

Azerbaijan and the West: Strategic Partnership at Eurasia's Crossroads

Event Summary



May 14, 2009

The **JAMESTOWN**
FOUNDATION

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F O U N D A T I O N

Event Summary

**“Azerbaijan and the West: Strategic Partnership at Eurasia’s
Crossroads”**

Thursday, May 14th 2009

10:30 a.m. to 1:00 p.m.

Carnegie Endowment for International Peace

Root Conference Room

1779 Massachusetts Avenue, N.W.

Washington, D.C. 20036

Conference Agenda

“Sustaining the Strategic Partnership”

Vladimir Socor

Senior Fellow, The Jamestown Foundation

“Azerbaijan in the Muslim World”

Dr. Brenda Shaffer

Visiting Professor, Azerbaijan Diplomatic Academy & Faculty Member, Haifa University

“Azerbaijan: Major Partner to U.S. and European Security Interests”

Daniel P. Fata

Vice President, Cohen Group

Executive Summary

On May 14, 2009 The Jamestown Foundation organized a seminar discussion at the Carnegie Endowment for International Peace entitled: "Azerbaijan and the West: Strategic Partnership at Eurasia's Crossroads." Key issues raised during the discussion are that the United States has consistently ignored the interests of Azerbaijan, one of the most pro-Western countries in the South Caucasus. It has also made a grave mistake in allowing its general focus on the South Caucasus to fade. Geopolitical gains made in this region in the early 1990s have now been tossed aside in a gradual process of disengagement. The lack of a meaningful Western response to the August 2008 Russian-Georgian war last summer highlights the low level of Western engagement in this important part of the world.

The security dynamics in the South Caucasus are rapidly changing, and the U.S. has ignored these developments to its own detriment. Azerbaijan has consistently been a *de facto* ally of the U.S. and NATO in recent years, contributing troops to missions in Kosovo, Iraq and Afghanistan. Azerbaijan is also a major player in the South Caucasus region, helping to curb terrorism and extremism. Furthermore, Azerbaijan's strong economic growth makes it a burgeoning force in the region.

If the U.S. does not pay more attention to Azerbaijan, the latter could shift its orientation towards Russia. Moscow is actively seeking to bring Azerbaijan into its sphere of influence, with frequent meetings between the Russian and Azerbaijani presidents. And Azerbaijan's potential re-orientation to the East would seriously hurt U.S. interests in the region.

The U.S. and Azerbaijan share a number of strategic interests, including energy, terrorism, and peace and stability in the South Caucasus. Continuing to work together successfully on these shared interests requires that the U.S. craft a more coherent policy towards Azerbaijan. The U.S. should also explore signing a strategic partnership agreement with Azerbaijan, as it has done with Poland, the Czech Republic and Ukraine. It should also take a more balanced approach to the Nagorno-Karabakh issue.

Azerbaijan is a model of restraint in the region. Though 20 percent of its territory is occupied by Armenia and 1 million of its people are currently refugees from the occupied territories of Karabakh, Azerbaijan has not engaged in any military effort to regain its territory. But it seems this restraint has instead resulted in the West ignoring, rather than addressing, Azerbaijan's problems. If the United States continues to ignore Azerbaijani concerns, it will reinforce the idea that the only way to get attention is to militarily reoccupy this territory. Thus far Azerbaijan's leaders have chosen not to capitalize on human suffering to advance their political goals, and for this they should be rewarded.

The key to successfully engaging with Azerbaijan and other Muslim states is to recognize two specific realities: there is no homogenous Muslim world (1), and politicians in these states act rationally and according to political concerns (2), just like Western politicians.

Acknowledging these points and taking a more balanced approach to Azerbaijan will go a long way to promote U.S. strategic interests in the South Caucasus.

Key Findings

- The U.S. should repeal Section 907 of its 1992 legislation, which unfairly restricts aid to Azerbaijan and hinders government-to-government cooperation.
- The U.S. should re-examine its blind support for the Armenian side in the Karabakh conflict.
- The U.S. should not advocate for the breaking of linkages between the easing of Turkish-Armenian tensions and the resolution of the Karabakh conflict, since this robs Azerbaijan of one of its few levers of negotiation.
- The U.S. should consider establishing a military presence on the ground in Azerbaijan, perhaps starting with the creation of a military hospital to treat American wounded evacuated from Afghanistan.
- The U.S. must engage in more frequent, higher-level meetings with Azerbaijani officials at a senior level rather than resort to using mid-level diplomats.
- Azerbaijan should request an intensified dialogue with NATO (the next step up from its current participation in NATO's Partnership for Peace).

