AZERBAIJAN’S BALANCED FOREIGN POLICY TRAPPED IN A VOLATILE GEOPOLITICAL CONTEXT

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Abstract
Following a study visit in Baku, the author exposes in this paper some of the research results, being also embedded the opinions of Azerbaijani experts that were interviewed. The aim is to perform an analysis on the evolution of Azerbaijani state interpreted both from the European and Azerbaijani perspective. On the one hand, it is approached the development of the Republic of Azerbaijan after the collapse of Soviet Union and the way the Nagorno-Karabakh unsolved conflict has influenced Azerbaijan’s foreign policy. On the other hand, it is researched the manner in which the European Union – Azerbaijan relations have evolved since 1991, but especially once the Eastern Partnership has been created. Considering the fundamental purpose of the European Neighborhood Union, to ensure security, stability and prosperity in the EU’s vicinity, it is analyzed the impact of two multilateral platforms within the Eastern Partnership (Democracy, good governance and stability, and Energy security) was achieved on the Republic of Azerbaijan. At the same time, it is investigated whether the European Union should accept an authoritarian leadership, as a legitimate actor and partner on the international stage just because the EU has a strategic interest to diversify its energy sources and, eventually, reduce the dependence on Russian Federation, or it should change its approach and adopt a firmer stance. Last but not least, are revealed the geopolitical frictions in the South Caucasus region and the reasons for which Azerbaijan tries to maintain its status as a sovereign and independent country, avoiding to ally with any geopolitical bloc, but opting for economic, energy and military cooperation with both sides.

Keywords
Azerbaijan; Democracy; Energy security; European Union; Nagorno-Karabakh; Russia
1. INTRODUCTION

Azerbaijan is a country in the Caucasus region, situated at the crossroads of the Eastern Europe and Western Asia. It is part of a geopolitical area where regional actors have strong economic and political concerns. But after the collapse of the Soviet Union, the region and, especially, Azerbaijan has aroused the interest of great powers, including the United States of America and the European Union. From this perspective, will be assessed the evolution of Azerbaijan and the way the leaders’ decisions influenced the country’s geopolitical vector. In this context, will be explained the unstable environment, which was mostly created by the repercussions of the inter-ethnic conflict between Armenia and Azerbaijan, pointing out the main reasons for which the dispute became a protracted conflict. Besides, a particular attention will be paid to the relationship between Baku and Brussels, where issues such as human rights and energy should be equally important.

2. THE COLLAPSE OF SOVIET UNION - NEW DEVELOPMENT OPPORTUNITIES FOR THE REPUBLIC OF AZERBAIJAN

After gaining the independence in 1991, Azerbaijan pursued a proper policy intended for a genuine sovereignty, both on political and economic level. In the first years of independence, between 1991-1993 Azerbaijan had three presidents. The first president of independent Azerbaijan, Ayaz Mutalibov, paid more attention to the cooperation with Russia and Iran, but after less that one year he had to resign in March 1992, because of the public protests that have been triggered by the Khodjaly massacre (Ipek 2009, 229-230). In those critical times, only two presidents succeeded to bring significant contribution internally and externally that led ultimately to a balanced foreign policy. In this regard, the conceptions and the changes made by the President Abulfez Elchibey (1992-1993) are judged not as efficient as it could, but symbolizes the beginning of a new foreign policy that lately have been improved by the President Heydar Aliyev (1993-2003). Between the foreign policy conceived by Elchibey and the other one, shaped by Aliyev exist big discrepancies, but also common aspects. President Elchibey was mostly guided by ideological considerations. For this reason, Baku rejected any institutional or security cooperation with
Russia, but sought alliances with Turkey and the U.S. He opted for developing stable relationships with these actors on the ground that it would decrease the influence of Russia and Iran, and would attract Washington or Turkey to stand up for Azerbaijan’s security and political issues. Nevertheless, Ankara was not willing at that time to enter into a military alliance with Azerbaijan, whilst Washington’s policies were commonly constrained by the activities of the American – Armenian lobby in Congress (Shaffer 2013, 234-235). Furthermore, it is assuming that Elchibey’s pro-western policies and those of supporting the language and cultural rights of ethnic Azerbaijanis in Iran, represented the reasons for which Iran backed Armenia in its war with Azerbaijan. Based on Elchibey’s miscalculations and political mistakes, Heydar Aliyev came with a more pragmatic and balanced foreign policy, which meant constructive relations with powers like the U.S., EU and Turkey, but also wise partnerships with actors like Russia or Iran. Since the country lost all of its economic contacts with the international community during the 70 years of Soviet rule, integration to the west and, particularly, to the European Union became a political priority for Baku to cover these economic and political gaps (Abbasov 2015, 57). In the long run, cooperation with the United States proved to be beneficial especially in the energy field, a sector that offered an unique possibility to Baku, to develop independently and reduce its dependence on Russian Federation, in economic and political plan.

