



## **Azerbaijan 2013**

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Azerbaijan's protection of human rights appears to be getting worse as the country prepares for the next presidential election in October 2013. The failure to ensure freedom of speech and imprisonment of government critics have caused increasing controversy, leading some to say that Azerbaijan is now a test case for the effectiveness of the OSCE and the Council of Europe, the two Europe-wide bodies charged with guaranteeing democratic standards and human rights.

Meanwhile, observers fear the Nagorno-Karabakh dispute could erupt into violence again, with no solution for the Armenian occupation of the Azeri territory in sight.

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- **Population:** 9.4 million (World Bank, 2012)
- **Capital:** Baku
- **Area:** 86,600 sq km (33,400 sq miles)
- **Major language:** Azeri, Russian
- **Major religion:** Islam (Shiite)
- **Life expectancy:** 68 years (men), 74 years (women) (UN)
- **Monetary unit:** 1 manat = 100 qapik
- **Main exports:** Oil, oil products
- **GNI per capita:** US \$5,290 (World Bank, 2011)<sup>1</sup>

## 1 Politics

Azerbaijan became independent from the Soviet Union in 1991. Ilham Aliyev has been president of Azerbaijan since 2003, succeeding his father Heydar Aliyev, who ruled from 1993-2003. In 2008 Ilham Aliyev was re-elected with 87% of the votes cast, according to official results. The [OSCE](#) said that the election represented some progress in democratic development, but still did not reach international standards.

Azerbaijan has a unicameral parliament with 125 seats, elected on a simple plurality (first past the post). At the 2010 parliamentary election, the president's party received 45% of the vote and well over half the seats in the legislature. No opposition party received more than 1.8% of the vote and the rest went to 'independents', generally loyal to the government.

### Azerbaijan Milli Mejlis 2010-

Political Group	Number of seats
New Aspiration Party (NAP)	71
Independents	41
Civic Solidarity Party (VHP)	3
Motherland party (Ana Vaten)	2
United People's Front	1
Democratic Reform Party (PDR)	1
Great Creation party	1
National Rebirth Movement	1
Umid (Hope)	1
Social Welfare party	1
Civic Unity party	1
Justice Party	1

Source: Inter-Parliamentary Union

<sup>1</sup> ['Azerbaijan profile'](#), BBC News Online, 23 May 2013

The OSCE said that the election failed to meet a number of important OSCE commitments for democratic elections and that the conduct of the election did not constitute ‘meaningful progress in the democratic development of the country.’ The OSCE report went on:

Certain conditions necessary for a meaningful and competitive election were lacking in these elections. The fundamental freedoms of peaceful assembly and expression were limited and a vibrant political discourse facilitated by free and independent media was almost impossible. A deficient candidate registration process, a restrictive political environment, unbalanced and biased media coverage, disparity in access to resources to mount an effective campaign, misuse of administrative resources as well as interference by local authorities in favour of candidates from the ruling party created an uneven playing field for candidates. Not all electoral contestants were able to compete on a basis of equal treatment by the authorities as called for in paragraph 7.6 of the OSCE Copenhagen Document. Overall, these elections failed to meet a number of key OSCE commitments for democratic elections and important elements of Azerbaijani domestic legislation.<sup>2</sup>

The next election will be for the presidency, scheduled for 16 October 2013. It takes place in a political environment that many commentators say is worsening.

## 2 Corruption

Azerbaijanis view corruption as standard practice and the country is widely regarded as one of the most corrupt in the world. In Transparency International’s corruption perceptions index 2012, Azerbaijan ranks 139 out of 176 countries and territories,<sup>3</sup> one position worse than Russia and on a par with Kenya.

Corruption negatively affects most aspects of Azeri life, including the legislative, judicial and executive branches of government, and damages the economy. It is the motive force behind many human rights abuses and anti-democratic practices, including the censorship and self-censorship of the press. The business dealings of the President’s family are a subject that is seldom investigated by journalists.