“Sustaining the Strategic Partnership”

Vladimir Socor

Vlad Socor began the day's events with a discussion entitled “Sustaining the Strategic Partnership”, in which he outlined several factors that have contributed to a waning Western-Azerbaijan relationship. He emphasized the importance of sustaining the strategic partnership, and provided policy recommendations for achieving Western reengagement with the South Caucasus Caspian region that could reverse the current trend.

Socor's assessment of the situation is that there has been a gradual disengagement of the West from the South Caucasus Caspian region accompanied by a gradual erosion of the West's historical geopolitical gains. This duality poses the highest risk to Western strategic interests since 1992 and in Socor's view, the negative developments far outweigh the positives as evidenced by four specific events:

- Firstly, the West's gradual, *de facto* disengagement from the South Caucasus Caspian region over the past several years has been exacerbated by Russia's invasion of Georgia in August of 2008. This event, which went unanswered by the West, posed a great danger to Azerbaijan's overall security as well as the security of its energy exports.
- Secondly, the sharp decline in oil prices has resulted in setbacks for Western energy transit projects to the region at least for the foreseeable future.

- Thirdly, the strategic rapprochement between Turkey and Russia has steadily evolved to a point that has induced “a great deal of agonizing reappraisal about the region’s security arrangements”, caused largely by the Turkish-proposed platform for regional security cooperation that excludes the US and EU.
- Fourthly, Russia has officially acknowledged South Ossetia and Abkhazia as independent states, a move which Socor believes has the potential to serve as precedent for future action in the region by Russia.

At the same time, Socor praised the EU initiative last November to launch a south European energy transport corridor as a recent positive development for the strategic partnership. This initiative envisages the use of Turkmen gas reserves as the source for the transport corridor that will run through Europe to the South Caucasus, maintaining Nabucco as its centerpiece, and enlarging Europe’s strategic stake in the region.

But this ambitious project aside, the erosion of the strategic relationship is particularly troublesome due to the fact that, as Socor points out, Azerbaijan has been a staunchly loyal partner and *de facto* ally of the US, NATO, and the EU since the 1990’s, calling Azerbaijan’s Western orientation a “strategic choice of alignment and strategic integration with the West.”

In support of his argument, Socor identifies several aspects of Azerbaijani foreign policy that verify this Western orientation: In 1994, Azerbaijan conducted the first major energy deal with Western companies for the exploration and development of Caspian oil; Azerbaijan constitutes one of the only major Caspian oil and gas producing countries that exports almost exclusively to the West; It has neglected to join OPEC or Russian-led cartels for exporting gas and has upheld Western oil and gas companies’ ownership over natural resources in Afghanistan where other countries have nationalized them; It remains the only staunch supporter of the Nabucco project, a project which, in at the least the first phase, depends solely on Azerbaijan; It has taken the lead on initiatives to divide the Caspian sea into national sovereign sectors; Azerbaijan has served as the vanguard of efforts to create trans-Caspian oil and gas pipelines; it is almost single handedly financing the construction of the Baku-Tbilisi-Kars-Istanbul railroad, one which Socor calls “a railroad of intercontinental proportions that has the potential to link Central Asia with Europe on the shortest route”; Azerbaijan’s chairmanship of GUAM in 2007 constituted the most effective leadership in the organization’s history; It has successfully contained and dealt with terrorist threats, including those from Iran and has successfully contained the influence of radical Iranian religious missionaries; Azerbaijan was one of the first states to join NATO’s Partnership for Peace (PfP) program and has developed a number of proposals to renew and sustain the program; and Azerbaijani troops have contributed troops to NATO peacekeeping missions in Kosovo, Iraq, and Afghanistan and responded to the will of Western powers in each of these missions.

Economically, Socor cites the country’s 30% average GDP annual growth from 2005-2008 as a global record, and notes that the 11% growth projection for 2009 is particularly important because for the first time that growth will be led by a non-oil sector.

Developmentally, Socor remarks that Azerbaijan has chosen “a secular path”, and one that was inspired by Turkey’s Kemalist era. But he warns that recent trends in Turkey to move away from this model could threaten Azerbaijan’s secular platform.

Finally, Azerbaijan has taken steps to secure oil revenues for future generations in the form of a state oil fund, a process that is monitored internationally by Western experts and which was originally developed by the Norwegians.

Socor argues that this impressive record of Western alignment renders Azerbaijan “a work in progress with the promise of [serving as] a success story” for the region, but advises that these efforts be met with a response from the West, and cautions against Western policymakers’ attempts to view Azerbaijan as an extension of Russia, a fragment of a post-soviet space, or a small part of the Muslim world but rather as a country that “has chosen its own path of development and integration with the West.” Azerbaijan must not be used as a “currency of exchange” by Western powers in third party agreements where the one country’s domestic agenda is pursued at the expense of Azerbaijan. Instead, the US and Europe can take specific steps to strengthen the partnership and bolster its support for Azerbaijan.