Since Heydar Aliyev’s multi-vector policy became a state strategy, which brought prosperity and to some extent stability, he endeavored to leave his pragmatic techniques to his son, Ilham Aliyev, in 2003 when he became the new president of the country. Consequently, even today Heydar Aliev’s vital priorities that have been set for Azerbaijan are highly respected, and still implemented. According to the National Security Concept of 2007, the most pressing matters of Azerbaijan, on which depends its prosperity and stability, are the following: “(1) to balance the relations with major global and regional powers, instead of being a member of any exclusive alliance; (2) to maintain full independence and not to serve as a de facto vassal state of any regional power; (3) to make certain that transportation policies and energy export will be an integral element of foreign policy; and last but not least, (4) to perform active attempts in order to ensure that the state achieves safe and recognized permanent borders through resolution of the Nagorno – Karabakh conflict with Armenia” (Shaffer 2013, 236-237).
3. NAGORNO-KARABAKH - THE DRIVING FORCE OF THE GEOPOLITICAL FRICITIONS

The stability and security of the Caspian country is challenged by several delicate phenomena, which have emerged especially after the dissolution of the Soviet Union. However, the most important factor that put under pressure the geopolitical context is related to the geographical position of Azerbaijan, which is neighboring with Russia to the north, Georgia to the northwest, Armenia to the west, Iran to the south and the Caspian Sea to the east. Apparently, Azerbaijan has strained relations with three of its neighbors, a situation that was created specifically because of the dispute with Armenia, which led eventually to the configuration of an unstable and tense geopolitical context.

Nagorno-Karabakh has its roots since 1923, when the USSR pursued a policy of destabilization in the Soviet countries. By reason of this policy, was decided to create on the territory of the Azerbaijan Soviet Socialist Republic an autonomous region, Nagorno-Karabakh, whose population was made up mostly of Armenians. However, the real war has started in 1988, when Armenians have claimed territories, which were part of Azerbaijan. Eventually, the war ended in 1994, resulting in the occupation of Nagorno-Karabakh by Armenia.

Shortly after that, at the 1994 OSCE Summit in Budapest was created the Minsk Group, where the U.S., Russia and France have been appointed the co-chairs of this Group, whose main task was to assist the involved parts, and facilitate the context for solving the conflict. Despite of several proposals suggested by Minsk powers, it seems that their efforts did not provide any successful outcome. The majority of Azerbaijani experts, including Mr. Musa Qasimli criticized these countries for playing by double standards since the co-chairs avoid telling directly who is the aggressor that occupied the territory of Azerbaijan, by force (Interview with Qasimli, 09.02.2015). Another discontent of Azeri authorities is that these co-chairs are not coming with a united, strengthened position, but consider that Azerbaijan and Armenia should solve this problem together. Notwithstanding, Azerbaijanis should bear in mind that the co-chairs have the mandate to help these countries to find a solution to their dispute but not to impose it. Moreover, several recommendations have already been suggested, but were dismissed.
At the same time, the fact that some of the Minsk powers have a biased attitude towards one of the countries involved in the conflict might represent the reason for which this dispute has prolonged for such a long time.

