

Azerbaijan: Going It Alone

Svante E. Cornell

Over the past two decades, Azerbaijan has been among the countries most reticent to engage in integration projects among post-Soviet states. In fact, from the early 1990s onward, Azerbaijan resisted Russian efforts to integrate the country into various institutions. Since then, it has taken a position that can be generally described as being somewhat more accommodating than Georgia's position toward Moscow, and somewhat more forward than those of Uzbekistan and Turkmenistan. In that context, it should come as no surprise that Azerbaijan has rejected offers to join the Customs Union or upcoming Eurasian Union, but it also has maintained a low profile on the matter.

Economic Prospects

Analysts have pointed to benefits as well as drawbacks that membership in the Customs Union and Eurasian Union would bring to Azerbaijan. These analyses are practically unanimous in noting that the negatives outweigh the positives. Even semi-official Russian analysts have acknowledged this, with one noting that “if Azerbaijan joins the Customs Union, that it is jointly with Turkey and this will not happen soon because of the nature of the Azerbaijani economy.”¹

The benefits of Azerbaijan joining the Customs Union would essentially lie in greater access to the Russian market. Given that the Eurasian Union would bring free mobility of labor, it would, in theory, legalize the estimated up to two million Azerbaijani guest laborers in Russia, of which only a fraction have a legal presence—implying that Customs Union membership would remove one potential Russian instrument of pressure. Moreover, Azerbaijan's non-oil sector

¹ “Russia Expects Azerbaijan's Accession to Eurasian Customs Union Jointly with Turkey,” *Trend*, October 11, 2013, <http://en.trend.az/capital/business/2200218.html>.

would likely benefit, with one detailed Azerbaijani study estimating that the IT, construction, and transportation sectors would benefit from entry into the Customs Union—an analysis that may not have considered the declining Russian economy.² And in principle, Azerbaijani agricultural products, especially seasonal fruits and vegetables, would have easier access to the Russian market. However, the Azerbaijani policy is to protect the domestic agricultural sector from foreign competition—a policy derived from its huge importance for employment. While it only accounts for 5 percent of GDP, it employs up to 40 percent of the population. The appreciation of the Azerbaijani currency that results from the oil industry impedes the competitiveness of its agricultural products, however; and agricultural productivity is higher in Russia and Belarus than it is in Azerbaijan. As a result, “the effect of accession to the [Customs Union] on agriculture would be overwhelmingly negative.”³

These issues nevertheless pale in comparison with the potential effect of the Eurasian Union on Azerbaijan’s energy sector. As Bayramov observes,

The EEU is expected to harmonize the energy policies of member countries, which would require a uniform internal energy policy among members and external policy towards non-members. This would prevent Azerbaijan from implementing its energy strategy (namely, vis-a-vis the EU) independently of other EEU members. Such dependency is unfamiliar to Azerbaijan, which has, to date, controlled its own policy to meet EU demands for energy.⁴

As Anar Valiyev has noted, the implication is that “Azerbaijan would not be able separately to negotiate either the price or the routes of delivering gas,” and as a result, “Azerbaijan would seriously harm relations with long-standing allies, such as Turkey.”⁵ Summing it up, a detailed qualitative and quantitative analysis undertaken by the independent Center for Economic and Social Devel-

² Vugar Bayramov, ed., *Accession to the Customs Union: Shaping the Strategy for Azerbaijan*, Baku: CESD Press, 2013, p. 38.

³ *Ibid.*, p. 38.

⁴ Vugar Bayramov, “Considering Accession to the Eurasian Economic Union: For Azerbaijan, Disadvantages Outweigh Advantages,” *Caucasus Analytical Digest*, no. 51-52, June 2013, p. 15.

⁵ Anar Valiyev, “Azerbaijan and the Eurasian Union: Costs and Benefits,” *Caucasus Analytical Digest*, no. 51-52, June 2013, p. 18.

opment in Azerbaijan calls membership “economic and political suicide” for the country.⁶

Evolution of the Governments’ Position

When the Commonwealth of Independent States was created to succeed the Soviet Union, Azerbaijan signed the Treaty under the leadership of former Communist Party Head Ayaz Mutalibov. Under the nationalist presidency of Abulfaz Elchibey, however, the Azerbaijani government refused to ratify this treaty, and in practice withdrew from it. Similarly, Azerbaijan did not accede to the Collective Security Treaty, signed in May 1992. These policies led, among others, to Russia intensifying its support for Armenia in the war over Nagorno-Karabakh, resulting in the loss of seven Azerbaijani provinces outside of Nagorno-Karabakh. When the nationalist government fell and Heydar Aliyev returned to power in the summer of 1993, the tide of war was not turned until Azerbaijan had re-joined the CIS and signed the Collective Security Treaty in September 1993.⁷ This has colored Azerbaijani perceptions of integration mechanisms in the former Soviet Union: in Azerbaijani collective memory, these are seen as instruments of Russia’s political strategy, specifically to recreate something akin to the Soviet space, to which Azerbaijan was compelled to take part in order to avert state failure.

