaijan. As has already been mentioned, as a result of the adoption of the new constitution in 1995 state management itself was changed. Reforms of the election system were held which laid the foundations for a democratic order and legal state, and personal freedom, as well as their legal protection were provided, and conditions were created for a multi-party system. In addition space for political pluralism, religious freedom, freedom of conscience, the right of minorities, and equality before the law were all included. The guarantee of presumption of

[6] AVROPA Zurráis VƏ AZƏRBAYCAN http://www.mfa.gov.az/

[7] Azərbaycan Respublikası ilə Avropa Şurası arasında əməkdaşlığın dərinləşdirilməsi və Azərbaycan Respublikasının Avropada mənafelərinin müdafiə edilməsi sahəsində tədbirlər haqqında Azərbaycan Respublikası Prezidentinin Sərəncamı «Azərbaycan Respublikası Qanunvericilik Toplusu» 31 may 1999-cu il, № 5, maddə 319

innocence became an indivisible component reflected in the legislative acts of the Republic of Azerbaijan. A new Constitutional Court with a three-phased court system, and a new court corpus were established.[8] Steps were made to provide transparency of judicial procedures and independence of the court. Tens of thousands of people were amnestied, a huge number of prisoners were pardoned, censorship was abolished, freedom of speech was introduced and freedom of activities for NGOs was expanded.[9]

On February 3, 1998 in his appeal to Milli Mejlis (parliament), Heydar Aliyev, as President of the country, explained the necessity of abolishing the death penalty, stating that his appeal was justified by a thorough analysis of the criminal and legal policy of the country as well as high ideals of justice, freedom, humanism and philanthropy. Thus, before joining the Council of Europe as a full-member, Azerbaijan took an historical step which did not only bring Azerbaijan nearer to the values of Europe, but also demonstrated the desire of the Azerbaijani people towards the high ideals of justice and philanthropy.[10]

Aliyev's decree of February 22, 1998 on measures to guarantee human rights and the rights of citizens aimed at the further expansion of democracy, defined and brought into the public domain, the directions and conceptions of forthcoming legalization in the field of human rights. Immediately

[8] Konstitusiya Məhkəməsi haqqında» Azərbaycan Respublikası Qanununun tətbiq edilməsi barədə» Azərbaycan Respublikası Prezidentinin 1997-ci il 24 noyabr tarixli 645 nömrəli fərmanı //Azərbaycan Respublikasının Qanunvericilik Toplusu, 1998-ci il, № 1, maddə 20

[9] Azərbaycan Respublikasının Avropa Şurasının üzvlüyünə qəbul edilməsi münasibətilə amnistiya haqqında Azərbaycan Respublikası Milli Məclisinin Qərarı //«Azərbaycan» qəzeti 2 fevral 2001-ci il, № 26; Azərbaycan Respublikası Milli Məclisi Avropa Şurasının 50 illiyi münasibətilə amnistiya haqqında Qərar № 774-IQR//«Azərbaycan» qəzeti 11 dekabr 1999-cu il, № 283; İkinci dünya müharibəsində faşizm üzərində qələbənin ildönümü münasibətilə amnistiya haqqında Azərbaycan Respublikası Milli Məclisinin Qərarı//«Azərbaycan» qəzeti 7 may 2003-cü il, № 102; Azərbaycan Respublikası Milli Məclisi Azərbaycan Xalq Cümhuriyyətinin 80 illiyi münasibəti ilə amnistiya haqqında Qərar № 495-IQR//«Azərbaycan» qəzeti 13 may 1998-ci il, № 108

[10] Azərbaycan Respublikasında ölüm cəzasının ləğv olunması ilə əlaqədar Azərbaycan Respublikasının Cinayət, Cinayət-Prosessual və İslah-Əmək Məcəllələrinə dəyişikliklər və əlavələr edilməsi haqqında Azərbaycan Respublikasının Qanunu// Azərbaycan» qəzeti 21 fevral 1998-ci il, № 41

following this approval by the government on the protection of human rights which stipulated the protection of individual rights, it was necessary to create special institutions to improve legal mechanisms, which would further conform to international norms and to train high quality specialists to implement other functions in the ongoing democratization of the country.[11]

One of the first steps taken by Aliyev after his return to power was the restoration of the institution of pardoning. Thus, by a Presidential Decree on May 4, 1995 the Commission on Issues of Pardoning was established. Beginning from this period up to present the commission has reviewed the cases of a thousand convicts, and released prisoners who are considered by NGOs as "political prisoners." On the whole, the decree on pardoning and acts of amnesty altogether have effected tens of thousands prisoners, and confirmed the respect of the Azerbaijani state to human rights and individual freedoms. During the past year two acts of amnesty were initiated in Azerbaijan by Mehriban Aliyeva, First lady of Azerbaijan and member of the Milli Mejlis. As a result thousands people have been released from imprisonment. These acts have led to a situation where the number of convicted persons in prison per 100000 people in Azerbaijan has come to meet European standards, approaching the figure of 198 people.[12]

Thus, the work carried out by Azerbaijan within a very short period of time, from 1993 to 2000, enabled the European community to elect Azerbaijan at the regular session of the Parliamentary Assembly of the Council of Europe (PACE) as a full member on June 28, 2000. Azerbaijan entered a new period of its history – the period of integration into Europe, the period when together with such countries as France, Great Britain, Norway and others, it became a full member of the European organization and obtained a right to

[11] Azərbaycan Respublikasında insan hüquqlarının müdafiəsi üzrə Milli Fəaliyyət Planının təsdiq edilməsi haqqında Azərbaycan Respublikası Prezidentinin Sərəncamı//e-qanun.az

[12] Azərbaycan Respublikasının Prezidenti yanında Əfv Məsələləri Komissiyası haqqında AZƏRBAYCAN RESPUBLİKASI PREZİDENTİNİN FƏRMANI. 19 iyun 2001-ci il № 508

vote in this representative European family. The Azerbaijani flag was hoisted outside the Council of Europe building in January 2001. Azerbaijani diplomacy, which from the very first days of its activities made the values of democracy, human rights and the command of law one of its fundamental principles, gained an impressive victory in the struggle for these ideals.

Having become a full fledged member of these European institutions, Azerbaijan started the third stage of the development of democracy. This stage can be termed 'implementation'. Unlike the adaptation stage, this stage turned out to be considerably more complicated. It required not only the change of legislation, the adoption of international conventions, participation in international forums, but also a deep transformation of people's attitudes to already adopted laws.

Interaction with European values, certainly helped consolidate the image of Azerbaijan, as a secular, democratic state with a developing civil society. This, in turn, facilitated a foreign policy on the establishment of relations with European states, as well as with other countries at the highest levels. In addition, this enabled Azerbaijan to use the Council of Europe's rostrum to interpret its internal and external political priorities. Thus, the head of the Azerbaijani delegation to PACE, Ilham Aliyev, for the first time in 2001 began to speak from the rostrum of this organization about Armenia's aggression. This included the occupation of 20 percent of Azerbaijani territory, the violation of the rights of refugees and IDPs, the cultural heritage destruction, the ecological catastrophe on the occupied lands and many other issues that had long tortured the Azerbaijani people but had been passed over in silence before the international community.

The beginning of the third, or implementation stage of democratic statebuilding, with the guarantee of human rights and the rule of law, started with the adoption by Azerbaijan of the special obligations before the Council of Europe which were reflected in document 222.[13]

[13] Opinion No. 222 (2000) Azerbaijan's application for membership of the Council of Europe. http://assembly.coe.int

This document consists of four sections. Each of which is extremely important from the point of view of the development of democracy, human rights and the rule of law. The first section has a special meaning; it states the necessary steps to be taken by a country to guarantee human rights at the highest level. This first section has a direct correlation to the adoption, ratification and implementation of international conventions, including fundamental conventions, developed by the European community, such as the European Convention on Human Rights and correspondingly, its protocols 1, 4, 6, 7. Others include the European Convention for the Prevention of Torture and Inhuman Degrading Treatment or Punishment; the European Framework Convention for the Protection of National Minorities; the European Charter of Self-Government; European Outline Convention on Transfrontier Co-operation between Territorial Communities and Authorities; the signing and implementation of the European Social Charter and the related principles which it comprises as well as the signing and ratification of the Criminal Law Convention on Corruption, related protocols and many others.

The second group of obligations which Azerbaijan undertook upon joining the Council of Europe is associated with the solution to the Nagorno-Karabakh conflict. It considered efforts for the resolution of the conflict only through peaceful means and secondly, the resolution to this and all other possible international disputes and conflicts in accordance with the principles of international law.

The third area includes the obligations which Azerbaijan undertook concerning the development of internal legislation – domestic law. In this respect one significant obligation taken by Azerbaijan is in connection with changes to the electoral system. Also of great importance is the development of internal legislation for the reinforcement of the independence of Parliament and Parliamentarians' rights to directly question members of the government on different aspects of public policy. A special role in this section is attached to the development, adoption and implementation of the constitutional law on the establishment of the institution of an ombudsman. A major part in the development of internal legislation and its interaction with

European standards was the development, adoption and implementation of different legislative acts on combating corruption.

The fourth group of obligations undertaken by Azerbaijan are directly associated with the protection of human rights and fundamental freedoms. Among this group of obligations special attention should be attached to those which Azerbaijan took in connection with the guarantee of freedom of expression, freedom of the press and journalists, and the creation of a national public television channel. It also stipulated the adoption of a law for the protection of the rights of individuals whose rights had been infringed in the process of legal proceedings and who found themselves in prison.

As a whole, document 222 with all its provisions and obligations, was a good "road map" for Azerbaijan of actions necessary to implement in the immediate future. Actually this was a program of not only integration of Azerbaijan into the European community, but also the establishment of Azerbaijan as a European state.

Beginning from the moment of joining the Council of Europe in 2001, up to now, the process of implementing European values is rigorously continuing. This is a very complicated and sometimes very problematic process. It is well known that the democratic process is ever-evolving; it is a permanent process representing development of all aspects of society. During his speeches, the Azerbaijani President repeatedly underlined that the democratic process included the development of human rights and freedoms, along with the rule of law, and should not be left behind the economic and cultural development of the country and all other spheres of social life. All of these processes must go in parallel, and on a constant basis.[14]

The experience of other countries that also obtained independence after the collapse of the USSR, enables us to draw a conclusion that those countries

[14] Azərbaycan Respublikasının Prezidenti İlham Əliyevin andiçmə mərasimi, 24 oktyabr 2008. http://www.elibrary.az/docs/ialiyev/2008.pdf

where the development of only one area of society was labeled as a priority, no matter whether it was democracy, human rights or the development of economy, consequently encountered substantial difficulties. As has already been mentioned earlier, only in the case of a parallel development of all these areas of society, especially regarding democracy and the economy, is it possible to provide a progressive development of the entire society as a whole mechanism. President Aliyev's policy of deep economic integration for Azerbaijan into the international system of economic relations has been implemented in conjunction with the development and implementation of democratic values.

In this respect, Azerbaijan has gained outstanding results. Within a very short period of time, from an economic development perspective, Azerbaijan has reached the level of advanced East-European and in some areas West-European countries.