The special relations between Russia and Armenia started to consolidate since 1828, after the Russo-Persian war, when Eastern Armenia, a Christian nation, was ceded to Russia. Later, their relation has strengthened even more in the framework of Soviet Union. Thus, in the context of Nagorno-Karabakh it is questioning on whose side was Russia, considering that the conflict took place between an Orthodox country and a Muslim one. Likewise it is questioning from where had Armenia weapons and military technology in order to occupy 20 percent of Azerbaijan’s territory at that time? Answers that are well known, but so far no major power had the interest to use them in order to conclude the conflict.

Behind the destabilizing actions of the Soviet Union and then of Russia was the desire to control the former soviet republics through different means. The South Caucasus could become a prosperous region due to the key resources and the strategic position between Europe and Central Asia. Russia saw the potential impact of the unity between those three states, and by triggering a dispute in the region could elude such initiatives and, eventually, lead to a fragmentation of South Caucasus, as it happened (Interview with Qasimli, 09.02.2015). In consequence, Russia created the proper environment for the emergence of various conflicts in the former Soviet republics, as it did in Moldova through Transnistria, in Georgia through Abkhazia and South Ossetia, and recently in Ukraine through the annexation of Crimea and the ongoing conflict in Donbass region. Another goal of Russia was not to let the western powers to come in the region, trying as well to impede foreign investments. Moscow was extremely preoccupied that Azerbaijan could become a bridge between Central Asia and Europe, and a key transit country for the Kazakhstan and Turkmenistan gas to Europe.

As the Minsk Group failed so far to solve the conflict, arises a new question: should the European Union, through the EU Special Representative for the Southern Caucasus together with the High Representative for Foreign Affairs and Security Policy become more involved in the settlement of Nagorno-Karabakh, considering that the goal of the EU is to spread democratic values and contribute to improving the political, economic and social level in the transition countries? In this respect, it is arguing that the EU should pay a greater attention to this dispute because of the strategic importance of the region and especially of Azerbaijan, as a major gateway for the EU in the
Caspian region and Central Asia, and due to Baku’s role as an energy provider, and also an energy security actor (Interview with Hasanov, 16.03.2015). The secessionist movements in the South Caucasus and the separation of Abkhazia and South Ossetia, following the recognition by Russia, but also low effective interventions from Western powers could become a new interpretation of the principle of self-determination, and might increase the demands of separatist movements in Europe (Ibrahimov 2013, 134). Azerbaijan claims that EU is hiding behind two contradictory principles of international law: the right of territorial integrity and the right of self-determination of people (Mammadov, May 2015, 34). By failing to criticize the ongoing occupation of Azeri territory by Armenia, Azerbaijan reckons that the EU actually approves it. On these grounds, Baku would like to see a pro-active attitude from the EU regarding this conflict, or at least to have the same approach towards Azerbaijan as it does in the case of Moldova, Georgia or Ukraine. Baku justifies EU involvement in the resolution of the Nagorno-Karabakh conflict with two major arguments. “First, the conflict is a big threat to the security of energy flows from Azerbaijan to Europe, particularly at a time when the EU desperately wants to diversify its energy sources and reduce its natural gas dependency on Russia. Second, since the EaP promotes multilateral relationships among the partner countries, the Nagorno-Karabakh conflict creates problems for deeper relations between the EU and Azerbaijan and undermines the EaP’s credibility” (Abbasov 2015, 60). For these reasons, if western actors will not get more involved to help the Eastern countries, including Azerbaijan, to come to an agreement regarding their protracted conflicts, then Russia will continue to use them as the main leverage for keeping these former soviet republics under its control and assuring itself that none of them will have real chances to join the Euro-Atlantic family.

On the other hand, the EU is legitimized to act in such a neutral way, since Azerbaijan is looking just for material interests, ignoring the EU’s requests in terms of human rights, civil society and deeply democratization of the country.