One way to reverse the erosion of the partnership, Socor suggests, is to repeal section 907 of the 1992 *United States Freedom Support Act* that rules out government-to-government assistance from the US to Azerbaijan. This legislation, which Socor views as outdated given the occupation of Azeri territory by Armenian forces since 1994, continues to reward perpetrators of one of the world’s largest ethnic cleansing operations. Furthermore, this piece of the legislation does not correspond to any aspect of shared US-Azerbaijan interests in the South Caucasus.

Socor also argues that the priorities of the Bush administration, which had the undesirable effect of pulling political attention and resources away from the South Caucasus region, have left vast room for improvement by the Obama administration, should it seek to capitalize on that opportunity in its effort to reorganize its policy agenda.

Socor also criticized the US vote in 1998 against Azerbaijan’s proposed resolution regarding the Nagorno-Karabakh conflict. According to the US, it voted this way in order to avoid breaking unity with the other two mediators, Russia and France. But Russia’s disregard for such unity, and its decision to arm Armenian and Karabakh forces undermines this so-called unity and invalidates the US defense, resulting in US policy that, in Socor’s words, “short chang[ed] a strategic partner and ally”.

Another lapse in US policy that must be re-evaluated was the decision to pressure Azerbaijan to break the linkages between the Turkish-Armenian border and work towards resolution of the Karabakh conflict. This linkage represented a critical negotiating lever for Azerbaijan in its effort to uphold the principle of territorial integrity. Socor sees this policy as being detrimental to states seeking to preserve state borders, arguing that the

breaking of these linkages at Azerbaijan's expense only reinforces the idea that borders can be malleable when confronted with military force.

One step that the US could take towards repairing the strategic partnership would be to financially support the construction of the Baku-Tbilisi-Kars railroad in an effort to promote global trade and synergy with the EU. Azerbaijan is currently financing this project alone, in part because US Congress banned funding for the effort as a result of intervention by an ethnic lobby that opposed it.

Socor emphasized the need to increase the frequency and level of American official visits to Azerbaijan as a panacea for the waning political relationship. The US—which hasn't sent a Secretary of State to Azerbaijan since 1992—is represented only by the deputy assistant secretary of state. Russia, on the other hand, has exceeded these delegation efforts with 21 visits between the Russian and Azerbaijani presidents over the past four years, most of which were initiated by Russia in its attempts to incorporate Azerbaijan into economic projects and eventually strategic ones.

There is also a need for more careful US government reporting than that demonstrated in the past. Socor highlights two instances where US reporting has released inaccurate and politically harmful statements about Azerbaijan. The first was a reference to the persecution of journalists in countries “from Azerbaijan to Zimbabwe...”, in May of this year, a statement released by the White House in its attempt to honor World Press Freedom Day. Attributing the statement to a need for alphabetical “symmetry”, Socor clarifies that Azerbaijan is populated by a variety of different viewpoints that evaluate its internal affairs, categorizing the comment as a “gross misstatement.” The second was a 2001 State Department report on international terrorism that referred to Azerbaijan as a “hub for international terrorists.” Both of these statements are potent and detrimental to Azerbaijan's relationship with the United States and must be more carefully monitored.

Socor also makes a case for increased state intervention and cooperation, insisting that market forces are insufficient for guiding energy projects on such a grand scale and pointing out that private corporations seeking short-term gains do not think strategically. US policy has historically identified Europe's potential overdependence on Russian energy deliveries as an agitator to political cohesion of the Euro-Atlantic community and NATO alliance, resulting in US isolation. According to Socor, “this rationalization remains as valid as ever”, urging the new administration to respond adequately.

Finally, Socor sees Russia as essentially having a monopoly of peacekeeping missions in the South Caucasus, a role which NATO has effectively forsaken. This monopoly will only seek to enhance Russia's “sphere of influence building” and disintegrate European security arrangements.

Socor concluded his presentation by reiterating the essential points of his policy recommendations, namely the need for the new US administration to seize on the geopolitical gains achieved in the 1990's and early 2000's, before they completely unravel. Socor sees vital US materials and resources as being “absorbed to an

overwhelming proportion by distant theatres of operations with little visible, discernible or likely strategic payoff”, a reality that has exposed the South Caucasus Caspian region to a security vacuum and left it vulnerable to events such as those in August 2008. The US must, according to Socor, reorient its interests to the South Caucasus Caspian region where strategic payoffs are more tangible. It can do so by increasing its presence on the ground, invest in the expansion of the existing transit energy corridor, increase the number of high level visits that demonstrate the importance of the partnership to the US and the West, and promote the building of state capacity.