The introduction of the Baku-Tbilisi-Ceyhan main oil pipeline, connecting three countries – Azerbaijan, Georgia and Turkey with Europe, and the launching of the work on the Baku-Tbilisi-Erzurum gas pipeline has enabled Azerbaijan not only to attract big investments, but also to connect the economy of Azerbaijan through economic ties with the European and world economy. It has already been stated that for successful economic development in the modern world, it is impossible without the use of democratic principles. The modern market economy is built on the basis of the values which the western community is founded on – the rule of law, guarantee of human rights and democratic principles.

Having fully accepted these values as the primary elements of its foreign policy, Azerbaijan has taken an important step for its development – it has created economic links which were built on the same fundamental values. The foreign policy of Azerbaijan along with its economic policy has become a constituent part, and it all rests on the foundations of building a democracy. In other words, deep democratic reforms in the economy, including the guarantee of the rights of both internal and foreign consumers, the guarantee and protection of internal and foreign investments, have created favo-

rable conditions for the operations of international companies and enabled Azerbaijan to become a state in which not only civil society reap the benefits of democratic values, but where also the economy could gain the maximum benefit from these democratic reforms. Building its relations with its partners on the basis of mutual self-respect and rule of law, providing the inviolability and protection of international companies, Azerbaijan has successfully achieved in the eyes of leading countries of the world the image of a reliable, strong and democratically-developed partner.

The implementation period which started in 2000 and has been continuing up to now has been accompanied by rapid developments of all aspects of public life in Azerbaijan. Democratic rights and freedoms have become indivisible elements of both domestic and foreign policy of the country. This economic development has ranked Azerbaijan first as the country with the highest pace of growth. In addition, cultural projects of UNESCO and ISESCO, and educational reforms on implementation of Bologna principles and many others have provided Azerbaijan an inalienable right to be not only an ordinary member of the international family of democratic states, but to essentially influence the international processes.

However, this implementation period has gradually passed to a new form of manifestation. Since 2007 it has been clearly felt that by implementing these international economic projects, by developing the democratic order of society and uniting Azerbaijan with the international community, Azerbaijan has firmly become a part of this international arena. The more Azerbaijan has integrated into this international system, the more it has started to feel not only the positive, but also negative impact, of the globalization processes.

It is not the intention of this paper to explain the causes or reasons for the current international economic crisis which began to spread around the globe in 2008. However, the result has been a crisis of values upon the basis of which the modern system of international economic and political relations in the world was built. The main reason for this crisis of values within international relations, from our point of view, is, no matter how paradoxi-

cal it may be, a triumphal procession of democracy in the world. Indeed the ideals which in 1946 Churchill expressed in his speech, found their reflection in reality. Democracy, human rights and rule of law, about which Churchill spoke so passionately, successfully passed around the globe and began to be accepted as a universal panacea, as an idea which can actually create a paradise on earth.

However, the triumphal victory of democracy as an image did not mean at all the victory of democracy as a public order. And this very victory of the ideal, of an image or idea was the reason which, unfortunately, began to sharpen the very idea of democracy. It may seem somewhat strange, but the ideas of democratic social order started to be implemented in countries too fast and in countries which were unprepared for such dramatic rapid change. Unfortunately, considerations of cultural, psychological and social aspects of these societies were not carried out and often were not taken into account. It began to resemble not the dissemination, in the real sense of the word, of the ideas of democracy, but the advocacy of communist mottoes about an utopian future. Human rights, civil freedoms, democratic principles have turned into a new ideology, a new religion which started disseminating across the world not by means of internal preparation of this state or that, but by missionaries, market forces and other means.

Democracy or democratic social order started to be endowed with extraordinary qualities capable of solving all the problems of mankind and to create an original democratic paradise on earth. Regardless of nation or nationality, culture or traditions, democracy became propagated by these very missionaries, adding to it new countries and nations all over the world. All states were divided into categories of democratic, undemocratic, semi-democratic, partially democratic, etc.

Having noticed that democracy became a peculiar permit into the realm of big policy, all states of the world began to announce themselves democratic, irrespective if they were democratic or not. The world saw a Chinese model of democracy, there appeared a sovereign model of democracy from

Russia, and there appeared an illiberal democracy of post-Soviet countries.[15] There also appeared a category of countries that were pseudo-democracies etc. This discordance of values could not but lead to a discordance and reappraisal of economic development throughout the world. More and more states, proceeding from different understandings to further their economic development, and starting from different conceptions about a democratic order, started to look for new ways of international interrelations.

In this very complicated situation Azerbaijan could not help but react. The implementation stage, which had been implemented so deeply and thoroughly in Azerbaijan, began to yield to a new so-called correction stage of the development of the country which has been continuing up to present.

The challenges facing mankind, the change of attitude towards international laws, in many cases ignorance of international laws, and in some cases the flagrant violation of them, combined with politics of double and triple standards applied to some states, compelled Azerbaijan to treat very seriously and very attentively its internal and foreign policy from the point of view of integration into the global arena. Azerbaijan cannot ignore those processes which started to take place in Europe and in the world in regard to international law. The incidents in Kosovo, the war between Georgia and South Ossetia resulting in the violation of the territorial integrity of Georgia, and consequently the recognition of South Ossetia and Abkhazia by Russia, and relations between Armenia and Turkey, all required special attention by Azerbaijan.

Actually these developments compelled Azerbaijan once more to analyze carefully all those recommendations and proposals which at other times were not important, and were accepted and implemented in Azerbaijan with complete confidence. In other worlds, the romantic period of democratic transformations and introduction of the country into the world system of relations is over.

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[15] Fareed Zakaria. The Future of Freedom, Illiberal Democracy at Home and Abroad. (New York: W.W. Norton & Company) 2003, p. 89.

This started a struggle for markets and spheres of influence. This strict, uncompromising struggle requires at times absolutely extraordinary actions and has been requiring from Azerbaijan carefully-thought actions which could comprise a chance to maintain and deepen democratic freedoms, which were already done in Azerbaijan providing geo-political stability.

Today Azerbaijan is an economically strong, democratically developed state which pursues a balanced policy in the region. This policy enables Azerbaijan to become a more dynamically developed country even under the conditions of a global economic crisis. This policy enables Azerbaijan to continue the development of democratic values, despite the crisis of the neo-liberalism in the world. This policy enables Azerbaijan not for a second to forget its main problem which remains to be the occupation of Nagorno-Karabakh.

Today, the world community feverishly looks for the ways out of the economic crisis. Great international powers work out new forms and types of relations with one another, and the values usual for all cease to be as they are. Democratic values so widely and deeply used in implementing foreign policy now become instruments for intervention into the internal affairs of states. Amidst all this, Azerbaijan is doing its best to stay not simply in the field of vision of world politics, but to be its active participant and in some cases also its determining link.

HOW GRADUALISM MEETS COMMITMENT: AZERBAIJAN'S TRANSITION TO DEMOCRACY

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Although use of the term 'post-communist transition' in academic literature to describe the fate of the former Soviet republics and the countries of Eastern bloc has been drastically reduced since 2000, Azerbaijan is still fighting with the heritage of its socialist past. Totalitarian inertia in popular thinking appears more difficult to address in the relatively isolated world of the South Caucasus, especially with an independent Azerbaijan bordering countries like Iran and Turkmenistan, which still have a long way to go towards democracy. Moreover, the transition in Azerbaijan's other three neighbors – Russia, Georgia and Armenia – has not been comparable to that of the former Warsaw Treaty allies.

I. Obstacles to democracy

The overview of practical obstacles to democracy-building in Azerbaijan in this chapter is by no mean a comprehensive one. Rather, it articulates some of the key challenges the Azerbaijani government had to confront in the search for an exit strategy from post-communist turbulence. Country-

specific challenges of transition marred efforts in many countries yet remained underestimated by some in the international community. The latter have expected too much from Azerbaijan in the area of democratization since the very early years of Azerbaijan's independence, whereas the key questions of the country's existence as a sovereign and capable entity remained unanswered during those years. Criteria irrelevant to Azerbaijan's dynamic and complex situation have been applied by some international groups and even governments to shame and blame the country's leadership for alleged violations of human rights during the years dedicated to dealing with outstanding issues of the "big bang," i.e. the collapse of communist empire.

1. Military conflict with Armenia

The single greatest impediment the government had to deal with in its attempts to streamline and facilitate Azerbaijan's democratic transition is probably the occupation of Azerbaijani territory by the Republic of Armenia. By the time of cease-fire in May 1994, Armenia had occupied about one-sixth of Azerbaijan's sovereign territory, including the former Autonomous Province of Nagorno-Karabakh and seven adjoining administrative districts. At least 600,000 Azerbaijani citizens had been driven out of their homes by ethnic cleansing, relocating to other parts of the country. Their numbers added to the 300,000 Azerbaijanis expelled from the Republic of Armenia in the early days of the same conflict.

Generally, post-communist transitions are characterized by a number of shocks. However, Azerbaijan faced an unprecedented challenge to its post-communist reforms as it struggled to absorb such great numbers of refugees and Internally Displaced Persons (IDPs). These segments of the population constitute a fertile electoral base for any kind of political speculation, involving both local politically-motivated groups as well as groups encouraged from abroad.

Democracy is an attribute of the state. "Therefore, the inexistence of a state or such an intense lack of identification with the state that large groups

of individuals in the territory want to join a different state or create an independent state raises fundamental and often insolvable problems."[1] If IDPs and refugees were even more disconnected from the state, which for various reasons could not defend them from an external force, the entire statehood of Azerbaijan could be questioned by history. Then, the whole debate about the pace of democratic transition would lose any sense.

Therefore, the government needed to restore and maintain the trust in state institutions of this significant group of the population. This task cost both financial and political resources, thus becoming the major distracting subject on the way to nation-wide democratization. For several years after the military occupation, the Azerbaijani government relied on sizable foreign aid to feed and provide basic welfare to the victims of the war. As the government's oil strategy to bear fruit in the mid-2000s, the government used this revenue to re-settle all IDPs from tent camps to temporary, but quality, housing. IDPs were given a niche in agricultural production through a policy aimed at peaceful relations between the local rural population and the "newcomers."

To what extent could the needs of this underprivileged population be addressed through the immediate liberalization of their political lives? This question has been a pressing one throughout the government's efforts to ensure credibility in the eyes of IDPs and refugees. Some political groups and international organizations have called for the provision of local elected governance equal to what the rest of the nation has enjoyed since 1999. However, the lack of capacity and a tradition of local self-governance, aggravated by their refugee status, could potentially create favorable conditions for populist politics to exploit unrealistic expectations. This is why the Azerbaijani government was compelled to slow down reform in the area of local self-governance.

[1] Juan Linz and Alfred Stepan. Problems of democratic transition and consolidation: Southern Europe, South America, and post-communist Europe (John Hopkins University Press, Baltimore, 1996), p.7.

Only after significant alleviation of the lives of this sensitive group of people could the government focus more on the "classic" agenda of the transition to democracy.

2. Collapse of the socialist economy

It is easy to argue that some economies of the Eastern bloc were successfully and promptly transformed through rapid liberalization, in the extreme case with "shock therapy." However, in most cases where a policy of accelerated change was pursued, the wisdom and visionary abilities of the leadership complemented the opportunities existing in that country for taking such a radical path. Certainly, Azerbaijan was not a country where economic and social reality dictated the bold and immediate steps of trade liberalization.