After more than 50 years in Soviet Union, one of the most important foreign policy priorities of Azerbaijan was to develop cooperation relationships with western actors, including the European Union. The Partnership and Cooperation Agreement, which was signed in 1996 and entered into force in 1999, put the basis of the legal framework for EU-Azerbaijan relations in various fields, such as the political dialogue, trade, investments, economic and cultural cooperation (Summary on EU-Azerbaijan relations). Later their relations have advanced in the framework of the European Neighborhood Policy (ENP). In that context, the EU developed an Action Plan adapted to the specificity of the country, which focused on democratization, human rights, social and economic reform, conflicts and energy issues. Furthermore, under the European Neighborhood Policy, the EU and Azerbaijan signed a Memorandum of Understanding (2006) aimed at establishing a partnership in the field of energy. This document represents the first crucial step, which contributed to strengthening EU’s energy relations with Baku.

One year after the creation of Eastern Partnership, in 2010 the EU and Azerbaijan began negotiations on an Association Agreement, which include a free trade area, however the political implication that this agreement could have on Azerbaijan, have determined Azerbaijani official elites to postpone the implementation of the document. Nevertheless, a vital condition for signing such an agreement is the country’s prior accession to the World Trade Organisation (Zasztowt 2015, 2). Due to the fact that Azerbaijan’s adaptation to the WTO’s requirements continues in a very slowly pace, but also because of the comprehensive engagement of performing reforms in political and economic spheres, the chances for realizing this goal are insignificant. As a confirmation in this respect, comes the statement of the deputy head of the Administration of the President of the Republic of Azerbaijan, Novruz Mammadov: “The Association Agreements sets the conditions, which would enable countries to seek membership within the EU. Since Azerbaijan does not consider EU membership, an Association Agreement is not a priority for Baku” (Abbasov 2015, 58).
Besides the bilateral dialogue between Azerbaijan and European Union in the context of Eastern Partnership, a particular importance has the multilateral political dialogue, where are addressed the common challenges faced by each partner country, including Azerbaijan, aiming to foster the stability and prosperity of the entire region. In this respect, the author is assessing the impact of two of the four multilateral platforms on the evolution of Azerbaijan internally and externally.

4.1. The impact of the Eastern Partnership multilateral platform - Democracy, good governance and stability – on Azerbaijan’s domestic policy

The European Union began long before the creation of Eastern Partnership to support the institutional, legal and administrative reforms in Azerbaijan. By the instrumentality of the Technical Assistance to the Commonwealth of Independent States (TACIS Programme), the EU has sought from ’92 to 2007 to support the process of transition to market economies and democratic societies in the New Independent States, created as a result of the break-up of the Soviet Union (Frenz, p. 6). In 2007 the European Neighborhood Policy Instrument (ENPI) replaced TACIS Programme. Under ENPI the EU largely continued supporting effective government, promoting good governance, together with human rights, democracy and the rule of law, as an integral part of the EU’s foreign policy (Börzel, Pamuk and Stahn 2008, 13).

The ENPI Country Strategy Paper of Azerbaijan for 2007-2013 highlighted the issue of bad governance as a result of the deficient democratic institution and, consequently, weak performance. In this context, the problem of widespread corruption figured prominently (Börzel, Pamuk and Stahn 2008, 28). Corruption in all spheres of society poses the largest threat to the functioning of the state. Azerbaijan has consistently ranked in the lowest third of global corruption indices. This situation has worsened because of several important factors. The oligarchic structure of the economy, the state monopoly over its oil resources together with the absence of independent and transparent institutions created the favorable conditions for strengthening the compromised political regime of Aliyev family. Two clans, the Nakhichevanis and Yerazi, dominate the political and economic system in Azerbaijan, but Aliyev family stands on top of them and makes sure that key-positions in all spheres of society are taken by closely related (European Forum for Democracy and Solidarity). For these reasons, it is not surprising that the state “wealth and economic power is largely concentrated among the president, his
family, and a small group of oligarchs, creating a dangerous convergence of political and economic interests” (Nations in Transit 2015 - Azerbaijan, 93). According to Freedom House Report, Azerbaijan’s corruption rating remains unchanged at 6.75 (Nations in Transit 2015 - Azerbaijan, 92). The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest.