Although a legislative framework aimed at fighting corruption had been passed and corrupt practices have been criminalised, an effective anti-corruption regime would depend on the enforcement of that legislation. The CoE says that results from the 2011 anti-corruption campaign have yet to be seen. The lack of transparency of party funding and spending were crucial in this respect and should be addressed, according to the most recent CoE report.<sup>4</sup>

## 3 Human rights

There is widespread concern at the failure of the Azeri authorities to protect human rights. Amnesty International’s annual submission for the United Nations Universal Periodic review said that, despite the government accepting a number of recommendations for actions to improve the situation, it had in many areas got worse.<sup>5</sup> The Azerbaijani NGO Human Rights House was shut down by the authorities in 2011, as have been many other NGOs.

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<sup>2</sup> Republic of Azerbaijan Parliamentary Elections, 7 November 2010, [OSCE/ODIHR Election Observation Mission Final Report](#), 25 January 2011

<sup>3</sup> Transparency International, [Corruption Perceptions Index 2012](#)

<sup>4</sup> [The honouring of obligations and commitments by Azerbaijan](#), Parliamentary Assembly of the Council of Europe, 20 December 2012

<sup>5</sup> [Assessment of states’ implementation of recommendations from the previous UPR](#), Amnesty International, February 2013

In its December 2012 report on Azerbaijan's honouring of commitments, the Council of Europe Parliamentary Assembly said that there were many causes for concern. As well as the above-mentioned problems with the conduct of elections, the report expressed concerns about the use of torture and other forms of ill-treatment at police stations and prisons and about impunity for the perpetrators.<sup>6</sup>

The separation of powers needs further work, according to the report, although some progress has been made with the legislative basis for the independence of the judiciary in recent years. The independence of the judiciary, like the fight against corruption, depends on the effective and systematic implementation of the legislation: "The lack of independence of the justice system remains of serious concern in Azerbaijan."<sup>7</sup>

Controversy about the human rights record of Azerbaijan came to a head at last year's staging in the country of the Eurovision Song Contest. Construction of the Baku Crystal Hall, where the contest was staged, and 'beautification' of the capital both attracted criticism. [Human Rights Watch](#) said that the Baku authorities had forcibly evicted dozens of families and demolished their homes, sometimes in the middle of the night and with all the residents' possessions still inside. Journalists trying to film the demolitions were beaten unconscious.

Human rights groups say that the Azerbaijani authorities also have a particularly poor record on freedom of speech. Amnesty International reports that there are 18 prisoners of conscience in Azerbaijan: activists imprisoned for peaceful protest and, recently, two journalists and two human rights defenders given lengthy jail terms. The group says that the authorities, far from easing off in the face of international criticism, have stepped up their crackdown on dissent. Azerbaijan comes 162nd of 178 nations in a [media freedom ranking](#) compiled by Reporters Without Borders

Khadija Ismayilova, a prominent journalist employed by Radio Free Europe/Radio Liberty has investigated corrupt deals in Azerbaijan and the wealth of the ruling elite. [According to Amnesty International](#), she has been the victim of a smear campaign with strong signs of official involvement. In May 2012, Ismayilova won the 2012 "Courage in Journalism Award" given by the International Women's Media Foundation (IWMF). Previous winners include Anna Politkovskaya, the Russian journalist famous for investigating corruption.

Peaceful demonstrations in the centre of Baku are regularly dispersed with violence, with activists and opposition figures often beaten by the authorities.

Azerbaijan recently dismayed campaigners when it passed a law to keep the identity of company shareholders secret, with one campaigner saying that changes to the law reflected a desire by officials to conceal their own stakes in major companies.<sup>8</sup>

In March 2013, the Council of Europe again raised the question of human rights in Azerbaijan. Nils Muiznieks, CoE commissioner for human rights, said that he had seen no progress on freedom of expression in Azerbaijan since he visited in November last year, and suggested that repression might be getting worse:

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<sup>6</sup> [The honouring of obligations and commitments by Azerbaijan](#), Council of Europe Parliamentary Assembly, 20 December 2012