Except when under duress, Azerbaijan has sought to extricate itself from these mechanisms. When the Collective Security Treaty expired in 1999, Azerbaijan—like Georgia and Uzbekistan—refused to sign a protocol extending it, and did not join the Collective Security Treaty Organization when created in 2002. Instead, Azerbaijan was a prime mover behind the establishment of the GUAM alliance, named for Georgia, Ukraine, Azerbaijan, and Moldova, in 1997. GUAM served the purpose of a group of countries resisting Russian-led integration efforts in the former Soviet space, and would be transformed into the “Organization for Democracy and Economic Development—GUAM” in 2006, headquartered in Baku.

⁶ Bayramov, ed., p. 26.

⁷ Svante Cornell, *Small Nations and Great Power: A Study of Ethnopolitical Conflict in the Caucasus*, Richmond: Curzon Press, 2001, p. 357.

By contrast, Azerbaijan has supported efforts at western integration. In this vein, Azerbaijan signed an Independent Partnership Action Plan in 2005, and sent symbolic numbers of troops to support the NATO operations in Kosovo and Afghanistan. At various times in the past, Azerbaijani officials indicated their intention to seek NATO membership. However, such statements ceased after the 2008 Russian invasion of Georgia, which changed Azerbaijan's strategic calculus—and thus formed an important achievement for Putin's Russia. This did not mean a move to seek closer ties with Russia; but it did mean that Azerbaijan put the brakes to its European integration. Azerbaijan joined the EU's Eastern Partnership in 2009, and began negotiations on an Association Agreement. However, by 2013, it decided not to pursue such an agreement, instead seeking a Strategic Partnership Agreement with the EU.⁸ In other words, Azerbaijan entered a period of greater ambiguity in its foreign policy.

Over time, instead, Azerbaijan decided on a policy that included a rhetorical commitment to European integration, but refrained from taking concrete steps in that regard, judging the security risks of doing so to exceed the potential benefits. Instead, the official Azerbaijani position evolved into one of non-alignment: in 2011, Azerbaijan officially joined the Non-Aligned Movement, becoming the second post-Soviet state after Belarus to do so.⁹ (Turkmenistan has been officially neutral since independence, but never joined the NAM). The

⁸ It should be noted that Azerbaijan's reticence to pursue an Association Agreement is the result of several factors. One is Azerbaijan's different economic makeup, which makes a Deep and Comprehensive Free Trade Agreement less attractive to the country. Another is the fact that the draft Association Agreement "used ambiguous language about Azerbaijan's territorial integrity, even as the EU emphatically supported Georgia's and Moldova's territorial integrity in the association agreements negotiated with those two countries." This fact, a result of the EU's effort to pursue Association Agreements with both Armenia and Azerbaijan, was not considered acceptable in Baku. See Vladimir Sorcor, "European Union's Eastern Partnership Unwanted by Armenia, Inadequate to Azerbaijan," *Eurasia Daily Monitor*, vol. 10 no. 220, December 9, 2013. Azerbaijani Presidential Advisor Novruz Mamedov made the point clearly in 2014: "The West wanted us to sign an association agreement with the European Union, but the issue of our territorial integrity had been removed from it. The European Union has recognized our territorial integrity so far, but recently it doesn't want to accept it. Now, how should we understand it?" Novruz Mammadov: "The West wanted us to sign an association agreement with the European Union, but the issue of our territorial integrity had been removed from it" APA, April 29, 2014.