Unlike countries of the former Warsaw bloc, Azerbaijan does not border the developed EU countries. Its per capita GDP in 1993 constituted 18% of that of Portugal and 10% of Germany's. Azerbaijan was not a producer of any significant amount of goods and services that would compete well in international markets. From 1991 to 994, Azerbaijan's GDP decreased by about 60%. After a slight slow down in the decline in 1995, output eventually increased by 1.3% in 1996.

Indeed, the recovery, which resulted in spectacular and almost globally unprecedented growth in just ten years, was partly due to liberalization efforts. At one point, the IMF even ranked Azerbaijan first among ex-Soviet republics in efficiency of reforms, followed by Georgia and the Baltic States. However, the purpose of the reforms was not a mere liberalization, but a reformatting of the economy so that its gradual transformation into a market-based substance could later complement the ultimate goal of the survival and development of the state.

Impoverished masses with no tradition of democratic debate could not be entrusted immediately with decision-making on strategic development issues. Otherwise, Azerbaijan would have become a "polity with a weak state

and a weak society."[2] Instead, Azerbaijan needed to focus on gradualism in spreading European values across the nation. Much like the other parts of Soviet bloc, the country had missed the intellectual origins of the value-based transformation that took place in Europe after World War II. Despite the government's effort, Azerbaijani society still largely believed that the country needed reforms in order to satisfy external forces, primarily the EU and US, and thus gain their support in vital national issues like the Karabakh conflict. This false perception needed to be corrected.

Therefore, in the 1990s, the Azerbaijani leadership relied heavily on technical assistance programs for economic reforms, such as TACIS, which brought in not only European and US knowledge also democratic attitudes to addressing economic problems. As a result, the promotion of values simultaneously with technical assistance made the reforms genuine. The newly formed Azerbaijani bureaucracy began to realize that reforms reflected their true interest rather than being just a bargaining chip for a better deal with the US and the EU on backward nationalist agendas.

3. Conflict of identities

Azerbaijan's communist past created an acute identity problem for the nation. Relatively more homogenous nations of the former Warsaw bloc – with well established borders and greater cultural independence even during Soviet dominance – faced less of an identity crisis. Azerbaijan, however, is a multi-ethnic, multi-religious, and multi-cultural territory with a class gap that only widened as the post-communist transition allowed for the growth of capitalism. The identity crisis has been used by separatist forces in some provinces to mobi-

[2] Ken Jowitt. New World Disorder: The Leninist Extinction (Berkeley: University of California Press, 1992), pp.249-331.

lize support for their secessionist agenda. Political forces also used the clan conspiracy theories to build strength for certain political parties. Even in Baku, many residents were often classified by their place of ancestral origin. All these division lines became very evident during the 1995 debate over naming the language of the Azerbaijani people in the Constitution – Turkish, Azeri Turkish, Azerbaijani, or something else. The solution reached was satisfactory to majority of the population, but the mere existence of such a debate illustrates the weak degree of social cohesion that Heydar Aliyev inherited when he took office in 1993.

By 2003, after a considerable amount of time and effort had been invested by the political leadership, the people had largely overcome the identity crisis. Azerbaijan could not accelerate democratic reforms, particularly electoral ones, in a situation where neighbors often saw each other as representatives of an alien identity. Too many electoral opportunities had the potential to trigger tensions and misunderstanding to grow into conflict. Only when the tension eased has Azerbaijan recorded progress in the election administration as noted in international observation reports.

Without overcoming the identity crisis, Azerbaijan would have become a classic case of non-transition, in which the real outcome of social and political change bears no relation to the objectives of the leadership. However, the existing impediments to reform may create the wrong impression that the Azerbaijani authorities are afraid of the planned outcome of reforms. In fact, we argue in this chapter that the relatively slower speed of democratic reforms was implemented because of the risk of unforeseen negative outcomes rather than by a fear of democratic process as such.

4. Lack of a democratic tradition

In 1991 the Republic of Azerbaijan proclaimed itself heir of the People's Republic of Azerbaijan (PRA), the country's first experience with independent statehood and democracy from 1918 to 1920. In reality, there exists a

serious lack of generational continuity as well as a knowledge gap between the PRA and present day Azerbaijan. Soviet repressions rooted out not only the generation that first raised Azerbaijan's flag, but also the intellectual connection between the 1910s and 1990s. A romantic view of history could not serve as a stable base for construction of the new state.

The strategic objective, therefore, became the construction of a new state tradition, only remotely resembling the failed 1918 experience with democracy. On the one hand, not all political parties were immediately integrated into the formal political sphere. On the other, all major ideological currents found representation in the first parliament elected in 1995.

Paradoxically, democratic reforms in Azerbaijan partially benefited from the lack of democratic tradition. As Bela Greskovits argued in his working paper, Latin American countries experienced extended episodes of economic and political populism in 1970-80s because of the relative freedom of the political system there compared to Eastern Europe.[3] Azerbaijan, like other post-communist countries, was relatively free of experiments with populist platforms. The lack of any significant leftist movement or strong trade unions for a long period after independence can largely be explained by this argument rather than government interference.

II. International influence

The determinative force of democratic transition in Azerbaijan has been the will of the country's leadership to integrate its people into the family of civilized nations. At times, that will may not have been sufficient for the transition due to the zeitgeist, the spirit of times. Countries belong to an international ideological

[3] Bela Greskovits. Dominant Economy, Subordinated Politics. The Absence of Economic Populism in the Transition of Central-East Europe. Central European University, Political Science Department. Woring Paper Series No.1. 1993.

community. This community evolves over time – there are times when democracy has strong credibility and times when other theories challenge its moral and intellectual authority. Below we analyze the practical aspects of how Azerbaijan tuned to the changing spirit of times to maintain its democratic path.

1. Foreign policy

Azerbaijan started its reforms later than the countries of the former Warsaw bloc. This was not its choice – all Soviet republics launched reforms after 1991, but the Warsaw bloc countries had been advancing as early as 1989. Even by 1993, when the new leadership in Baku finally stabilized the state and made the first steps towards overcoming the communist past, the success of the Warsaw bloc countries was not quite convincing yet. Yet, by the end of 1990s, the success of both the Warsaw bloc countries and the former Soviet republics was apparent; Azerbaijan was rewarded with membership in the Council of Europe in 2001.

However, after the 2001 terrorist attacks against the US, the world suddenly became distanced from its excited view of democracy. Democratic nations across the globe became preoccupied with the threat of terror and compromised their own democratic standards. Azerbaijan was no exception to this spirit of times. The competition between NATO and Russia for dominance in the South Caucasus also intensified, further undermining the democratic aspirations of the Azerbaijani leadership. Nevertheless, the country was able to preserve and even expand its democracy in accordance with an observation by Laurence Whitehead: "In all the peacetime cases … internal forces were of primary importance in determining the course and outcome of the transition attempt, and international factors played only a secondary role."[4]

[4] Laurence Whitehead, "International Aspects of Democratization," in O'Donnell, Schmitter, and Whitehead. Transitions from Authoritarian Rule: Comparative Perspectives, p.4.

After 2003, when Moscow strengthened its efforts to restore and expand its influence in the South Caucasus, Azerbaijan was compelled to adhere to a balancing act in foreign policy – in contrast with the Euro-Atlantic integration path of the previous years. A fierce rivalry of great powers in the region brought about regime change in pro-Western Georgia in 2003 alongside a strengthening of authoritarian rule in Russian-leaning Armenia. As in the very early years of its existence, Azerbaijan put the task of protecting its own independence at the top of its emergency foreign policy agenda, thus slowing down the pace of political opening.

2. Role of the U.S.

Not surprisingly, this slow down was immediately reflected in human rights reports by international and foreign institutions, which failed to adjust their methodology to the changing international environment. For example, despite Azerbaijan has provided enormous support to the US foreign policy objectives everywhere from Kosovo to Iran, and from Afghanistan to Iraq, the US Department of State continued applying double standards to Azerbaijan in its annual Human Rights Report. Methodological deficiencies have been obvious in some other US-based organizations, such as Freedom House. The latter even went as far as taking the Armenian side in the military conflict between Armenia and Azerbaijan, and then still feeling moral authority to induce human rights criticisms on Azerbaijan. These reports partially contributed to a negative reputation of democracy itself in Azerbaijan. As a result, the public increasingly associated with double standards, and it largely lost popular support.

Without a strong commitment from the Azerbaijani leadership to democratic values, the country could have slid deep into the oppressive practices of some other former Soviet republics, where authorities reacted angrily to unjustified or excessive foreign criticism.

Since the "war against terror" has ceased to be the leading refrain of US

foreign policy, allowing America to focus on its internal change, the dialogue between the US and Azerbaijan on human rights and democracy has the chance of restoring the mutual confidence of the 1990s.

3. Role of the Council of Europe and the European Union

In 2001, Azerbaijan joined the Council of Europe as a full member state. This was a reward for the country's continued march towards political and social liberalization alongside European values. Over eight years of membership the country has fulfilled an absolute majority of its membership obligations, although communication between Baku and Strasbourg at times fell short of mutual understanding in the areas of imprisoned citizens' rights, freedom of speech, freedom of assembly, and electoral reform. Nevertheless, after many years of slow improvement, the dialogue with the COE resulted in a breakthrough recognition of Azerbaijan's electoral practice as "normal" during the latest popular vote – the 18 March 2009 constitutional referendum.

Hence, promotion of European values has been seen in Azerbaijan as the "specialization" of the Council of Europe rather than that of the European Union. The latter would like to change this division of labor by initiating regional programs with clear democracy components: the European Neighborhood Policy (ENP) and Eastern Partnership (EP). Azerbaijan has been regularly responsive to such initiatives of the European Union, and participates in them without reservation. The ENP and EP somewhat balance the overall European view of Azerbaijan's democratic reforms as they complement the Council of Europe's rather ideological and value-based approach to reforms with more pragmatic considerations.

In addition, the ENP and EP are the formats that allow the three countries of the South Caucasus to protect, and reincarnate in the future, the idea of South Caucasus unity. Currently, the 15 million-strong market, relatively developed infrastructure, and workforce of the region remain divided by

conflicts. Such unification, when it becomes realistic, will strengthen the human rights record in all three countries just as European integration improved democracy standards throughout Europe.

4. Role of Russia

In terms of the relevance of democracy in bilateral relations with Russia, the Northern neighbor has been an easy partner for Azerbaijan. Moscow left democratic development to the discretion of the Azerbaijani authorities, focusing instead on the rights of the Russian minority and the status of the Russian language – the areas where Azerbaijan performed particularly well due both to its long history of a multi-cultural society and the government's commitment to developing this tradition.

The issue of migrant labor was one of the few serious areas where Russian influence could cause democracy failures. It would be damaging for Baku if all Azerbaijani migrant workers were forced out of Russia because of a hypothetic foreign policy quarrel. A similar scenario happened in Georgia, when Russia introduced a strict visa regime. Because Azerbaijanis in Russia are less integrated in local communities and exists in much greater numbers than Georgians, the sudden return of hundreds of thousands of unemployed and angry citizens would immediately challenge any democratic accomplishments. So, Baku had to systematically please Russia's interests in its foreign policy, often at the expense of democratic advancement. It is a classic case of choosing the lesser of two evils.

However, Russia's contribution to democracy is not necessarily negative in its entirety. Its tacit support for the agendas of the Lezgi and Talish minorities in Azerbaijan kept the needs and possible grievances of these minorities in the focus of the central government, thus helping Azerbaijan with its standards of inclusion.