<sup>7</sup> [The honouring of obligations and commitments by Azerbaijan](#), Council of Europe Parliamentary Assembly, 20 December 2012

<sup>8</sup> ["Corporate Secrecy Shock in Azerbaijan"](#), Institute for War and Peace Reporting, 22 June 2012

I am concerned by reports of increasing repression and restrictions on basic human rights. It appears that the authorities are seeking to muzzle civil society and independent thinkers. It is crucial that Azerbaijan, as a member of the Council of Europe, uphold all human rights standards to which it is bound. If not, it risks undermining its credibility within the European system of human rights protection.<sup>9</sup>

Minister for Europe, David Lidington, said that the Government is 'disappointed' with progress in some areas of human rights protection in a recent answer in the House of Commons:

The UK Government recognises that Azerbaijan has signed up to a range of international human rights commitments through its membership of the United Nations and Council of Europe, and participation at the Organization for Security and Co-operation in Europe (OSCE). However, we and our European partners are disappointed at the slow progress being made in areas such as freedom of the press, speech and association, where reform is needed to bring Azerbaijan closer to international standards.<sup>10</sup>

Asked how the government was encouraging the Azeris to adhere to standards in the European Convention on Human Rights, Mr Lidington said that the UK raises concerns with the Azeris in a number of fora:

The UK Government has been consistent in its call for Azerbaijan to adhere to the human rights commitments it has entered into, including the European convention of human rights, both in bilateral contacts and with multilateral partners. The UK Government also raises specific issues of concern on human rights with the Azerbaijan authorities on a regular basis through bilateral contacts and with partners. The UK is committed to using opportunities such as the annual EU-Azerbaijan Cooperation Council, Azerbaijan's Universal Periodic Review in April and its Chairmanship of the Council of Europe in 2014 to continue to highlight human rights issues and press for progress on issues of concern.<sup>11</sup>

### 3.1 Pro-Azerbaijan lobbying

The Azeri government's lobbying has also been controversial. The government has hired a number of public relations companies in Western countries,<sup>12</sup> and is also accused of using lavish hospitality to influence international visitors, particularly those from the Parliamentary Assembly of the Council of Europe. In a report published in 2012, the European Stability Initiative, a think tank focussing on southeast Europe, accused the Azeri authorities of plying official visitors with caviar and other expensive gifts in an attempt to mute criticisms.<sup>13</sup>

A pro-Azerbaijan foundation, the European Azerbaijan Society, also works to counter negative publicity about Azerbaijan.<sup>14</sup> The European Azerbaijan Society, which has connections with powerful figures in Azerbaijan, has funded a series of trips to the country for UK parliamentarians,<sup>15</sup> which has attracted comment in the press.<sup>16</sup>

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<sup>9</sup> 'Europe wants actions from Azerbaijan on human rights', *Reuters*, 18 March 2013

<sup>10</sup> [HC Deb 25 February 2013, c315W](#)

<sup>11</sup> [HC Deb 25 February 2013, c315W](#)

<sup>12</sup> 'Reputation launderers: the London PR firms with their own image problems', *London Evening Standard*, 28 March 2011

<sup>13</sup> *Caviar Diplomacy, How Azerbaijan silenced the Council of Europe*, ESI, May 2012

<sup>14</sup> 'Azerbaijani lobbyists target EU opinion', *Euobserver*, 24 May 2012

<sup>15</sup> *The Register of Members' Financial Interests*, 2013-14

Both the Azerbaijani government and the European Azerbaijan Society were mentioned in written evidence submitted in 2012 to the House of Commons Political and Constitutional Reform Committee by the Index on Censorship, in which the pressure group called for a statutory register of lobbyists.<sup>17</sup>

The matter of pro-Azerbaijan lobbying was taken up in an EDM tabled by Paul Flynn in February:

That this House is appalled by the failure of the Council of Europe (COE) to protect human rights in Azerbaijan by surrendering to the intense lobbying of the Azeri government's agents; is shocked that all but one of the Conservative UK delegates rejected the COE Rapporteur's report on Azeri political prisoners; notes that the leader of the UK delegation criticised the rapporteur, Christoph Strasser, for failing to visit Azerbaijan, ignoring the repeated refusals of the Aliyev regime to grant him a visa; accepts the integrity of Christoph Strasser's report rather than the tainted opinion of those who have been royally entertained by the Aliyev regime in Azerbaijan; condemns the re-imprisonment of human rights campaigner and blogger Emin Milli and the persecution of the writer Akram Aylisli and his family; calls on the Conservative delegation to reassess its close links in the European democratic group with oppressive anti-democratic delegates including Aliyev's and Putin's stooges; regrets the damage done to the reputation of the COE as a defender of human rights; and looks to the European Union to use its new resources to insist on acceptable international standards of democratic conduct.<sup>18</sup>

#### **4 Nagorno-Karabakh dispute**

Apart from interests in Azerbaijan's energy exports, the most important question for Europeans is the dispute between Armenia and Azerbaijan over the enclave of Nagorno-Karabakh. Some commentators have suggested that a war could break out between the neighbours.

##### **Background**

Nagorno-Karabakh is an enclave in Azerbaijani territory that has a majority ethnic Armenian population.

The territories of modern Azerbaijan and Armenia were under Ottoman and then Russian control before the First World War. During the early 20th Century there were periodic outbreaks of tension and violence between Azeris and Armenians, most notably during the 1905 Russian revolution when an estimated 155 Azeri and 128 Armenian villages were destroyed, and 3,000 to 10,000 people were killed. Some suggest that the Tsarist authorities actively inflamed hostilities to weaken resistance to the Russian government.

Ethnic tensions flared again in 1918 during the Russian Civil War when Armenia and Azerbaijan briefly gained independence, but Soviet control was imposed in 1920 and the two states were subsumed into the Soviet Union, initially as a Transcaucasian Soviet Republic that included Georgia, and later as individual Soviet republics.

For much of the Soviet period, Azeri-Armenian tensions remained suppressed, but in the late 1980s hostilities mounted as the ethnic Armenian leaders of Nagorno-Karabakh (N-K) firstly

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<sup>16</sup> See for example 'All expenses paid: the full scale of MPs' lavish globetrotting revealed', *Independent*, 23 November 2012; 'Foreign trips and days out, all expenses covered', *Sunday Telegraph*, 2 June 2013

<sup>17</sup> Political and Constitutional Reform Committee, [Written evidence submitted by Index on Censorship](#), April 2012

<sup>18</sup> [Early day motion 1074, Council of Europe and Azerbaijan](#), 12 February 2013

declared it to be part of Armenia and, later, an independent state. The conflict developed into a full-scale war in 1992, and Armenian forces took control of most of the autonomous region plus a part of Azerbaijan’s territory connecting Nagorno-Karabakh with Armenia proper. In 1992 N-K forces captured Shusha (a previously Azeri-populated town within N-K) and established a corridor to Armenia through Lachin. In 1993 N-K forces, with help from Armenia, retook northern N-K and occupied the entire south-west corner of Azerbaijan, some 16% of Azerbaijani territory. This encroachment onto Azerbaijan’s territory led to wide-scale international condemnation, including four UN Security Council Resolutions demanding that “local Armenian forces” withdraw from the most recently occupied areas outside N-K.<sup>19</sup>

**UN Resolutions and breaches of international law**

Four 1993 UN resolutions concern the N-K conflict:

No.	Purpose	Date
822	Calls for the cessation of hostilities and withdrawal of occupying forces from Kelbajar district of Azerbaijan following its occupation on April 3, 1993.	30 April 1993
853	Calls on withdrawal of occupying forces from Agdam district of Azerbaijan occupied on June 23, 1993 and reaffirms UN Resolution 822.	29 July 1993
874	Calls on withdrawal of occupying forces from recently occupied Azerbaijani districts of Fizuli (August 23, 1993), Jabrayil (August 26, 1993), Qubadli (September 31, 1993) and reaffirms UN Resolutions 822 and 853.	14 October 1993
884	Calls on withdrawal of occupying forces from recently occupied Azerbaijani district of Zangilan, calls upon the Government of Armenia to use its influence on the occupying forces, and city of Goradiz and reaffirms UN Resolutions 822, 853, 874.	12 November 1993

See also UN General Assembly [Resolution 62/243](#), 14 March 2008, on the Situation in the Occupied Territories of Azerbaijan (Nagorno-Karabakh).

