

# Azerbaijan's security concerns: a view from within

By Fariz Ismailzade<sup>1</sup>

## ■ Executive summary

Despite the tremendous economic growth of the past decade and relative political stability, Azerbaijan continues to face threats in terms of security and sustainable economic development. Both the geopolitical and regional situations remain tense. With the deadlock in the peace process with Armenia, frustration between the warring sides is growing daily and may easily result in the resumption of hostilities. Relations with Iran have experienced ups and downs, and the recent events in Syria and their impact on Iran might affect Azerbaijan as well. Azerbaijan is trying to maintain healthy relations with Russia, but the recent eviction of a Russian radar station from Azerbaijani soil might endanger this delicate balance. The militarisation of the Caspian Sea is also a dangerous trend for the region.

Economically, Azerbaijan must urgently diversify its growth sectors, as oil production continues to decline. The development of the non-oil sector is a priority for the country to ensure social stability and continued economic growth. In December 2012 the government adopted Strategy 2020, which aims to develop a vision and plan of action for the diversification of the economy, including doubling GDP per capita and developing social sectors such as education and health care.

Azerbaijan will have to rely on an active multilateral diplomacy to ensure its safety and security. It will also have to improve the business climate in the country to avoid social and economic unrest.

The South Caucasus region plays an important role in the security of greater Eurasia. Many vital energy and transport routes pass through the region, connecting Europe with Asia. Located between Russia, Iran and Turkey, the region has a strategic geopolitical importance in terms of the fight against terrorism, drug and human trafficking, and weapons of mass destruction.

The region has been unstable since the collapse of the Soviet Union. Rich with ethnic tensions, the area quickly entered into civil and interstate wars in the post-Soviet era, most of which are still unresolved. The Nagorno-Karabakh conflict between Azerbaijan and Armenia is the bloodiest and most complicated of these conflicts.

<sup>1</sup> The author writes in his personal capacity and his views do not reflect those of the Azerbaijan Diplomatic Academy.

Although the warring sides have been engaged in active negotiations since 1994, the peace talks collapsed in June 2011 during a meeting of the presidents of Armenia and Azerbaijan in Kazan, Russia, under the mediation of the then-Russian president, Dmitry Medvedev. Armenia refuses to accept the peace plan offered by the Organisation for Security and Co-operation in Europe's Minsk Group (the so-called Madrid Principles) and the international community is unable to pressure either side towards compromise.

In these circumstances, the frustration and tensions between the conflicting sides are rising and the likelihood of a resumption of hostilities is increasing. The pardoning of an Azerbaijani military officer, Ramil Safarov, who was sentenced to life imprisonment for the murder of his Armenian counterpart, is another sign of this escalation of frustrations. Armenians consider his pardon as a humiliation and insult and are pressuring President Sarkisian of Armenia to take some form of revenge. Meanwhile, many Nagorno-Karabakh internally displaced persons and refugees in Azerbaijan are disappointed with the deadlock in the peace talks and are openly calling for a military campaign to liberate the occupied territories.

In 2012 Azerbaijan signed major agreements with Turkey for the transit of Azerbaijani gas to Europe via Turkish territory. This will open new potential for European Union (EU) countries to diversify their sources of energy supplies and decrease their dependence on Russia. It is expected that some \$30 billion will be invested in Azerbaijan's Shah Deniz gas field and some 10 billion cubic metres of gas will be available for the European market as a result. Yet the possibility that war might break out in the region could disrupt these opportunities and stir up instability. Russia, for example, might be interested in such an escalation of tensions to prevent the export of Caspian oil and gas to EU markets. Similarly, the Armenian Defence Ministry announced on October 15th 2012 that major oil infrastructure in Azerbaijan might be the target of attacks. Similar statements have come previously from Iran.

Iranian-Azerbaijani relations have been of special concern since 2010, when the two nations engaged in verbal attacks on each other. Azerbaijan is unhappy with Iran's efforts to spread Islamic radicalism in the country. Iran treats

Azerbaijan with suspicion and believes that it serves the military interests of the U.S. and Israel, even though Azerbaijani officials have frequently announced that they are not interested in meddling in Iran's internal affairs and that Azerbaijan will not allow its territory to be used as a base for attacks against Iran. Relations hit a low point when Iran arrested two Azerbaijani poets and the Azerbaijani president refused to attend an international summit in Tehran until they were released. Meanwhile, the war in Syria and its linkage to Iran also makes Azerbaijan vulnerable. There are some 30 million ethnic Azeris in Iran and should Iran become unstable or become the target of Western attacks, this might have a spillover effect on Azerbaijan.

Politically, Azerbaijan has enjoyed relative stability due to the windfall of oil revenues. Yet these revenues are expected to decrease in the coming years and unless the government succeeds in diversifying the economy and decreasing the country's dependence on the oil and gas sector, economic turbulence will be unavoidable. This in turn might lead to deep socioeconomic tensions and internal instability. If this happens, Azerbaijan might become an easy target of external threats and manipulations. The first worrying signs of this were seen in October 2012, when President Aliyev accused BP, the major oil operator in the country, of decreasing oil production and thus reducing the country's revenues. Internal disturbances continued in the following months when social protests took place in Ismayilli Province and the trading centre of Bina. Additionally, several youth protests took place in the capital to commemorate the death of a young soldier. It is clear that the country might experience some degree of domestic social and political instability in the wake of presidential elections that are due in 2013.

Despite a largely successful 20 years of independence, Azerbaijan continues to find itself in a highly risky geopolitical and geo-economic neighbourhood, and the likelihood of political and economic instability remains consistently high as a result of both external pressures and internal factors. In order to deal with them, Azerbaijan must pursue active international diplomacy and rapid internal economic reforms. The election of Azerbaijan to the UN Security Council in 2011 gave the country two years of relatively guaranteed stability. ■

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