⁹ "Azerbaijan Joins Non-Aligned Group," Azernews, May 26, 2011, <http://www.azernews.az/azerbaijan/33126.html>.

official Azerbaijani position is that this does not contradict European integration: as a foreign ministry spokesperson stated, “pursuing this integration process does not mean that we want to become a member of either NATO or any other organization ... Integration does not mean becoming a member. Cooperation with both NATO and the European Union will continue.”¹⁰

At a CIS Prime Ministers’ meeting in St. Petersburg in October 2011, a week after Vladimir Putin announced his intention to create the Eurasian Union, seven CIS member states signed a CIS Free Trade Agreement. While Putin announced this as an “unexpected” result of the meeting, Moldovan officials revealed that the document had been ready several months earlier, but was delayed as several states had reservations about the treaty.¹¹ Indeed, while Moldova and Ukraine signed the treaty—considered not to conflict with their aspirations to European integration—Azerbaijan, Turkmenistan and Uzbekistan all declined to sign. At the time, it was reported that these states “asked for a few weeks to consider joining the free-trade agreement that the other members signed.” Almost three years later, none has done so.

A year later, Moscow had further ratcheted up the pressure on CIS states. A CIS summit in Ashgabat was used to further pressure recalcitrant states into joining the Free Trade Area, and undoubtedly to further propagate the Eurasian Union project. But Azerbaijani Foreign Minister Elmar Mammadyarov did not participate in the Foreign Ministers’ meeting; the next day, Ilham Aliyev absented himself from the Heads of State summit due to his “overly busy schedule.” It was reported that President Putin had specifically called Aliyev to persuade him to join the summit, but to no avail.¹² The same month, Aliyev provided one of his very few official statements on the issue. In an interview with the Rossiya 24 TV channel, he observed that Azerbaijan does not “still see benefit in joining the Customs Union and Common Economic Space (CES).” At the same time, he noted that Azerbaijan had not joined the WTO either, in spite of what he termed being “actively invited to become a member of this organization.” He stressed, however, that Azerbaijan had recently joined the

¹⁰ “Azerbaijan Joins Ranks of Non-Aligned Movement,” *RFE/RL*, May 25, 2011.

¹¹ “Most CIS Countries Sign Up to Free Trade Zone,” *RFE/RL*, October 19, 2011.

¹² Anar Valiyev, “What is Behind Aliyev’s Boycott of the CIS Summit?,” *Eurasia Daily Monitor*, vol. 9 no. 228, December 13, 2013.

Non-Aligned Movement.¹³ Azerbaijan's relationship to the WTO in a sense recalls Kazakhstan's, whose accession was purposefully delayed by Russia's own accession to that organization. Aliyev's statements placating Russia, and the policies behind them, can be seen as achievements of Russian policy, and failures of Western ones.

It is notable that exceedingly few Azerbaijani officials have ever spoken on the record about the Customs Union and Eurasian Union. This is in all probability a result of a deliberate policy. The President's lone interview is nevertheless telling: he stresses purely economic reasons for Azerbaijan's policy choices, indicates that Azerbaijan is not joining any alternative integration mechanism to Russia's, not even the WTO to which Russia is a member; but obliquely hints that Baku is moving toward a policy of non-alignment.

Opinions in Society

Very little opinion polling is available on Azerbaijani views of the Eurasia Union. In general, Azerbaijani society has developed a strong sense of self-sufficiency and non-alignment in recent years, with only limited opinion supporting joining any integration efforts. That said, the credible polling of the Caucasus Research Resource Centers (CRRC) suggests that 51 percent of Azerbaijanis either strongly support (34 percent) or somewhat support (17 percent) integration with the EU. Unlike in Armenia and Georgia, CRRC did not ask the question on support for the Customs Union.

The comparative polling data that provides figures for practically all post-Soviet states is far from reliable. The Eurasian Development Bank, closely aligned with the Customs Union, provides data that agrees with CRRC data on Armeni— showing 67 percent support for membership in the “Eurasian Economic Community,” where CRRC's figure is 62 percent (with non-respondents removed). On Georgia, however, the EDB “Integration Barometer” provides the highly dubious figure of 59 percent support, versus CRRC's 44 percent. Even in this survey, the results for Azerbaijan were the lowest among all coun-

¹³ “President Ilham Aliyev comments on Azerbaijan's refusal to join Customs Union and Common Economic Space,” APA, December 24, 2012, <http://m.apa.az/?c=show&id=185030&l=en>.

tries surveyed, at 37 percent supporting and 53 percent opposing membership.¹⁴ It is thus safe to assume that there is little support in Azerbaijani society for membership in the Eurasian Union project.

Russian Pressure and Levers

Over the past decade, Azerbaijan's relationship with Russia has existed in the shadow of Georgia's. Where Georgia under Saakashvili was uncompromising and engaged in excessive anti-Russian rhetoric, Azerbaijan sailed under the radar, benefiting from Georgia being in Moscow's crosshairs, while Baku itself was following a more measured policy. Essentially, Baku's actual policy was strongly pro-Western, but was matched by a tendency to appease Russia by a softer tone. After the power transfer in Georgia, which brought a softer policy toward Russia, Azerbaijan again came under serious Russian pressure.