A ceasefire was agreed in 1994 and peace negotiations weremediated by the OSCE Minsk Group. However, Nagorno-Karabakh remained a post-Soviet ‘frozen conflict.’ It is estimated that more than a million refugees were created by the conflict, Azeris displaced from Nagorno-Karabakh and Armenians displaced from the rest of Azerbaijan.<sup>20</sup> Armed clashes resulting in some 30 deaths per year, and injuries, take place along the ceasefire lines. In 2009, there were signs of progress but since then relations have deteriorated again.

OSCE member states imposed in 1995 an arms embargo on forces operating in the Nagorno-Karabakh region. The UK is a strong supporter of that embargo in its attempt to minimise violence in the breakaway region and supports the efforts of the Minsk Group in its

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<sup>19</sup> [FCO country profile of Azerbaijan](#), with section on N-K conflict, 30 August 2012  
<sup>20</sup> UNHCR, [Armenia](#)



search for a negotiated solution, as explained by Lord Newby in a recent answer in the House of Lords:

In 1992, the Conference for Security and Co-operation in Europe (CSCE), which became the Organisation for Security and Co-operation in Europe (OSCE) in 1995, called on all participating states to introduce an embargo on deliveries of weapons and munitions to forces engaged in combat in the Nagorno-Karabakh area. The Government implement strictly this arms embargo and will issue licences for export to Armenia or Azerbaijan only where these are consistent with the terms of the OSCE embargo. We expect our OSCE partners to abide by the embargo and encourage all states to uphold their obligations under the conventional forces in Europe treaty.

The Government continue to call on all sides to use diplomatic means to reach a peaceful settlement to the Nagorno-Karabakh conflict and urge them to refrain from behaviour and rhetoric which would increase tension. They strongly support the efforts of the OSCE Minsk Group co-chairs to mediate negotiations between Armenia and Azerbaijan to find a peaceful solution to the conflict.<sup>21</sup>

Feelings continue to run high in Azerbaijan on the issue. Since the publication in a Russian literary journal of his novella presenting a sympathetic account of pogroms against Armenians in Azerbaijan during the last years of the Soviet era, a furore has engulfed Azerbaijani writer Akram Aylisli. Crowds gathered outside his flat chanting slogans against his 'treachery' and burning copies of his work. His title of 'People's writer' and his government stipend were cancelled by the Azerbaijani government;<sup>22</sup> an official said in relation to the writer, "If a person has no national spirit, he cannot have a sense of humanity," and "Nothing can be above the national feeling."<sup>23</sup>

## 5 Relations with the European Union

Azerbaijan has a Partnership and Cooperation Agreement with the EU and is negotiating an Association Agreement. In March 2013, the European Commission issued the progress report on Azerbaijan's implementation of reforms set out in recommendations in the country's European Neighbourhood Policy documents. Azerbaijan had addressed only a few of the recommendations since 2012, including judicial reform, a human rights action plan and some action on evictions and demolitions. The report set out other areas where progress was 'invited' (which were, incidentally, quite similar to the EU's recommendations for Armenia):

- Ensure implementation of the January 2013 resolution of the Parliamentary Assembly of the Council of Europe on the honouring of obligations and commitments by Azerbaijan.
- Continue implementation of the Human Rights Action Plan adopted in December 2011.
- Step up efforts with Armenia to reach agreement on the Madrid Principles, in accordance with the commitments made by the Presidents of Armenia and Azerbaijan within the Minsk Group.