In addition, because of the significant role of the Russian language in public life in Azerbaijan, the intellectual flows from Russia continuously shaped the public attitude to the local political transformation. Just as Russia

quickly abandoned the concept of a bridge between Western and Eastern worlds, which was very popular immediately after the disintegration of the Soviet Union, many Azerbaijani public opinion leaders also followed this new discourse which led to the concept of evolutionary democracy. The latter, in many respects, is similar to the famous concept of sovereign democracy, and was mistakenly labeled as such by critics in the West.

5. Iran as a sensitive neighbor

The rise of the national self-consciousness of Azerbaijanis in the 1990s occurred not only in Soviet (Northern) Azerbaijan, with a population of eight million, but also in the South in Iran, where at least three times as many Azerbaijanis live. The fear that nationalistic feelings may spill over the border to the South dictated a very careful approach by the Azerbaijani leadership towards the treatment of freedoms domestically. Excessive political opening could result in a response from Iran that could ruin the process of democratization.

Even before the Islamic revolution, Azerbaijanis in Iran "were described as being inherently backward, unintelligent, aggressive and uncivilized. Azerbaijani and Turkic dialects were forbidden to be printed and published. There was discrimination in favor of Persian-speaking provinces in comparison with the others."[5] After the Islamic revolution, Azerbaijanis received only part of what was promised in terms of the development of their culture, education, and provinces.

Moreover, under the leadership of President Abulfaz Elchibey in 1992-1993, the Republic of Azerbaijan became an arena for nationalist attacks against Iran. The response from the other side of the Araz river was among the last drops that filled the cup of destabilization in Azerbaijan, putting the

[5] Iran Encountering Globalization: Problems and Prospects. Edited by Ali Mohammadi. Routledge Curson 2003 p.19. More on the ethnic rights of Azerbaijanis in Iran can be found in Brenda Shaffer's Borders and Brethren: Iran and the Challenge of Azerbaijani Identity, MIT Press, 2002.

country on the verge of civil war. Therefore, Northern Azerbaijan could not accommodate the level of political opening that would enable any citizen to feel free while also building up popular support for anti-Iranian sentiments.

III. Sequencing the democratic transition

Reform measures always run the risk of being fragmented, slow, and low-intensity. As we have already discussed though, sequencing, speeding up, and intensifying reforms was not possible without a clear vision for the role of the state in this process. In his analysis of the state's role in socio-political transformations, G. O'Donnell proposed three important dimensions of a state in a situation of reform: a set of bureaucracies capable of discharging their duties with reasonable efficacy; effective implementation of laws; and agencies that normally orient their decisions in terms of some conception of the public good.[6] The solution to the lack of these qualities in the early years of transition resides in finding areas which are important in their impact on the overall situation, and in which skilled action (particularly by the government) can lengthen the scope of solidarities of crucial actors. The best known course of action in this respect is to strengthen social and political institutions.

1. Institution building

Institution-building and institution-strengthening in Azerbaijan faced a particularly difficult dilemma. The centralized socialist governance pyramid was not a purely socialist or ideological one, but was incrusted into the tra-

[6] Guillermo O'Donnell. On the State, Democratization and Some Conseptual Problems (A Latin American View with Glances at some Post-Communist Countries) World Development, Vol.21, No.8.

ditional and in fact obsolete social pyramid of Azerbaijan. The Soviet invasion of 1920 caught Azerbaijan in a transition from the provincial middle ages to the booming industrial life of the capital city of Baku. That transition was in no way complete. The Soviets simply took the old patriarchal relationships and incorporated them in the socialist governance.

In the 1990s, Azerbaijan needed either to radically reject these two layers of its governance tradition or bring them into conformity with the new capitalist reality. However, Larry Diamond observes that "if capitalist authoritarian states … do succeed in modernizing their countries, they eventually become victims of their own success, generating social forces that no longer need the protection or are willing to suffer the constraints of authoritarian rule."[7]

Indeed, the expectation that market reforms would generate their own political support once in place is too naïve. Attempts to follow that path by the Popular Front government of 1992-1993 completely failed, instead creating massive discontent and little enthusiasm for engagement among the emerging group of reform "winners." Consolidation of the democratic reforms, therefore, could only be achieved by slow but perpetual eradication of the old pre-Soviet social structure and socialist governance habits alongside the gradual introduction of a new relationship between and within the society and state.

There was a risk for Azerbaijan that the old social infrastructure and socialist governance would preserve themselves when oil revenue from the 1994 contract of the century flooded the country. This would have further deferred a full democratic transformation. If the above heritage was strong enough by 2006 when the inflow of oil cash became an obvious matter of fact, the temptation to neutralize it by spending a portion of that revenue on supporting archaic mechanisms might have become irresistible.

With this prospect clearly understood, the authorities were able to remove

[7] Larry Diamond. Democracy and Economic Reform: Tensions, Compatibilities and Strategies for Reconciliation. In: Lazear E.P. (ed): Economic Transition in Eastern Europe and Russia. Realities of Reform. Hoover Institution Press, 1995.

socialist flavor from governance. In 2008, Azerbaijan was even ranked first in the World Bank's Doing Business Annual Report.[8] Additionally, the social patronage networks, inherited even from the pre-Soviet era, were effectively detached from the state hierarchy and continued to corrode, having been stripped of the authority to dispose new material wealth.

Thus, the approach of the Azerbaijani leadership to institution-building has been more practical than ideological. It had a predictable and reasonable time frame set by the schedule of oil revenue inflow. Finally, the vision for these institutions built at this slow but practical speed has always been a pro-democracy one as the government did not want the social class generated by the reform to confront a rigid authoritarian regime.

This strategy for institution-building has been broadly in line with the mainstream academic view as well, represented in the following description of the four interlocking wheels of the transition vehicle: i) macroeconomic stabilization; ii) liberalization: iii) privatization; iv) development of market-supporting institutional infrastructure.[9] Such sequencing of priorities was also indicative of the speed and duration of reforms: Azerbaijan has been neither hurried nor delayed its reforms. As a result, the line between Azerbaijan's completion of the post-communist part of its reforms and its entry into the stage of rational improvement upon the new system is rather blurred, leaving no sign of mass social unrest or discontent in recent history.

In the process of institution building, it was easy to fall into the trap of electoral fallacy, so called electoralism. Azerbaijan almost reached that point before realizing that the existence of free and fair elections was not a sufficient condition of transformation. The first democratically elected president Abulfaz Elchibey turned out to be so incompetent that an uprising of about

[8] Available at http://www.doingbusiness.org.

[9] Shafiqul Islam. Conclusions: Problems of Planning a Market Economy in Shafiqul Islam and Michael Mandelbaum eds. Making Markets. Economic Transformation in Eastern Europe and the Post-Soviet States. Council on Foreign Relations Press. New York, 1993.

200 soldiers in Ganja seized power from Baku and brought the country to the verge of chaos.

Heydar Aliyev, then leader of the Nakhchivan autonomy, interfered with his broad vision of the nature of power and statehood. His first task was to shape the political system along the lines of a country-specific tradition of power. This included, *inter alia*, introducing a high degree of authority for the state leader. At the same time, he incorporated into his political system practically all personalities who had a say in society at that time. He dismissed the notion that the new political system had to be built according to the autopilot principle and instead acted in the best tradition of manual handling.

In 1995, as he successfully achieved that task, President Aliyev institutionalized the legal framework of transition by adopting a new Constitution, which became a solid programmatic document long before it made its first steps towards governing the public relationship in the emerging new society. It served as the consolidation of democracy by setting a clear and by far consensual goal for the long-term transition. For the first time since independence, all political actors openly or indirectly agreed to act in conformity with legal provisions, and not to plot around using various political, economic, or military assets they possessed as players.

Even the old age of Heydar Aliyev (70 when elected in 1993) was a positive factor in driving democratic reforms. Joan Nelson has described other cases where old-age political leaders focused their attention on their place in history and thus freed themselves "from the constraints of partisan politics and vested interests."[10]

2. Challenges of mentality: the slow pace of human adaptation to new situations

[10] Joan M. Nelson. The Politics of Economic Transformation: Is Third World Experience Relevant in Eastern Europe? Overseas Development Council. Mimeo. p.5.

The Soviet past combined with the interrupted transition of Azerbaijani society from provincial feudalism to oil-driven industrialization put Azerbaijan in a particularly special situation where the country had to choose its strategy for independent development. Generations of peoples acquired personality traits and work habits that could not be changed in a short period of time. Some of these features were typical for all socialist countries, but some peculiar only to Azerbaijan. For example, citizens avoided taking initiative, worked slowly without "undue" exertion, preferred quantity over quality, expected promotions based on party or clan loyalty, etc.

The introduction of the new democratic set of incentives was not only an odd thing brought by the fresh political generation, but also met resistance when the traditional way of life was endangered by the new principles. In many consecutive elections, the mere idea that a husband cannot exercise the vote of his wife was received with hostility, while international observers often classified this cultural expectation from the political system as a deliberate attempt to corrupt the electoral practice by the authorities. It took at least 10 years of television advertisement campaigns to marginalize the instances of this wrong perception of voter rights.

The transition from the socialist system also undermined the popular and traditional understanding of justice. In fact, Azerbaijan embraced throughout its history not only the socialist but also Muslim cultural perception, where "the converse of tyranny was not liberty, but justice. Justice in this context meant essentially two things, that the ruler was there by right and not by usurpation, and that he governed according to God's law, or at least according to reasonable moral and legal principles."[11] As Harvard sociologist Orlando Patterson states, "Westerners should not assume that people will

[11] Bernard Lewis explains this phenomenon on the example of Ottoman Turkey in his What Went Wrong? Western Impact and Middle Eastern Response. Phoenix, London, 2002, p. 61.

automatically embrace democracy. To us, the concept of freedom is so basic that we overlook the fact that most cultures have rejected the whole idea."[12]

On the practical side, more than one million Azerbaijanis decided to flee the country in the early years since independence and adapt to totally new situations in a different country; most of them have gone to Russia, where the size of the market has always opened greater opportunities for entrepreneurial activity. Staying in Azerbaijan and advancing the democracy and freedom agenda has been an incomparably more costly adaptation choice for the ordinary citizen.

Cultivating habits of democracy among the population has therefore become a particularly difficult problem. Many of the most mobile and adaptable citizens were abroad, leaving only passive dependents home. The government's task of creating a critical mass of active and responsible citizens has become an unprecedented challenge. They needed a completely new system of interest representation and participation skills.

3. Interest representation

The monist tradition of any social and political power in the socialist state deprived individual citizens and communities of the ability and sometimes courage to take routine initiative regarding representation of their voice in public and community affairs. The Azerbaijani leadership realized that such civil self-censorship played against the long term interest of the country by increasing pressure within society as well as the likelihood of a social explosion. Its goal was to lead the system *from bureaucratic to collective bargaining.*[13]

Liberalization of the media was seen as one of the immediate tools for

[12] Orlando Patterson, Freedom in the Making of Western Culture. New York, Basic Books, 1991.
[13] O.K.Pedersen, K.Ronit, J.Hausner, Emergence of New Forms of Associability and Collective Bargaining in Post-Socialist Countries. EMERGO Vol.1 No.2. Autumn, 1994.

achieving this. In 1998, President Aliyev fully abolished the official censorship introduced by his short-lived predecessor. Later, the procedure for newspaper registration simplified, allowing hundreds of new print outlets to emerge in just a few years. Seven national and countless local television channels and cable television networks, as well as FM radio stations, represent just part of the government's commitment to provide the people with a permanent, accurate, pluralistic, and free flow of information.