The contrast between Azerbaijan and Georgia is important: in fact, Azerbaijan was one of the very few post-Soviet states to benefit from the advent to power of Vladimir Putin. This owed a lot to the KGB background of both heads of state, Heydar Aliyev (a KGB General) and Vladimir Putin (a KGB colonel), but also reflected the lesser vulnerabilities in Azerbaijan open for exploitation. Putin's personal respect for Aliyev was in marked contrast to his contempt or hatred for Georgia's leaders. Ilham Aliyev has made a point of keeping positive ties with Russia since coming to power, and visits Moscow regularly.

Yet under the surface, Azerbaijan's policies were consistently independent from Russia, and contradicted the Russian stated interests of a sphere of influence. Personal relations are important in international politics, and certainly impeded a deterioration in Russian-Azerbaijani relations. But when Moscow doubled down on its reintegration agenda, promoting the Customs Union and Eurasian Union, Moscow began tightening the screws on Azerbaijan in several ways. While urging Baku to use join the Customs Union, Moscow capitalized on the pro-Russian forces within the Azerbaijani government; it organized Azerbaijani billionaires in Russia; and supported minority advocates in Azerbaijan.

Like many post-Soviet states, Azerbaijan has never been able to fully rid itself of Russia-aligned forces at the center of power. These forces are deeply en-

¹⁴ "Integratsiia: Za I Protiv," October 23, 2013, <http://rusnod.ru/news/theme1279.html>.

trenched oligarchs, who control key sectors of the state bureaucracy, and who have serious financial clout. The main forces known to support closer ties to Russia, and who are openly critical of European integration, are believed to be Presidential Administration Head Ramiz Mehdiyev and Interior Minister Ramil Usubov. Mehdiyev controls the executive's representation in all regions of Azerbaijan; Usubov controls the Police force. Both operate relatively independently from the President, and pursue policy goals that do not always coincide with the foreign and security policy of the President.

As a result, there has been regular rumors of imminent plans by Aliyev to retire these power brokers. Usubov was reportedly close to being fired when a scandal emerged in 2005-06 of a kidnapping ring in the Ministry of Interior run by Colonel Hadji Mammadov. But apparently, the risks of firing Usubov were too large for Aliyev, who backed off for reasons that remain unknown. Similarly, many in Azerbaijan believe that Aliyev has at various times sought to circumvent Mehdiyev—on paper, his own closest confidant—by making personnel appointments that were intended to bring people loyal to Aliyev rather than Mehdiyev to high positions in the Presidential Administration. Most recently, Aliyev promoted several confidants to the newly created positions of Deputy Heads of the Presidential Administration. However, thus far, efforts to undermine these two power brokers have not succeeded. In years past, Aliyev did remove figures known to be loyal to Moscow—such as former Minister of State Security, Namik Abbasov, in 2004. Ever since, the National Security Ministry has been among the key institutions partnering with the West in counterterrorism and other issues; and gradually, some tasks were moved from the Interior Ministry to the National Security Ministry.

Putin then moved to organize the several Azerbaijani billionaires resident in Moscow into a pro-Moscow coalition, created in 2012. Known as the Union of Azerbaijani Organizations of Russia (UAOR), it included Araz Agalarov, father of Aliyev's (estranged) son-in-law; Vagit Alekperov, head of Lukoil; and business tycoons Iskender Khalilov and Telman Ismayilov, among others. While these figures are known not to be opposed to Aliyev, others in the organization are—such as Soyun Sadigov, a former KGB officer who created a pro-Putin political party, and Abbas Abbasov, a former deputy Prime Minister who moved to Russia in 2006. Importantly, the organization also included

Ramazan Abdulatipov, an ethnic Avar from Dagestan who serves as the President of Dagestan, and a close confidant of Putin who held positions such as Minister of Nationalities and Russia's ambassador to Tajikistan. It also included screenwriter Rustam Ibragimbekov, who in early 2013 told a report that the UAOR was neither for nor against Aliyev; only months later, he was nominated as the candidate of the opposition in the upcoming presidential elections.

The creation of the Billionaire's club was a clear signal to Baku that Moscow was creating a tool for possible use against Aliyev, and the fact that it took place in an election year was highly significant. It was significant partly because UAOR could provide financial resources to an opposition candidate; but more so because of the potential unrest that UAOR-affiliated forces could generate in Azerbaijan, with the help of Russian state agencies. In other words, the "club" could concentrate billions of dollars on its members' common political program in Azerbaijan.