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<sup>21</sup> [HL Deb 10 April 2013, c263WA](#)

<sup>22</sup> 'Azeri Author Sends Unpopular Message To Armenians: 'We Can Live Together'', *Radio Free Europe/Radio Liberty*, 1 February 2013

<sup>23</sup> 'Top Official: Writer Akram Aylisli disrespects memory of thousands of martyrs', *Trend Daily News (Azerbaijan)*, 5 February 2013

- Ensure unimpeded access to representatives of the EU to Nagorno Karabakh and surrounding regions in support of conflict transformation activities in full complementarity with the Minsk Group activities.
- Promote an environment conducive to progress in the conflict settlement, encourage and support related peace-building activities.
- Adopt the Law on Defamation which provides for the abolition of criminal liability for defamation and insult.
- Bring electoral legislation into line with the OSCE/ODIHR recommendations and ensure effective implementation.
- Continue to bring legislation on freedom of assembly, freedom of association and freedom of the media into line with international standards, and ensure its implementation.
- Step up efforts to investigate cases of harassment against journalists and activists.
- Step up efforts to make the judiciary independent.
- Address outstanding issues in public financial management, notably on transparency and accountability in relation to the budget cycle.<sup>24</sup>

EU Enlargement Commissioner Stefan Fule visited Baku in May 2013. He said that negotiations on simplified visa arrangements are progressing, along with energy cooperation:

Our negotiations on Visa Facilitation and Readmission Agreements are very close to conclusion. This will allow Azerbaijani citizens to take advantage of simplified procedures to travel to Europe. New possibilities will open up through the comprehensive aviation agreement that is currently being negotiated and hopefully finalised in the near future.

EU-Azerbaijan energy cooperation continues to develop fast; we are now very close to the decision on the European route of the Southern Gas Corridor.

But besides energy, what is very important to us is respect for human rights and democratic principles. The values agenda forms a crucial part of our partnership. In our Progress Report in March we highlighted our concerns and the areas where we can work together to support Azerbaijan's efforts to tackle shortcomings.

Efforts to meet commitments on democracy, including electoral processes, the protection of human rights and fundamental freedoms, and the independence of judiciary need to continue. And on this day of World Press Freedom let me underline how important is freedom of media and freedom of expression for the democracy.

The forthcoming presidential elections will be a test for the democracy here. We wish to see them being conducted in conformity with international commitments the country has voluntarily taken – to be free and fair.

That means not only free monitoring or fair counting, but also free and fair campaigning – so that these elections provide a platform for open exchange of views on the country's future.<sup>25</sup>

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<sup>24</sup> 'ENP Country Progress Report 2012 – Azerbaijan', EU press release, 20 March 2013

<sup>25</sup> 'EU - Azerbaijan: Building partnership based on interests and values', EU press release, 3 May 2013

Azerbaijan is not officially seeking membership of the EU, although opinion polls have suggested that the Azeri public would welcome full integration.<sup>26</sup> Membership of the EU is a distant prospect, particularly as long as the Nagorno Karabakh conflict remains unresolved.

## 6 Defence and strategic relations

Azerbaijan's military spending is increasing strongly and was estimated at about \$3.1 billion in 2011, compared to Armenia's total of \$396 million for the same year;<sup>27</sup> (the disparity between the neighbours' spending is not as great as it would appear, as Azerbaijan uses a broad definition of spending to enhance the impression of rapid re-armament). The country recently acquired the S300 surface-to-air missile system from Russia and signed a \$1.6 billion contract with the Israeli government for defence equipment including unmanned aerial vehicles.<sup>28</sup> Azeri armed forces count on 66,950 active servicemen and women, relying on conscription.

Azerbaijan has a generally Western-orientated policy: it has relations with NATO through an Individual Partnership Action Plan (IPAP), the latest version of which was signed in 2011, and NATO uses Azeri airfields to send supplies to Afghanistan, where there is a contingent of 90 Azeri troops participating in the ISAF mission. Azerbaijan has also quietly assisted the US in its struggle with Azerbaijan's southern neighbour, Iran.