Given the fact that civil society is one of the driving forces in promoting good governance in countries seeking to become truly democratic, starting with 2004 EU recommended ENP partner governments to consult and cooperate with non-state actors and civil organizations in the formulation and implementation of the national reform agendas (Börzel, Pamuk and Stahn, 2008, 15). Furthermore, the “progress towards the principles and values of democracy, rule of law and respect for human rights represent an important precondition for upgrading the contractual relations between the EU and Azerbaijan within the framework of the Eastern Partnership” (Azerbaijan National Indicative Programme 2011-2013, 13). In spite of this, the situation of civil societies’ liberties and the rights of opposition politicians has started to worsen in 2009 and became severe in 2014. As a result, human rights activists, journalists, NGO leaders and other regime critics continued to face threats and harassment from the authorities, including raids by security forces, the confiscation of equipment and imposition of travel bans (European Forum for Democracy and Solidarity). Moreover, on December 28, 2015 the Ministry of Justice (MoJ) adopted Rules on Studying the Activities of Non-Governmental Organization, which enables the MoJ to inspect the activity of local and foreign NGOs registered in Azerbaijan, with very few guarantees for protecting the rights of NGOs (NGO Law Monitor: Azerbaijan, 2016). Accordingly, the rating of National Democratic Governance is 6.75, the same as in the last four years, while the rating for Civil Society declined from 6.50 to 6.75 (Nations in Transit 2015 - Azerbaijan, 91).

Whilst effective measures to fight corruption and strengthen state institutions are significant for socio-economic development, the goal of developing independent, transparent and efficient judicial system aiming to strengthen the democratic institutions seems to be unfeasible in Azerbaijan. Because of the strong political interference by the presidential administration, Azerbaijani courts are inefficiently working, being deprived of the capacity to enforce the law and provide impartial judgments (Azerbaijani Judicial System). The judicial system is mostly used to pursue the interests of state-owned companies, but also to incriminate regime critics for various unfounded reasons.
Therefore, the judiciary system of Azerbaijan is far from being independent, unbiased and transparent. As a result, the rating for Judicial Framework and Independence declined from 6.50 to 6.75 (Nations in Transit 2015 - Azerbaijan, p. 92).

For the reason that issues like human rights, anti-corruption measures and competitive multiparty system are sensitive for the actual political leadership, the prospects for enhancing cooperation in these fields are very low. On account of difference of opinion concerning these topics, Baku has proposed a Strategic Modernisation Partnership (SMP) instead of the Association Agreement and it seems that the EU is going to give up on some important principles and values in its relation with Azerbaijan. According to the draft dated 4th April 2014, the SMP will be 13 pages and, most importantly, it will not impose political responsibilities on the government of Azerbaijan (Alieva, May 2015). Taking into account that Baku is not willing to sign an Association Agreement, the “SMP might shape Azerbaijan-EU relations for an unknown period of time. The SMP will develop economic integration, without placing any responsibility on the government of Azerbaijan to make concrete steps towards political and democratic development” (Abbasov 2015, 58). On the other hand, while shaping its policy towards the EU, Azerbaijan took into account the regretful precedents of Georgia in 2008 and Ukraine in 2014, when these countries expressed their willing to upgrade the cooperation with the West, actions that determined Russia to interfere aggressively in the domestic affairs of the concerned countries, which eventually did not receive sufficient support from the West in the first phase, but received humanitarian and financial aid, and to a lesser extent political support, later. On these grounds, but also because of the reluctance shown by the Azerbaijani elites in implementing consistent reforms in key sectors, Azerbaijan agreed to limit its cooperation with the EU in the areas that suits to its national interests. Nevertheless, European Union should put on hold the negotiation on SMP and give up the advancement in relations until the government will release all those arrested for political or other subjective reasons. Otherwise, the EU credibility will be seriously affected and, consequently, will decrease the attractiveness of Eastern Partnership for Azerbaijani society.
4.2. The impact of the Eastern Partnership multilateral platform - *Energy security* – on the cooperation relations between Brussels and Baku