The facilitation of these new mechanisms of interest representation was continued by opening up state agencies to public inquiries. Unlike Soviet times, almost every ministry has a public information official and a website, and they conduct regular media and public meetings in order to answer outstanding questions and inform the public about activities, plans, investment projects, and other associated subjects. In other words, transparency elements now firmly sit in the structure of government agencies. The Law on Access to Information empowers people even more in this respect. Thus, the government is not trying to hide behind formalities, as is the case in some other transition countries, but instead has consistently introduced civilized practices of state-society interaction based on the rule of law.

However, political parties, although established and operated under a very liberal law from the first half of the 1990s, have mostly failed to recognize the government's efforts, i.e. build up strength via constructive platforms acknowledging achievements of the reformist government and criticizing its failures. They remain a weak point in the new and pluralistic interest representation framework built by the state. Some of the political parties that emerged in the wave of the spontaneous independence movement of 1988-1991 could not share the objective of creating a stable, long-standing political tradition that would defend the state as an ultimate value of political process. The government is considering introducing new legislation that would allow parties to receive public funding and thus become more independent from negativistic inertia and influence.

Civil society – the "arena of the polity where self-organizing groups,

movements, and individuals, relatively autonomous from the state, attempt to articulate values, create associations and solidarities, and advance their interests" – has also been guided through transformation into a largely responsible community of non-government actors, no longer contributing to opposition political agendas, but instead cleaning and polishing the areas beyond the reach of the state.[14] The confidence between the state and non-government actors has been greatly improved since 2008, when the state began to issue competition-based grants not only to the old, Soviet-styled civil society unions, but also to the new structures with a modern view of participatory democracy. New civil society is called to empower the state so that it has not only the power over, but also the power to.[15] Azerbaijan is clearly distinct from those countries of the post-Soviet space that deny any significant role to the civil society.

IV. Reconciliation of Democratic Aspirations with Economic Reforms

In the early 1990s, the neo-liberal approach to policymaking dominated the reformer's agenda. However, even proponents of the idea of hand-in-hand economic and political liberalization have realized the risky character of such an option. As a Brazilian business leader remarked at that time, "Our businessmen think that communism has failed. They forget that our capitalism is also a monstrous failure."[16] Another neo-liberalist author concluded his extensive analysis of the relationship between political and economic

14 Juan Linz and Alfred Stepan Problems of democratic transition and consolidation: Southern Europe, South America, and post-communist Europe (John Hopkins University Press, Baltimore, 1996), p.7

15 Steven Lukes. Power: A Radical View (London: Macmillan, 1974).

16 Adam Przeworski. The Political Dynamics of Economic Reform. In: Democracy and the Market. Political and Economic Reforms in Eastern Europe and Latin America. Cambridge University Press, 1991. p.188.

freedom with the following remark: "Democracy and economic liberalization can be compatible and will succeed together if elected politicians have the commitment and skill to do what is necessary to reconcile them and perhaps the luck to win support from external friends."[17]

This gambler view of the transition has been outright rejected by Azerbaijan since the beginning of reforms in 1993. The country benefited from the relatively late launch of reforms. Radical macroeconomic stabilization measures in 1994, that in the short term set back ordinary citizens, were balanced by a significantly slower rhythm of structural reforms, which kept people at least under-employed in the state sector but did not throw them to the boiling political street. True, the material cost of putting political stability above the ideology of concurrent political and economic liberalization was high. However, the opposite strategy would be destined to fail just like the Popular Front government in 1993.

Azerbaijan's reform strategy, in terms of sequencing democratization and economic reform, can be compared to that of Spain: "It is conceivable that a particular authoritarian regime in its late stage of development might have a robust civil society, a legal culture supportive of constitutionalism and rule of law, a usable state bureaucracy that operates within professional norms, and reasonably well-institutionalized economic society. For such a polity, the first and only necessary item on the initial democratization agenda would relate to political society – that is, the creation of autonomy, power, and legitimacy of democratic institutions… Spain, in the early 1970s, approximated this position."[18]

17 Larry Diamond. Democracy and Economic Reform: Tensions, Compatibilities and Strategies for Reconciliation. In: Lazear E.P. (ed): Economic Transition in Eastern Europe and Russia. Realities of Reform. Hoover Institution Press, 1995. p.147.

18 Juan Linz and Alfred Stepan. Problems of democratic transition and consolidation: Southern Europe, South America, and post-communist Europe (John Hopkins University Press, Baltimore, 1996), p.55

V. Conclusion

Successful policy choices for the post-communist democratic transition are no longer limited to those provided by the fast track countries of the Eastern bloc at the end of 1980s and beginning of 1990s. The long-term vision for and commitment to democratic reforms, as manifested clearly in the unique policy of the Azerbaijani leadership, resulted in a totally new success story in the face of a number of unprecedented political, economic, and social constraints.

Apparently, the historical time frame for calling grand social transformations in the former Soviet space *post-communist democratic transitions* is already over. Azerbaijan missed no moment of opportunity in this process and exceeded other countries that could not find their transit corridor.

Freezing the socialist behavioral, institutional, and political heritage was as dangerous as stepping up the change. The evolutionary approach has paid off in the form of secure statehood, a stable and evolving legal framework, and the institutionalization of the key elements of settled democracy, such as freedom of speech, freedom of partisan activity, civil society engagement, government accountability, etc.

Geopolitical competition and foreign policy options played a controversial role. Traditional Western influence and pressure were not necessarily conducive to the liberalization process. Similarly, not every agenda put forward by the other large player – Russia – had a negative impact. This observation reinforces the view that the will and resolution of the Azerbaijani leadership to see the country among the civilized nations of the world was the primary source of democratic change.

The difference between the tasks of redesigning government institutions and restructuring the societal structure to match the democratic design has been overlooked or knowingly neglected by some international and domestic critics. Azerbaijan could not simply copy Western practices of the relationship between the state and citizen prior to changing the nature of the relationships within the society. New cultural habits had to reflect new social

strata that emerged as a result of privatization, wealth redistribution, and mass migration. Only when those habits somewhat settled, could the authorities proceed with instituting the governance standards that matched capitalist economic and social reality.

Azerbaijan has avoided non-transition and secured its future as a democratic state built on modern European values and political tradition. Ascertainment of this prospect is probably the main achievement of the entire process of reforms, because only a decade and a half ago the state was balancing on a fine line between existence and failure. The future of democratic development will depend on the continuity of this conservative but confident policy of political opening that recorded the last chapter in the list of successful strategies for post-communist democratization.

CHAPTER VI
Emerging Directions of Foreign Policy

EMERGING DIRECTIONS OF AZERBAIJAN'S FOREIGN POLICY

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Almost a century after its birth as an independent state and nearly two decades after its reemergence into the community of nations, Azerbaijan has much for which to be proud.

Even though a fifth of its territory remains under foreign occupation, the Republic of Azerbaijan has forged a robust and prosperous sovereignty. Thanks to the completion of the pipeline that sends Azerbaijani oil to the Mediterranean, the country achieved 29% GDP growth in 2008 and quadrupled the state budget from a decade earlier. A respected presence on the international scene, Azerbaijan has moved from being a recipient of foreign assistance to a donor-to Afghanistan, Lebanon, Myanmar, Pakistan, and Palestine. A small country, Azerbaijan faces the many challenges that are peculiar to small states wedged between major powers. Yet it has managed to develop correct and even cordial relations with all its neighbors with the one exception of Armenia, and with all the major powers whose actions affect the Caucasus region.

Credit for all this goes above all to the new system of government instituted after 1991 and to strong national leadership, beginning with the presidency, but including significantly the Ministry of Foreign Affairs, the ninetieth birthday of which we now celebrate. Starting from almost nothing,

the Ministry has established comprehensive operations in Baku and set up important channels for inter-agency coordination. It has sent representatives to all leading international organizations and has staffed some fifty embassies abroad. At the initiative of President Ilham Aliyev, it has opened the Azerbaijan Diplomatic Academy. Under the leadership of Dr. Hafiz Pashayev, this innovative body will train future Ministry personnel and also rising leaders from across the region and beyond.

For more than a decade the Government of Azerbaijan has pursued a policy grounded on the solid and complementary principles of balance and independence. Thanks to the great steadiness with which it has done this, other nations know they can expect a high degree of predictability from Azerbaijan, and the absence of caprice. To cite but one example, Azerbaijan is the only country in the Caspian region not to have demanded to renegotiate energy contracts entered into during the early 1990s. In a region (and larger world) characterized by extreme flux, this is no mean achievement.

Azerbaijan arrived at this national and pragmatic approach through what was inevitably a process of trial and error. During the first phase of its existence the government, led by President Ayaz Mutalibov, hoped to establish Azerbaijan's security by continuing the Soviet policy of placing it under a Russian umbrella. This phase ended when it was determined that Russian soldiers were among those responsible for the massacre of hundreds of Azerbaijani civilians at the town of Khojali in February, 1992. Then President Abulfaz Elchibey, who came to power after public outrage led to the fall of Mutalibov's pro-Moscow government, attempted to achieve the same goal by turning instead to Turkey. This also proved ineffective, although he succeeded in removing Russian troops from the territory of Azerbaijan. By 1993, when Heydar Aliyev assumed the presidency, it was clear that no single relationship, no matter how positive, could provide the needed foundation for national security. Instead, by the mid-1990s Azerbaijan had embraced a more independent foreign policy based on a balance among diverse and sometimes competing powers.

By May, 2007, this notion had been effectively crystallized in a paper on strategy entitled "National Security Concept for the Republic of Azerbaijan," which was approved by the President and Parliament and made openly available. Related papers on political and military doctrine are nearly completed. Assuming that they, too, will be accessible to all, this should further enhance the consistency of Azerbaijan's foreign policy at the strategic level.

A Strategy of Balance and Independence: Theory and Practice

Notwithstanding the clarity of the guiding principles of balance and independence, they are subject to a fairly broad range of interpretations at the strategic level, and an even wider amplitude of interpretation on the level of tactics. In order to elucidate these alternatives, and to spell out some possible future tactical implications, it will be necessary to look more closely at certain key events of the past decade.

First, the principle of balance had to be translated into the realm of practical reality. Emerging from the Soviet empire, the new state of Azerbaijan inherited a set of formal relationships, communication links, and transport infrastructure dominated overwhelmingly by Russia. Like other post-Soviet states, and the dozens of other countries that had earlier emerged from colonial rule, Azerbaijan had rapidly to expand these in every direction. This meant opening embassies, setting up direct telephone links, and opening air, highway, and other transport corridors to the West, South, and East. In doing this, Azerbaijan had also to persuade an uneasy Russia that these steps were the natural concomitants of sovereignty and were not directed against Moscow.

Azerbaijan is to be commended for doing this in an even-handed manner, even though it knew perfectly well that Russia's actions in the South Caucasus were anything but even-handed. Russia's transfer of more than $1 billion of arms to Armenia at a time when its forces were occupying Azerbaijani territory was frontally provocative but Azerbaijan did not rise to the bait. Instead,

it steadily built up its ties with other major countries with which it had had no relationship during Soviet times, specifically, Turkey, Iran, the Europeans, and the United States. All the while Baku assured Moscow that its intention was to forge balanced and harmonious relations with all, including Russia, and to open access in all directions while closing it to none.