Azerbaijan also has close defence relations with Turkey, in part based on shared ethnic origins. Turkey has given millions of dollars worth of military aid to Azerbaijan and helped to rebuild the Azeri armed forces after the defeat by Armenia in the Nagorno-Karabakh war. Turkey and Azerbaijan have an Agreement on Strategic Partnership and Mutual Support, ratified by Azerbaijan's parliament in 2010, which pledges mutual military support 'using all possibilities' if either side is the victim of 'aggression'. The agreement provides for joint operations and training, interoperable equipment and cooperation in 'military-technical areas'.<sup>29</sup> In May 2013, the Turkish defence minister and the Azerbaijani minister for the defence industry signed a memorandum for defence industrial cooperation.<sup>30</sup> At the signing, the Turkish defence minister described Turkey and Azerbaijan as the two states of the same nation and looked forward to deepening ties: "Both our economic and political relations are developing for the better. And, the agreements we have signed here today are certainly the manifestation of carrying our current ties forward".<sup>31</sup>

Although Azeri representatives tend to side publicly with other Islamic countries in international fora on the question of Israel, the two have close relations, both strategically and economically. Israel gets about a third of its oil from Azerbaijan, through the Baku-Tbilisi-Ceyhan pipeline. The unmanned aerial vehicles mentioned above are being developed as a joint venture. One of Azerbaijan's biggest mobile telephone networks is also a joint venture with an Israeli company. Turkey chided Azerbaijan a few years ago for its relations with Israel but Azerbaijan rejected the criticism. Turkey's strategy meanwhile has shifted back towards improved relations with Israel.

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<sup>26</sup> Živilė Marija Vaicekauskaitė, 'Eastern Partnership Policy', *Geopolitika*, 23 March 2012

<sup>27</sup> IISS, *The Military Balance 2013*, 2013

<sup>28</sup> IISS, *The Military Balance 2013*, 2013

<sup>29</sup> 'Azerbaijan-Turkey Military Pact Signals Impatience with Minsk Talks – Analysts', Eurasianet, 18 January 2011

<sup>30</sup> 'Azerbaijan and Turkey sign protocol on cooperation in defence industry', *Trend Daily News (Azerbaijan)*, 11 May 2013

<sup>31</sup> 'Turkey, Azerbaijan sign defence agreement', Press release, Official Turkish Radio and Television Corporation, 9 May 2013

In March 2013, the foreign ministers of Georgia, Turkey and Azerbaijan met in Batumi, Georgia, to discuss the construction of a railway link between the three countries, bypassing the railway network of the former Soviet Union. The economic cooperation (another example of which is the BTC oil pipeline) may become the basis for enhanced military cooperation between the three.<sup>32</sup>

Armenia's forces, for comparison, amount to 48,850. Armenia has also contributed to ISAF and has a new IPAP, signed in November 2011, and the country is also equipped with Russian-made air defence systems. Armenia's armed forces are reported to be relatively competent, perhaps more so than Azerbaijan's.<sup>33</sup>

Although the Azeris are close to NATO, it is unlikely that they will be becoming full members in the foreseeable future. Azerbaijan treads a fine line between Russia and the West, seeking to maintain good relations with the former colonial power and neighbour. There are some half million Azeris living in Russia and many Russians living in Azerbaijan. In 2008, a branch of the Moscow State University was opened in Baku. However, relations remain tense. Russia's close relations with Armenia (although Russia has not formally recognised Nagorno-Karabakh) have been a bone of contention and Russia has made it clear that it opposes further eastward expansion of NATO. Azerbaijan has perhaps become less preoccupied in the last few years about maintaining good relations with Russia, as the prospect of a Russian-brokered resolution of the Nagorno-Karabakh dispute through the Minsk Group has receded. Russia signed a defence agreement with Armenia in 2010. If relations with Russia deteriorate, Azerbaijan could increasingly rely strategically on Turkey. As long as war does not break out again over Nagorno-Karabakh, however, the military partnership with Turkey will remain limited and Azerbaijan will not allow a Turkish base on Azeri soil, conscious of the Russian determination not to allow NATO (of which Turkey is a member) to expand further its presence in former Soviet states.

