



Master of Arts in Diplomacy and International Affairs
Master Thesis

Interests and Challenges of the Ivanishvili Government vis-à-vis Azerbaijan

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Foreword:

The thesis is written as completion to the program of Master of Arts in Diplomacy and International Affairs at Azerbaijan Diplomatic Academy. The degree is interdisciplinary program with broad choice of studies ranged from international relations and political science to economics, energy, and international law. This is a study is about the current situation of Georgian and Azerbaijani relations, and analysis of the effects of new political circumstances in Georgia as my home country.

Saakashvili's defeat and Ivanishvili's victory on the elections and first-ever peaceful transformation of political power in Georgia brought many issues to the region, and as a choice of research it encouraged me to conduct a study about interests and challenges of the Ivanishvili government in Georgia vis-à-vis Azerbaijan. In the early days of rule, Ivanishvili and his Georgian Dream coalition made attention-grabbing statements and proposals to the electorate which might affect strategic and friendly relations between two neighboring countries in the Southern Caucasus. For the purposes of writing a precise and insightful inquire, I focused on three major dimensions which directly influence the Ivanishvili government's vision, interests, and challenges vis-à-vis Azerbaijan. Those factors – domestic politics of Georgia, Azerbaijan's power over Georgia, and regional politics and projects – have been analyzed in this study which started in January 2013 and ended in the beginning of April 2013.

Developments of bilateral relations, background information, as well as expert opinions helped me to substantiate arguments and conclude findings. However, there are not any scholarly conducted research projects about Georgia-Azerbaijan relations, especially about the incumbent government, I have experienced this period as very interesting and instructive, and overcome a lack of sources, and limits of knowledge in that topic.

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Introduction

After the Rose revolution in Georgia in 2003, the economic, political, strategic relations between Azerbaijan and Georgia further developed. More regional projects, more investment and business flowing from Azerbaijan closely connected the two. Importance of these two neighboring countries for each other challenges and prospers their long-run strategic relations. Azerbaijani oil and gas resources are transported through Georgian territory to the markets in the Mediterranean. Moreover, construction of other projects such as Baku-Tbilisi-Kars railroad system is going to be built through Georgia. As an oil-rich country Azerbaijan expands its energy markets and invests internationally in many different countries through particular channels such as State Oil Company of Azerbaijan Republic (hereafter SOCAR). In recent years, SOCAR has been expanding its scope of activity areas ranged from oil drilling to gas supply and education. Increasing oil revenues and share in oil production under the Contract of the Century improve SOCAR's capacities to go beyond borders of Azerbaijan. Now SOCAR operates not only in neighboring Georgia. SOCAR invests in constructing petroleum stations, gas supply, petrochemicals, port-terminals and some social projects in those countries. SOCAR petrol stations were launched in serving and distribution of energy resources in Georgia in November 2006. SOCAR established its own representation in Georgia. Its main goals are protecting company interests in terms of economic affairs, creating supportive environment for company projects and coordinating efforts of interested parties. It is concerned with interrelations with government bodies, negotiations with legal entities, sponsorships and charity in Georgia (SOCAR Representation, 2012)

However, domestic politics of Georgia is less stable, and more open to changes of powers compared with Azerbaijan. Emergence of relatively new opposition in Georgian politics under

Bidzina Ivanishvili – Georgian Dream strongly challenged Saakashvili’s United National Movement in parliamentary elections in October 2012. Saakashvili’s ruling party lost the elections to Georgian Dream, and Bidzina Ivanishvili became the prime minister of Georgia (Central Election Commission of Georgia, 2012). Being elected and gaining power to govern the country gives Georgian Dream opportunity to challenge Saakashvili, and investigate post-revolution period in order to find misappropriated funds or corrupted policy implementations. These findings might be significant for Georgian Dream to overcome United National Movement in the upcoming presidential elections in 2013. On the other hand, United National Movement’s seats in the Parliament and the president’s constitutional right to veto the Government give Saakashvili to exert its power to challenge the Ivanishvili Government.

Ivanishvili promised lower prices of fuel and gas to the public during his political campaign (Rusiko Machaidze, 2012), when he highlighted the need for negotiations with SOCAR on that point. It was clear that all those promises were calculated to get credits of Saakashvili’s back-scene politics. His statement about the economic inefficiency of Baku-Tbilisi-Kars railroad (Vestnik Kavkaza, 2012) construction may be seen as a result of economic benefits of the project considering the transportation system of Georgia. Further, demands of higher salaries and less discriminative policies of employees of Kulevi Terminal which is owned by Azerbaijan was another issue of Ivanishvili. All these factors seem to affect relations of the two neighbors.

This paper will focus on Ivanishvili’s approaches and statement about calculations, and reviewing developments of relations with Azerbaijan in the context of particular regional, bilateral, and domestic circumstances of the two countries.

Significance of the Study

The major scope of this study intends to cover broader explanatory analysis of Ivanishvili's view towards Azerbaijan. Historical background of bilateral relations of both countries with each other, particularly business deals and civil society analysis is a sphere of research that is not analytically researched, and needs deep focus and broad information package. On the one hand, Ivanishvili's personal background, inexperienced political practice, statements and interviews are worth being studied in order to draw more or less clear picture of the relations of Azerbaijan and Georgia. On the other hand, future expectations and developments are vital for authorities of both countries, regional projects such as Baku-Tbilisi-Ceyhan, Baku-Tbilisi-Erzurum, or Baku-Tbilisi-Kars, private groups and businesses, and ethnic groups of Georgia to identify their long-term plans and strategies.

Considering the different political promises and severe struggle for power between the Ivanishvili Government and Saakashvili's United National Movement party, it creates a negative image of bureaucratic politics in Georgia which consequently pushes Azerbaijani authorities and the society to evaluate Ivanishvili's future aspirations, interests, and challenges. Without analyzing the real background, and focusing on just media reports or other sources of information about the actions of the Ivanishvili Government, it would not come to solid and substantiated expectations in Georgian-Azerbaijani strategic relations. Therefore this study will come to important conclusion remarks that scholars, media, researchers, policy-makers and any interest groups would get advantages of this paper. By this study, some could find reasons and views of the governments towards particular aspects of political, economic, business realities in the region.