This project involved many concrete initiatives, especially in the field of transport. Thus, Azerbaijan collaborated with Russia and Iran to open a major North-South corridor across its territory linking the new Persian Gulf port of Chabakhar via Russia to the North of Europe. Similarly, beginning in 1993 Azerbaijan collaborated with the European Union and its proposed TRACECA program, which would create a "Transport Corridor Europe-Caucasus Asia" passing directly through Azerbaijan. This initiative languished for more than a decade, but it is now active once more, with TRACECA's headquarters in Baku. It is significantly enhanced by the Turkish-Georgian-Azerbaijani project to complete the rail link from Kars through Tbilisi to Baku, thus making possible continuous transport by railroad from the Absheron Peninsula to Europe and, with the help of container ships across the Caspian, to China.

These initiatives provide the essential context for understanding Azerbaijan's crucial role in what is arguably the most significant diplomatic achievement of the post-1991 era, namely, the construction of the Baku-Tbilisi-Ceyhan pipeline. Involving six countries – Azerbaijan, Georgia, Turkey, Britain, Norway, and the United States – the BTC would have posed formidable problems of coordination even if all six countries had not undergone changes of government during the life of the project, as happened. The accusations of Russian officials that it was anti-Russian were neutralized by Azerbaijan's readiness to accept Russian firms as partners, as actually occurred until Lukoil withdrew.

The BTC pipeline demonstrated vividly how diplomacy can unleash economic power, which in turn reinforces the sovereignty upon which diplomacy is based. It also reminds us that the principle of "balance" is meaning-

less if it is confined purely to the diplomatic realm. Acknowledging this, let us ask how Azerbaijan has applied that principle in practice in other spheres.

"Balance" itself is an ancient principle of statecraft, the application of which has varied tremendously over time. In the post-Soviet realm, Kazakhstan was the first to resort to a strategy of balance. This began in 1997 when then Foreign Minister Kassimjomart Tokayev proposed to invoke Chinese power to balance that of Russia, and then in 2000 turned also to the United States to balance Russia and China.

In the succeeding years every other country in Central Asia, with the possible and recent exception only of the Kyrgyz Republic, has adopted the same strategy. This is due less to emulation than to the logic of the situation in which the countries find themselves. The distinctive element of Kazakhstan's strategy of balance is that it is based on formal "strategic partnership" agreements with all three major powers. In other words, it is a balance of partnerships or friendships, rather than of tense mutual relations.

Among Caucasus countries, Azerbaijan alone has embraced balance as the cornerstone of its strategy. By contrast, Armenia has fully accepted Russia as its patron and protector and Georgia has done the same with the United States. However, while Azerbaijan seeks balance among its principal relationships, it has shied away from translating these into extensively formalized arrangements, partnerships, etc. It joined Russia's ineffectual Commonwealth of Independent States but not its Eurasian Economic Community or security organization. It participates actively in NATO's Partnership for Peace but has no not yet taken a firm position with respect to its interest in, or prospects of, a Membership Action Plan. While in 2006 it signed an "Energy Strategic Partnership" with the European Union, nothing concrete has come of it and it appears to be lapsing from neglect. This is the more peculiar in light of Azerbaijan's intensive efforts to promote energy cooperation with the EU and its strong support for the Nabucco natural gas pipeline, which would directly benefit Europe. And with respect to both Turkey and Iran, Azerbaijan has signed various protocols of understanding

and participates actively in the Organization of the Islamic Conference, but has stopped well short of entering into a comprehensive partnership arrangement with either.

This is as much the result of necessity as of choice. For reasons that are specific to each case, none of Azerbaijan's partners is eager to formalize their relationship in a way that might bring them into conflict with Russia. At the same time, all are glad, even eager, to allow their cordial if less formalized ties with Baku to figure in a balance that reinforces Azerbaijan's sovereignty and independence. Azerbaijan has not been alone in facing this issue, and from an early date sought common cause with other post-Soviet countries in the same position, especially Ukraine, Moldova, and Georgia. GUAM, comprised of these countries and Azerbaijan, has gone through various phases yet without really crystallizing as an organization. Nonetheless, its existence highlights the presence of unresolved geo-strategic issues on the post-Soviet map of Europe.

Acknowledging this, Azerbaijan's strategy of balance has been a success, and has permitted it a notable degree of independence. Thus, following 9/11 the government in Baku did not have to consult with any third party before committing its full support to the American-led struggle against terrorism, which was done within hours of the attack. At the same time, when the U.S. and Turkey pressed President Aliyev to meet with President Obama in Istanbul in order to gain his support for Turkey's unilateral overtures to Armenia, Aliyev was able to firmly decline. Similarly, Azerbaijan had no trouble refusing blandishments from Moscow that would have given Gazprom control over important new Azerbaijani energy exports, but could then sign a memorandum of understanding with Gazprom when it served Baku's interests to do so.

It is clear that Azerbaijan's strategy of balance and independence has served it well in the past, but will it continue to do so in the future? The question is by no means theoretical, for an urgent series of recent developments cast doubt on the validity of familiar policy assumptions. Had any of these events appeared individually it would have been serious enough. Their simultaneous appearance poses a challenge to existing strategy that cannot be ignored.

Six Basic Shifts: Local or Tectonic?

It is convenient to summarize these changes under six headings: first, what appears to be a shift in the priorities of both the European Union and the United States regarding the Caucasus; second, an apparently decisive evolution within NATO at the expense of the Caucasus; third, Russia's August, 2008, attack on Georgia and occupation of Abkhazia and South Ossetia; fourth, the ripening of evolutionary changes in Turkey that are taking place at the expense of its secularist and Kemalist heritage; fifth, moves by Turkey with respect to Armenia that would shift the resolution of the Karabakh issue from a necessary precondition for opening the Turkish-Armenian border to a possible product of such a move; and, finally, steps by Iran to cement its relation to Armenia at Azerbaijan's expense.

Even before Russia's war against Georgia neither the EU nor the U.S. appeared ready to move decisively to expand energy exports from the Caspian to the West. One might have expected that the 2006 "Energy Strategic Partnership" between the EU and Azerbaijan might have led to an embrace of the so-called Nabucco pipeline. But at twice the length of the BTC pipeline and three times the cost, this now appears to be beyond what the Western partners together are willing to pay. Among many contributing factors was Turkey's attempt in 2008 to "play the energy card" a la Putin, using the transmission of energy to extract financial or political concessions. It has now backed down from this posture but few doubt that Ankara could resort to it again at any time. Seemingly insurmountable divisions within the EU and the failure of the new administration in Washington to replace the "Caspian energy tsar" appointed by the Bush administration in 2008 signal that this shift may be permanent.

Parallel with this, NATO made clear at its 2009 summit that it was not prepared to do more than it was currently doing with respect to Georgia and, by implication, Azerbaijan. A resolution acknowledging that Georgia would in due time be worthy of membership did not change this, nor have subsequent statements and actions by the alliance, particularly from Germany.

Taking note of these shifts, Russia seized the opportunity to invade Georgia last August. The flaccid western response both justified and reinforced the "zero sum" thinking that has prevailed in Moscow since Vladimir Putin's rise to power. The failure of the UN to take action, in spite of its earlier resolutions affirming Georgia's territorial integrity, carries ominous implications for Azerbaijan. Parallel pressures exerted by Russia on both Moldova and Ukraine have severely undermined GUAM, further isolating Azerbaijan both from its Western and regional partners.

Meanwhile, Baku has had reason to worry about its long-standing and highly productive partnership with Turkey. With its bid for EU membership permanently frozen, Turkey under Prime Minister Erdogan has moved steadily away from its Kemalist moorings in secularism and from its Western orientation through NATO. It is instead positioning itself as a mediating power between the West and Middle East and as the principal external actor in the Caucasus, along with Russia, but without either the U.S. or EU. Many Western observers disagree with this assessment, hoping instead that some new kind of democratic and open Islamism is emerging in Turkey, akin to Christian Democracy in the West. At the least, Azerbaijan can no longer assume that Turkey's political life is informed by the same secular values that prevail in Baku, or that Turkey will remain a partner in the same sense that existed in the first decade after 1992.

Recent contacts between Turkey and Armenia regarding their closed border epitomize this dilemma for Azerbaijan. Prior to the G-20 meeting in April 2009, Turkey had adhered to its understanding with Azerbaijan that the Karabakh conflict would have to be resolved before Turkey would open its border with Armenia. Thereafter it watered this down to the extent that it expected only "sufficient progress" on Karabakh, with Ankara presumably the sole judge of that sufficiency. President Aliyev had always taken the position that the question of Karabakh itself could be left to a later stage of negotiations but had reaffirmed his understanding with Turkey that Armenian troops would have to be withdrawn from the occupied territories outside

Karabakh proper before any border would be opened. Unconfirmed reports suggest that he had even proposed a deal whereby Armenia would liberate territories of Azerbaijan's five southern provinces and Azerbaijan would reciprocate by reopening rail traffic between the two countries. In the face of Turkey's riding roughshod over these important points, it was all the more appropriate for Foreign Minister Mammadyarov to state on April 2, 2009 that any steps short of full military withdrawal would be counter to Baku's interests. The Turkish government then tried to calm the waters, but it doing so it managed to leave everyone, including the EU, the U.S., Azerbaijan, and even Armenia unclear as to its real intentions.

These shifts have activated Iran, which in the last year has taken steps to balance moves in the Caucasus by both Russia and Turkey. A first step was to provide 125 million Euros to Armenia to construct the Khudoferin and Gyz-Galasi hydroelectric plants on the Araz River. Both are situated within Azerbaijan on territory occupied by the Armenian army. Strange to say, there was no international outcry over this illegal action. A second step took place in April 2009, with the signing of a protocol on the construction of a railroad linking Armenia to Iran. Although detailed plans and funding for this project are not in hand, it signals Iran's intention to affirm the Persian presence in the Caucasus that had existed for hundreds of years prior to Russian occupation.

Do These Recent Developments Render Azerbaijan's Strategy Obsolete?

These rapidly emerging developments command Azerbaijan's attention and, in some cases, call for a tactical response. But they are too important to be addressed solely on that level. Inevitably, they raise questions about the appropriateness today of the strategy underlying Azerbaijan's foreign policy. These in turn focus on the place of Azerbaijan in the foreign relations of its various international partners. By now it is clear that Azerbaijan is not

among the most urgent priorities of the United States, European Union, or Turkey. But this must be qualified in two ways.

First, those same events remind us that for the time being, neither Russia nor Iran considers Azerbaijan to be threatening its most immediate interests. Instead, they have focused their attention on Azerbaijan's neighbors, Georgia and Armenia. To be sure, both efforts have the effect of cutting off Azerbaijan from the West. But at the same time, it is difficult to escape the impression that Russia and Iran are competing for influence in the Caucasus, and that these steps arise as much from that concern as over Azerbaijan per se.

Second, while the developments cited above reveal that Azerbaijan is not a vital strategic issue for Europe, the U.S., or Turkey, this does not mean that any of them is without interests there, or that they are incapable, individually or together, of acting on those interests. Recent events have suggested what these interests are not. Now the challenge is for Azerbaijan to work with these partners to define anew what their interests are, and to develop policies that reflect that reality. Some of these policies may be bilateral but others may involve third parties, whether the other Western powers, Turkey, or even Iran and Russia. In this sense, one can conclude that recent developments call for adjustments to the policy of balance, but not its rejection.