Azeri/Russian sensitivities were perhaps revealed after the Eurovision song contest this year, as Russia reacted to the fact that the Russian entry received no points from Azerbaijan, despite coming second in an Azeri telephone poll. The Russian Foreign Minister said that the two countries would "coordinate joint efforts to make sure this outrageous action does not go unanswered."<sup>34</sup> The head of Azerbaijan's state broadcaster said he hoped that the incident "would not cast a shadow on brotherly relations of Azeri and Russian people."<sup>35</sup>

## 7 Relations with the UK

Britain's relations with Azerbaijan go back some way. There was British involvement in the first Azeri oil boom at the turn of the 19<sup>th</sup> century, and it was British forces that occupied Baku after the collapse of the Ottoman Empire at the end of the First World War. When the fledgling Azerbaijan Democratic Republic was invaded by the Red Army in 1920 and Azerbaijan became part of the Soviet Union, British influence declined.

The UK was one of the first countries to recognise Azerbaijan's independence, in December 1991. Diplomatic relations were established soon after and embassies were opened in Baku and London in 1993 and 1994, respectively.

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<sup>32</sup> 'Azerbaijan, Georgia and Turkey agree to deepen cooperation', *ITAR/TASS News Agency*, 29 March 2013

<sup>33</sup> IISS, *The Military Balance 2013*, 2013

<sup>34</sup> 'Russia angry over "stolen" Eurovision votes', *Reuters*, 21 May 2013

<sup>35</sup> *Ibid.*

British connections were rejuvenated in 1994, when BP, as a part of a consortium of international oil companies, signed a major contract with the Azeri government. BP has very important interests in both oil and gas production, and investment in the projects by BP constitute the most important foreign investment in Azerbaijan and meant that the United Kingdom was the origin of nearly 52% of all foreign investment in the country in 2012,<sup>36</sup> although despite the growing importance of Azeri hydrocarbons to Europe the UK imports very little crude oil from the country.

### **7.1 Visits to Azerbaijan**

- September 2011: Charles Hendry, Minister of State for Energy and Climate Change
- October 2010: David Lidington, Minister of State for Europe
- September 2009: Lord Hunt, Minister of State for Energy
- June 2008: Lord Jones, Minister for Trade and Investment
- May 2008 Jim Murphy, Minister of State for Europe<sup>37</sup>

## **8 Economy**

The Azeri economy has been growing quickly on the back of high hydrocarbon prices, managing 9.3% real GDP growth in 2009, although it has slowed since then; World Bank forecast that GDP would grow by 3.1% in 2012 and by 3% in 2013.<sup>38</sup> In the International Monetary Fund's ranking of countries by GDP per capita adjusted for purchasing power, Azerbaijan comes between Colombia and Peru. By this measure, the average Azeri is almost twice as affluent as the average citizen of neighbouring Armenia or Georgia. Despite the substantial oil and gas wealth, Azerbaijan still has a high level of unemployment and prosperity has only slowly begun to spread from the energy sector.

The UK is one of the largest sources of foreign investment in the Azeri economy, largely because of the involvement of BP in Azeri hydrocarbon production; there is a very large project underway to pipe Azeri gas to European markets. BP expects gas from the Shah Deniz gas field to reach the Turkish market by 2018 and Western Europe a year later.<sup>39</sup>

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<sup>36</sup> Embassy of Azerbaijan to the UK, [Bilateral relations between the Republic of Azerbaijan and the United Kingdom of Great Britain and Northern Ireland](#)

<sup>37</sup> Embassy of Azerbaijan to the UK, [Bilateral relations between the Republic of Azerbaijan and the United Kingdom of Great Britain and Northern Ireland](#)

<sup>38</sup> Lepisto, Eric, Toby Wight and Matteo Fumagalli. Economy (Azerbaijan), in Europa World online. London, Routledge. House of Commons. Retrieved 19 March 2013 from <http://www.europaworld.com/entry/az.econ>

<sup>39</sup> 'BP sees pipeline rivals equal in Azeri gas race', *Reuters*, 31 January 2013