One of the four priorities of the Eastern Partnership is strengthening the energy security of the EU and its partners with regard to long-term energy supply and transit. In the case of Azerbaijan, the main aim is to ensure “gradual convergence with the EU energy market, enhancing the safety and security of its energy infrastructure and supporting infrastructure development” (Azerbaijan National Indicative Programme 2011-2013, 21). The EU seeks to integrate its neighbours in a pan-European energy market in order to liberalize and modernize their energy sectors, based on EU norms, rules and standards (Weber 2014). Through European Energy Community, the EU is trying to export its energy policy into non-EU states, for a full integration of the regional markets and, consequently, strengthening EU’s energy security. The energy security measures in Azerbaijan relate directly to the Memorandum of Understanding on Strategic Cooperation in Energy, signed in 2006, where the expected long-term impact is “to enhance energy security of the EU and Azerbaijan but also the role of Azerbaijan as both an energy producer and a transit country” (Azerbaijan National Indicative Programme 2011-2013, 21). Even though in the memorandum is stipulated that the country should reform energy tariffs and establish and independent energy regulation authority, little progress has been registered so far (Weber 2014).

In order to be able to diversify its export routes and gain more independence, Baku should strengthen its relationship with the EU through the European Energy Community. If it becomes a member of this energy community, Azerbaijan could further develop and secure its energy exports. But most important would mean the liberalization and de-politicization of the markets. Since a high level of state control over natural resources and limited competition characterizes the country, comes out that such reforms are not welcomed in Azerbaijan. Despite the reluctance to harmonize Azerbaijani legislation with the Community legislation in the energy field, more results have been registered in developing new energy infrastructures to enhance Azerbaijan’s energy security and its role as a transit country.

As a result of signing the “Contract of the Century” in 1994, two important energy projects have been materialized with the political and financial support of Western actors, especially of the United States, which highly contributed to diversifying Azerbaijan’s energy markets and ultimately reduce dependence on Russian outlet. In 2006 Baku-Tbilisi-Ceyhan oil pipeline
became operational, while in March 2007, the first export gas was pumped from Shah Deniz field and shipped to Georgia, and then in Turkey through the Baku-Tbilisi-Erzurum pipeline (South Caucasus Pipeline). However, the EU efforts to diversify its energy sources and routes will be materialized through the Southern Gas Corridor (SGC) by 2018. By the instrumentality of this project, Azerbaijan will become an important exporter to Europe. SGC consists of three pipelines (South Caucasus Pipeline Expansion, Trans-Anatolian Pipeline and Trans-Adriatic Pipeline) and seeks to improve the European energy security and the diversification of energy supplies (Eastern Partnership: Supporting reforms, promoting change). Starting with 2018-2020 the Caspian country will be able to channel 15-20 bcm of gas to European markets, but plans to increase its production to 30-50 bcm/y from 2025 onward, which would represent an effective solution to guarantee the energy security of both the EU and Azerbaijan.

After having assessed the impact of the two multilateral platforms, results that the EU should adopt a stronger stance when it comes to human rights violation and, respectively, impose sanctions to those actors that refuse to comply with the democratic principles and values. Moreover, the EU should put pressure on Azerbaijani government to release all the political prisoners and other regime critics, despite the EU’s stringent interest in diversifying energy providers. In the long run, it seems that is in the interest of both parties to maintain constructive relations, based on trust and mutual respect.

5. CONCLUSION

Since the land-locked country gained its independence, has tried to follow an interest-based foreign policy, however internally the government pursued a policy in favour of the authoritarian regime, to the detriment of the rights and interests of citizens. Although the European Union endeavored to export its best practices, norms and democratic values in the neighboring countries, through different projects, including Eastern Partnership, in order to Europeanize the concerned states, it turned out that in Azerbaijan these efforts have failed. Democratization process, economic and social development in Azerbaijan represents the main challenges of the domestic politics. Therefore, Baku is not willing to advance its relations with Brussels in the political sector, opting instead for a Strategic Modernization Partnership since it does not involve political obligations. Azerbaijan decided to postpone the ratification of
the Association Agreement with the EU not only because of the implications that would have on the political and social level, but also because of the geopolitical environment, where Russia could have a decisive role. Therefore, Baku has chosen to develop good relations, based on interests both with Moscow and with Brussels, excluding the Russian proposal to become a member of the Eurasian Union.

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