Similarly, recent events underscore the validity of a policy based on independence. Some may ask if the time has not come for Azerbaijan to negotiate a deal with Russia and/or Turkey that would "tilt" the country in their direction while maintaining the maximum degree of autonomy. But independence diluted is independence destroyed. Moreover, such a step would throw away the substantial interests that the Euro-Atlantic powers retain in the Caucasus in general and Azerbaijan in particular. These interests go far beyond its immediate status as a transport bridge to Afghanistan, or even its oil and gas reserves and its potential key role in the transmission westward of the oil and gas of others. The West benefits greatly from Azerbaijan's role as a transport and trade corridor, its ability to serve as a buffer between the otherwise rival powers of Russia and Iran, and especially from its status as an open and secular state in a

Shi'ia Muslim society. Finally, were Moscow to aggrandize its neo-imperial ambitions in Azerbaijan, it would strengthen retrograde forces in Russia and undermine those who envision a more open Russia living at peace with its neighbors. Azerbaijan's task is therefore to hold up these truths to its Western partners, to work with them to develop policies that reflect them, and to remind them of the risks to themselves if they fail to do so.

In the case of the European Union, this implies at least the following measures. First, Azerbaijan must show that it is not begging for Nabucco or White Stream or any other European project. This means being fully prepared to divert at least some energy exports through Russia, again, without forming a northern dependency. More exports to Iran should also remain an option. It means working closely with the European Union to give as much flesh as possible to its new Eastern Partnership program, of which Azerbaijan is one of six members. In pushing for this, Azerbaijan will have the solid support of the program's Polish sponsors and of most of the EU's new Baltic and Central European members. And it means asking the EU either to advance its 2006 Energy Partnership with Azerbaijan to a new level or to acknowledge that it is a dead letter.

Similarly direct measures are appropriate with respect to the United States. President Aliyev correctly identified and acted upon his country's interests when he declined to meet with Secretary of State Clinton or President Obama during the new president's visit to Istanbul in April, 2009. He should maintain this stance until he receives assurances as to how the U.S. will conduct its future relations with Azerbaijan. In the case of the meetings in Istanbul, the U.S. and Turkey, with support from the EU, were in effect negotiating on an issue of vital importance to Azerbaijan but over the heads of the authorities in Baku. Besides its being exceptionally high-handed and simply rude, this act of arrogance ill-behooved countries which need Azerbaijan's resources and cooperation as much at it needs theirs.

The main subject was the opening of the Turkish-Armenian border, but for a decade Turkey had adhered to its protocol with Azerbaijan that this will happen only with the end of Armenia's military occupation of Azerbaijani ter-

ritories. The U.S. and EU, which were not parties to that understanding, were now pressuring Turkey to alter it unilaterally. Granted that they too acknowledge the need to end an occupation that violates international law, they nonetheless had not bothered to engage Azerbaijan in an appropriate manner. Instead of bringing Azerbaijan directly to the table as an equal partner, they sent a junior official to mollify the government in Baku. A clear pre-condition for President Aliyev's future dealings with senior officials of the U.S. and EU should be that the Euro-Atlantic powers affirm that they will not henceforth engage in so demeaning a practice with respect to Azerbaijan.

Azerbaijani and Western officials have frequently argued that that Baku-Tbilisi-Ceyhan pipeline should be a source of stability in the Caucasus region as a whole. Russia's 2009 war on Georgia throws this proposition into question. Rather than sit passively as the situation unfolds, Azerbaijan might become the convener of relevant countries to examine all aspects of BTC security and their bearing on the welfare of the region as a whole. Indeed, such a dialogue should be continuous, and carried out through some sort of permanent consultative group. Here again Azerbaijan faces the choice of acting or being acted upon by others. A regularized consultative process initiated by Azerbaijan could anticipate issues affecting BTC and regional security before they arise and suggest solutions to relevant authorities,

In its dealings on energy matters with both the U.S. and the EU, and also with Turkey and Russia, Azerbaijan will strengthen its hand if it moves quickly and decisively to remove all outstanding impediments to cordial relations with Turkmenistan. The addition to the Nabucco pipeline of gas from mid-Caspian fields, to which both Azerbaijan and Turkmenistan have laid claim, would almost certainly lay to rest the existing concern over adequacy of supply. The speed with which Ashgabat transformed its relationship with Uzbekistan indicates that the Berdimukhammedov government is quite capable of making rapid tactical changes, and also that the Niyazov policy of "nonalignment" is understood quite differently today than formerly. Again, the principle of active independence requires that Azerbaijan do everything

necessary to define a new relationship with Turkmenistan, rather than have it thrust on Baku by any third party.

As it readjusts its various balances, Azerbaijan might also advance its dialogue with NATO. Independent of the question of Azerbaijan's existing phase two Membership Action Plan, close interaction with NATO reinforces Azerbaijan's overall links with the North Atlantic community of nations at a time when those ties might otherwise appear to be weakening. Azerbaijan must make clear what it seeks from its links with NATO, which should certainly include greater interoperability and compatibility and a renewal of the Intensified Dialogue arrangement that now exists. Among possible areas for further development might be closer interaction with NATO's cyber-protection programs and their extension to the Sangachal oil and gas terminal, closer engagement with the security apparatus of the Ministry of Internal Affairs, and an expansion of Azerbaijan's highly regarded existing programs involving Afghanistan. The latter, it should be noted, directly advance the security of both Iran and Russia.

Turkey's erratic maneuvers between East and West, and between different of its interests in the East, have pushed its relationship with Azerbaijan to a sensitive and critical juncture. Having promoted Turkic solidarity since the collapse of the U.S.S.R., Turkey has now qualified that commitment in practice by entering into negotiations with Armenia over the heads of leaders in Baku. Up until 2007 Turkey presented itself as a reliable intermediary in the transmission of Caspian energy to Europe, but thereafter, as noted above, it began emulating Putin's practice of manipulating energy supplies as a tool of diplomacy, only to attempt to present itself once more in 2009 as a reliable future supplier to Europe. One day Turkey presents itself as a vitally important core member of NATO and the next it offers itself as an intermediary between NATO and the East. One day it professes its close ties with Western countries and on the morrow it is colluding with Russia to exclude those same countries from Caucasus affairs.

None of this means that Turkey has fundamentally diluted its commitment to Azerbaijan. It simply reflects the reality of deep divisions within the polity

of Turkey as a whole and, increasingly, within the ruling AKP party. To allay understandable feelings of betrayal among the Azerbaijani population at large, Azerbaijan's Ministry of Foreign Affairs should press Turkey for clarity on all key issues, and should not hesitate to appeal directly to forces within the AKP and within Turkey that respect and support Azerbaijan's interests. This pertains above all to Turkey's casual formulation regarding the condition for opening the border with Armenia once "sufficient progress" has been made toward resolving the Karabakh issue. This contrasts with Turkey's position over the prior fifteen years --namely, that the border would not be opened until Armenian armed forces have been withdrawn from all Azerbaijani territory.

It is up to Azerbaijan to make sure that Turkey does not take Azerbaijan for granted. The essential condition for this is for Azerbaijan to remind Turkey of its independent relations with all the other major powers involved in the region, and, ultimately, of its control over the supply of energy through the BTC pipeline. The closest possible collaboration between Azerbaijan and Turkmenistan will also foster this, as does Azerbaijan's independent relationship with Russia.

It was suggested above that the interests of Russia and Iran in the Caucasus are in many respects competitive. True, they have a common interest in the North-South transport corridor through Azerbaijan, and neither welcomes a strong European or American presence in the Caucasus. But as each seeks to position itself as a major future alternative route for the transmission westward of Caspian energy they are in direct competition, just as they are, increasingly, for influence in the Caucasus as a whole. With Russia's intensified pressure on the Caucasus, one might expect an increase of activity from Iran's side as well. This has in fact occurred, at least in Armenia, with which it is proposing to build transport links and to which it already refers as a "strategic partner." For now it appears that Iran is willing to pursue this avenue at the expense of its relations with both Baku and Tbilisi, but this could change.

However remote a possibility, a breakthrough in relations between Iran and the West would fundamentally alter Azerbaijan's relations with Tehran. It could lead in time to the direct transmission of Iranian gas to Europe either

via Turkey, via Iraq and Syria, or through the Neka-Jask pipeline to Baku and the BTE. If Nabucco and White Stream founder, either of these would present itself as a balance to sending Azerbaijani energy to Europe via Russia. It is in Azerbaijan's interest to stay fully abreast of these developments, even as it pursues more immediate options. Meanwhile, one cannot rule out the emergence of a less militantly religious party in Tehran. Any such development will find a ready welcome in Baku, but formal improvements must await the reduction or cessation of Iranian interference in the internal life of Azerbaijan. This may prove difficult, as Iran's intelligence has the power to remain an island of orthodoxy even after a fundamental shift at the polls.

In the immediate future, Azerbaijan has rightly objected to Tehran's support for the Khudoferin hydroelectric project on the Armenia-controlled territory of Azerbaijan. However, if Iran withdraws its support to Armenia for this project, Azerbaijan may wish to consider proposing a quid quo pro, namely some form of Iranian participation in the project after the territory is returned to Azerbaijani control.

The new Obama administration has also held out the possibility of a "restart" in U.S. -Russian relations, which could in turn improve the tenor of Russian involvement in the Caucasus. Some have argued that the banking crisis and reduced world prices for energy could force Russia into a more inward and defensive mode. Neither of these appears likely, nor are there other factors that might in the short term reduce the hold of "zero sum" thinking in Moscow. Nonetheless, Azerbaijan should be prepared for such a positive turn. Though a long shot, it should be ready to promote some sort of joint Russia-U.S. activity in missile defense with the help of the Gabala radar facility in Azerbaijan, which is owned by the government in Baku but leased to Russia. However unlikely, this represents the kind of bold thinking that will be needed and possible in the unlikely event of a fundamental lessening of tensions between Washington and Moscow.

For now, the Medvedev-Putin administration is concerned that neither Turkey nor the new U.S. administration preempt what it sees as its own unique and exclusive role as the arbiter of political relations in the Caucasus. This will

almost certainly lead to a flurry of diplomatic activity from Moscow, beginning with the meetings with presidents Aliyev and Sarkisian in St. Petersburg in June, 2009. One might assume that at some point Moscow will offer a large interest-free loan or outright gift to Armenia in exchange for a withdrawal of troops from the occupied territories, and a corresponding boon to Azerbaijan. The danger of such an arrangement is that it would leave Russia the sole guarantor of the outcome, and both contending parties dependent on it should the agreement be broken. To avoid this, any such agreement would have to be opened to other parties, i.e., the Europeans and Americans, be brokered through the existing Minsk Process, and be enforced with peacekeepers drawn neither from Minsk Group members or countries neighboring the region.

Meanwhile, the Aliyev administration has no choice but to deal with Moscow as it is, rather than as it might be, and this includes the reigning "zero sum" thinking. Here the goal must be to maintain Azerbaijan's sovereignty and independence. The obvious key to this is to strengthen as far as possible all balancing relations. Azerbaijan's capacities in this area are far greater than those of either Armenia or Georgia, which are both relatively isolated by comparison. But Azerbaijan's needs and vision are greater, and hence the necessity of an extensive, multi-directional, and active foreign policy.