This, in turn, was the major fear of the Aliyev government: a scenario in which a pro-Russian candidate, supported by the main opposition forces considered legitimate in the West, would mount a challenge to its power, all the while possibly coordinating with disloyal forces within the regime itself.

Importantly, this occurred at the time that tycoon Bidzina Ivanishvili mounted a successful challenge to President Saakashvili of Georgia. Baku, much like Saakashvili does, appeared to see Ivanishvili as a Russian stooge, in all probability more so than is warranted. Yet for Baku, the organization of UAOR was seen as following a script Moscow had been implementing in areas as diverse as Kyrgyzstan and Georgia.

During 2012 and 2013, a series of meetings were organized in Moscow and in Dagestan to raise awareness of the situation of the Lezgin, Avar, and Talysh ethnic minorities in northern and southern Azerbaijan, respectively. Diaspora organizations were created for minority groups that had traditionally been silent; indeed, it is generally accepted that the issue of Lezgin and Talysh separatism, which reared its head briefly in 1993, are almost entirely creations of the Russian special services. This was the case in 1993, when ethnic Talysh colonel Aliakram Hümbatov established a brief Talysh separatist movement in southern Azerbaijan; he was routed by local people and imprisoned. But in September

2013, he visited Nagorno-Karabakh after inaugurating a program of Talysh studies at Yerevan State University—the timing hardly being a coincidence.

Moscow played the minority card and used UAOR as a lever against Aliyev throughout 2013; all this led up to a grand state visit by Putin to Baku in September 2013, accompanied by six ministers and two gunboats. Following the visit, the intense Russian pressure seemed to stop, for reasons that remain unclear. Putin seemed to leave the visit without any clear achievements, though it is likely that Aliyev made assurances to obtain a reprieve in Russian subversive efforts.

In sum, Moscow has levers to use against Azerbaijan; but has not used these levers to the full extent, certainly not compared to Kyrgyzstan, Moldova, Georgia, or Ukraine. This is to a large extent the result of diverging policy choices: Azerbaijan has refused to liberalize its political system in the way those three countries have. While they calculated that liberalization was necessary to obtain western support, Azerbaijani leaders seem to have drawn the opposite conclusion: the liberalization would expose too many vulnerabilities that could be exploited by Moscow, especially in a situation where skepticism of western willingness and capability to counter Russian pressure appeared increasingly doubtful. Unfortunately, hindsight has proven this calculation right.

The Road Ahead

Azerbaijan is unique in the Eastern European context in that it has rejected both closer integration with the EU and closer integration with Russia. In the short term, this policy has certainly been successful: Azerbaijan has avoided finding itself in Vladimir Putin's headlights, and has been able to stave off Russian pressure, even though Azerbaijan has been even more distant from Russian integration schemes than have Moldova or Ukraine, card-carrying signatories to Association Agreement with the EU. The question for Baku, of course, is whether going it alone is a sustainable strategy in the long term. Azerbaijan is betting on its energy resources providing it with the ability to withstand political and economic shocks to the system, and to enable it to maintain this independent course in the medium to long term.

But it is not a policy of choice; in fact, it represents a move from alignment with the West toward non-alignment, a move that must be considered a partial

success for Russia's bullying. Earlier, Azerbaijan has indicated considerable interest in integration with western institutions. But a combination of disappointment and skepticism set in, as Baku watched a gradual western disengagement from the security affairs of the region, a growing international unwillingness to address the Armenian-Azerbaijani conflict, and American and European policies of appeasement of Vladimir Putin's Russia, which led to their disastrously logical consequences in Ukraine in early 2014. In parallel, the U.S.-Azerbaijani bilateral relationship has deteriorated considerably, making matters worse. In this situation, Azerbaijan's leadership has made the most of its precarious position.

In the longer term, the question is if Azerbaijan can avoid making a choice. Its energy bonanza will not last forever, and within the coming decade, countries now embarking on Association Agreements with the EU may be on their way to membership, while those under the Russian yoke may have effectively lost the remnants of their sovereignty. Azerbaijan has embarked on a policy of non-alignment, but has so far not spent substantial energy on making common cause with other countries resisting the Eurasian Union project, such as Turkmenistan and Uzbekistan.

Whether there will be room for a small, independent country rejecting either option will depend largely on the longevity of Mr. Putin's project.