Longer Term Prospects: Russia and Iran

Reviewing this complex situation, one might be tempted to conclude that Azerbaijan's fate is forever to remain a small country wedged between two large and activist states that have contended for influence in the region for centuries and will continue to do so in the foreseeable future. If this is so, Azerbaijan is condemned to live forever in a permanent state of vigilance.

It is quite possible that the "vertical of power" and zero-sum thinking in Moscow, and the reign of the Supreme leader and Guardian Council in Iran, will continue indefinitely. However, there are important reasons to think

otherwise. Both countries are in economic crisis. Given their enormous hydrocarbon resources one might assume that boundless prosperity awaits them as soon as the world economy recovers. But both have gravely underinvested in both up- and downstream projects, preferring instead to spend their money in the present. Thus, to reap profits from their natural wealth they must first spend tens of billions on infrastructure.

An even more fundamental constraint on Russia and Iran arises from the fact that both countries face a staggering and unavoidable demographic crisis. Iran's annual birth rate at the time of the Khomeini revolution was over six per thousand, but by 2001 had plummeted to 2.2 and today is today at 1.7, a figure comparable to many European countries, i.e., below replacement level. The speed with which this occurs assures that the Iranian population will be heavily imbalanced in favor of the elderly, with all the costs that implies, and severely lacking in working-age manpower. Martin Walker does not exaggerate when he concludes that Iran "is experiencing what may be one of the most dramatic demographic shifts in human history."[1]

Russian men, meanwhile, die at a rate three to five times higher than in other countries at comparable levels of development, while even the rate for women is twice the norm. As Walker puts it, "Russia is suffering a demographic decline on a scale that is normally associated with the effects of a major war." Russia's demographic decline is so precipitous that it has given rise to what is grimly being termed "hypermortality." Will even a rich Russia be accepted as a great power when its population is barely an eighth of China's or India's, or a half of Brazil's? And how effective will its army be when more than half of new recruits come from often discontented Muslim minorities, as will soon be the case?

[1] Martin Walker, "The World's new Numbers," The Wilson Quarterly, Spring 2009, p. 27.

Some Possible Mid-Term Adjustments

The conclusion of our discussion to now is that events during 2008-9 certainly intensify the diplomatic climate in which Azerbaijan's Ministry of Foreign Affairs must operate, and raise complex new issues regarding the longer-term intensions of the European Union, United States, and Turkey. However, far from undermining the validity of Azerbaijan's existing strategic doctrine they further validate it. Economic and demographic processes at work in both Russia and Iran may soften pressures from those countries in the longer term, while unexpected shifts in Turkey's position are likely to continue as long as the internal divisions within the country remain as deep as they are today.

These developments may not challenge the underlying principles of Azerbaijan's strategy but they certainly pose important challenges to those charged with executing it. Far more than in the past, Azerbaijan's diplomats will have to demonstrate both deftness and decisiveness, knowing when to wait and watch and when to act with dispatch. As analysts they will have to calibrate and precisely measure the various balances and devise measures to reestablish them when any has been upset. If Azerbaijan is to remain independent in its foreign policy they will have to be pro-active and not mere responders. Only in this way will Azerbaijan firmly establish itself as an autonomous subject in international relations and not merely an object of the policies of others.

To facilitate the attainment of these objectives one might suggest four possible conceptual and practical shifts. None is new, and all arise naturally out of current practice. But in order to reap their full benefit they must now be pushed to the fore.

First, from the time of the first thoughts about the BTC pipeline and the launch of the EU's TRACECA road initiative, Azerbaijan has viewed itself as sitting astride key East-West corridors stretching from Europe to China. In more recent years this has expanded to include railroads, an important North-South corridor, and also links via the Caspian to Turkmenistan and on to Afghanistan, Pakistan, and India. This is as it should be, and accords with the Absheron Peninsula's 2,500 year history.

Absent from this concept is a conscious and active embrace of the notion of becoming a hub along these routes. External powers normally compete to control corridors. Hubs are both more important and more fragile, and hence even powers that may wish to dominate a hub are loath to disrupt its functioning. And since large powers are often the principal beneficiaries of independent hubs, they can be quite willing to live at peace with them if their own interests are duly respected. This is the story of Singapore as a shipping hub, of Montevideo as a banking hub between Argentina and Brazil, of the "free city" of Danzig between Poland and Prussia, and of Constantinople for 1,000 years. Baku might consider such a role for itself and plan its development and diplomacy accordingly,

Historian Tadeusz Swietochowski has called Azerbaijan "quintessentially a borderland many times over."[2] Borderlands are rarely independent subjects in a legal sense and tend instead to be the prize in competitions between metropolitan centers. However, Baku has the potential to become a major hub, comparable to Dubai. Tbilisi, Yerevan, and Tehran are wonderful cities, but too culturally specific to become global hubs. Kuwait and Ankara offer fewer cultural and natural amenities, and while Odessa is undeniably yeasty, it has spent too long as a backwater to revive as a hub. Tashkent and Almaty have serious potential as hubs and both have taken up the challenge. The emerging role of Tashkent airport as the major stop between Europe and India is a notable example of policy theory guiding action.

Acknowledging this, Baku is at least as well positioned as any of these and better suited than most to become a major international hub in many fields. Minister of Foreign Affairs Mammadyarov is right to speak of Azerbaijan as an "ideal European hub on the East" but it must embrace a view of itself as a hub from the other three points of the compass as well.

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[2] Quoted by Svante E. Cornell, Azerbaijan, unpubd. MS, 2009,. p. 439.

This means moving fast to adopt European and global standards in as many spheres as possible, removing bureaucratic impediments that have driven major international carriers from Heydar Aliyev Airport, and greatly expanding hotel and conference facilities. Above all, it means controlling corruption and developing a class of professionals in many fields who are committed to this expanded role for the city and country.

Second, Azerbaijan should move much more deliberately to take the leading role in region-wide discussion, planning, and cooperation in all fields. Whether the subject is the security of the BTC pipeline, the development of mountain agriculture, the designation of free economic zones, or the establishment of region-wide athletic leagues, the government of Azerbaijan should cast itself in the role of active and fair-minded convener rather than as mere participant.

This will never happen without the establishment of some kind of coordinating entity with close links not only to the Ministry of Foreign Affairs and other key ministries but also with the private sector. The establishment by the President of inter-agency working groups under the MFA in 2004 was a necessary first step in this direction but many follow-on measures are now called for. Since other cities and countries have successfully accomplished what Azerbaijan is setting out to do, it will also be essential to consult the "best practices" of places as diverse as Rotterdam, Vancouver, Hong-Kong, Miami and Manila.

Second, regarding Karabakh, formal negotiations will continue to be conducted under the guidance of the OSCE and through whatever additional channels Minsk Group members and other interested parties might devise. However, reasonable people wonder whether any of these efforts is likely to succeed in the near future when all have so signally failed to resolve the issue for more than a decade. One reason for this is the near-total absence of any conception of what the Caucasus might look like once the main territorial problems there have been resolved, in other words, what kind of development might occur, who would pay for it, and how each country and subregion could benefit. Given its resources and its independence in foreign policy, Azerbaijan is better positioned to initiate this discussion than is either Armenia or Georgia. Done right, such a discussion on planning could benefit all three and enable both Armenia and Azerbaijan to begin looking beyond the stalemate that has vexed them for so long,

The precondition for such an endeavor is for Azerbaijan to be as specific as possible about the future legal and economic status of Karabakh. Foreign Minister Mammadyarov said as much when he declared that the government was prepared to grant to Karabakh "the widest possible autonomy within Azerbaijan." Without tying its own hands in future negotiations, it would be well for the Ministry to spell this out more precisely. Similarly, the Minister's statement that "we are even prepared to increase substantially national funding for the development of [Karabakh once it is returned to Azerbaijan's control]" is extremely important, but lacking in details. Were Azerbaijan to come forward with some concrete proposals in this regard it could refocus the discussion on the future and place an opportunity cost on all negotiating postures that do not move in that direction.

Third, in order to pursue these various opportunities, the Ministry of Foreign Affairs would need significantly to expand and upgrade its capacity in the sphere of public diplomacy. Under current arrangements these tasks are attended to by the Ministry's Information Department and its embassies abroad, with assistance also from the Heydar Aliyev Foundation and the Ministry of Culture. Notwithstanding these resources, the results fall short of the need.

Several times over, the Ministry has been frustrated by its inability to air Azerbaijan's side of a story. Rather than dwell on the many manifestations of this problem, it is enough simply to affirm that Azerbaijan's difficulties in this area cannot be solved simply by turning to high-priced Western public relations firms, as has been done in the past. Azerbaijan itself must develop a better capacity to tell its own story.

This calls for a concerted effort in the field of public diplomacy, which in turn requires the more active engagement of senior officials, elected officeholders, leaders of political parties, journalists, and members of the loyal

opposition. Nearly all of these have been notably silent in public discussions beyond the borders of Azerbaijan.

Is it possible that this problem in turn arises from the fact that public discourse in Azerbaijan itself is underdeveloped, and that a nation which has produced more than its share of great writers is somehow tongue-tied when it comes to the management of its own civic affairs? How else can one explain the fact that even opposition leaders in parliament have evinced little or no interest in making their case abroad, whether in speeches or writings, or that only two or three of the hundreds of professional journalists in Azerbaijan have ever appeared in print in major foreign publications or web journals?

It has been suggested here that Azerbaijan's strategy of balance and independence rests as much on effective diplomacy as on bold action, as much on the word as on the deed. The existence of an Office of Public Diplomacy, even a well-financed one, will by no means assure effectiveness in this area. The only way to guarantee success is to develop in the country at large what might termed a "culture of dialogue," in other words, a civic culture in which people grow accustomed to presenting their views in a calm and reasoned manner, whether in speaking or in print, and in which others feel able and willing to respond in kind, without fear that differences will become highly personalized, descend into a blood feud, or lead to dangerous consequences for either party. Whatever its achievements in certain areas, Soviet rule did not foster these qualities. Today, Azerbaijan cannot expect to advance on the international scene without them. Whether the same is true in the nation's domestic life is beyond the scope of this paper, but it is no secret that the development of participatory institutions is unthinkable without such a culture of dialogue.

The establishment by President Ilham Aliyev of the Azerbaijan Diplomatic Academy marks a promising beginning in this important area. Public forums, debates, and both oral and written exchanges have already become a regular part of its educational life. Under Rector Dr. Hafiz Pashayev, an impressively open and rigorous intellectual culture is developing, with a strong emphasis on the kind of public dialogue that is so urgently needed.

Modern skills in writing are also being developed, so that ADA graduates will be able to make their case in the best style and language of international discourse, and with the finesse and subtlety which a strategy of balance and independence requires.

However, neither an Office of Public Diplomacy nor a dynamic culture of dialogue emanating from ADA will bring Azerbaijan to the requisite level of competence in this sphere. The same ideals must be systematically introduced into the educational system at all levels, into professional training, and into the daily practice of both elected and appointed bodies of government. This will not happen quickly, but the experience of other countries shows that in time a more communicative and civic culture can arise out of the ashes of totalitarian or authoritarian life. As they say, a journey of a lifetime begins with the first step.

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