“Azerbaijan: Major Partner to U.S. and European Security Interests”

Daniel P. Fata

The key strategic interests for the U.S.-Azerbaijan relationship are energy, terrorism, East vs. West orientation, and general peace and stability in the region. Regarding energy, Azerbaijan is a key supplier and offers a diversification route. With regard to fighting terrorism, Azerbaijan, because of its geostrategic location, is useful for over-flight, refueling, troop transport to Afghanistan, and is a key provider for ground supply routes for the ISAF mission in Afghanistan. Azerbaijan’s orientation towards the West vs. the East will have a direct impact on US interests; and general peace and stability is fundamental. NATO’s Partnership for Peace (PFP) program stood alone in 1994 in drawing post-Soviet countries towards the West. Today’s European Union Eastern Partnership program is not of the same caliber. Now there must be something in addition to PFP, with a similarly robust agenda.

Bush Administration Outreach to Azerbaijan

The Bush administration addressed many of the above issues. Much was achieved, but efforts were hamstrung by the loss of Rumsfeld and the concurrent loss of the ability to convene high-level inter-agency meetings to address the Caucasus region. The lack of demand from the Azerbaijani side, which would have forced policy development at senior levels of the administration, was another problem. There was, however, greater cooperation in the War on Terrorism, with Azerbaijan becoming a security contributor and a strong bilateral partner for the U.S. Azerbaijan submitted its second IPAP (Individual Partnership Action Plan), laying out what it hopes to get out of its relationship with NATO. Currently, only a minority of PFP countries produce an IPAP. The U.S. continues to be hamstrung by Section 907, which restricts the sharing of knowledge and modernization assistance with Azerbaijan. However, much was achieved within the permitted bounds. For example, the U.S. established a state National Guard partnership program between Oklahoma and Azerbaijan, which was successful in building goodwill. Additionally, in the past two years, Azerbaijan has participated enthusiastically in TCN (Troop Contributing Nation) meetings to discuss the Afghan situation.

U.S. and Western interests converged with Azerbaijan in the peace and stability area. Talks were sustained on the Nagorno-Karabakh issue and the situation did not worsen. CFE negotiations proceeded, and the U.S. made sure Azerbaijan’s interests were not

sacrificed. Additionally, the Azerbaijanis have remained steadfast in their willingness to offer the use of the Gabala radar station if that would advance missile defense negotiations resolution between the U.S. and Russia.

Europe recognizes its interests in the Caucasus, and in stability there. Also, the Europeans are unwilling to compromise on principle as they work to resolve issues in the Caucasus. Europe will continue to be interested in peace and stability in the Caucasus.

The Way Ahead

Firstly, there is a need for an inter-agency principles meeting to formulate U.S. policy towards Azerbaijan. Secondly, it was a mistake that the U.S. signed Strategic Partnership Charters/Declarations with Poland, the Czech Republic, Georgia and Ukraine, but not with Azerbaijan. Azerbaijan, however, was one of the most vulnerable countries after the Russia-Georgia War. This was due both to a lack of U.S. policy and a lack of demand from the Azerbaijani side. Thirdly, President Obama should visit Azerbaijan when he visits Moscow in July, and/or invite President Aliyev to the U.S. to either announce the start of negotiations on a strategic partnership agreement with Azerbaijan, or to sign such an agreement. Fourthly, Europe should extend a substantive hand to Azerbaijan. This should involve economics, security, and human rights. Europe would lose a lot and Azerbaijan would “lose the most” if Azerbaijan’s orientation towards the West shifts elsewhere.

This is a demand-driven process. Increased NATO involvement requires demand from the capitals towards Brussels. Azerbaijan should soon declare its intent towards NATO to lock in its orientation. Secondly, there should be a NATO-Azerbaijan Council (like the NATO-Ukraine Council). Thirdly, Azerbaijan should request intensified dialogue with NATO (this would be the next step from PFP). All these efforts would be signals of Azerbaijan’s intent. Again, this must be driven by Baku.

Some Azerbaijani officials might think about taking a cautious approach towards NATO integration because of NATO’s “failure” in Georgia last summer, spurring more orientation towards Russia. Both must occur, but Russia will pull more forcefully than NATO and Europe. Also, regarding the Turkish-Armenian border opening, some Azerbaijanis worry about Turkey “abandoning” Azerbaijani interests. Azerbaijan’s equities should be taken into account in any agreement between Turkey and Armenia.

"Azerbaijan in the Muslim World"

Dr. Brenda Shaffer

The study of Azerbaijan—its policies, alliances and decisions since independence—could enlighten America’s understanding of and policy towards the Muslim world.

There are a number of lessons to be learned. Firstly, there really is no Muslim world, just as there is no cohesive “Christian world.” Secondly, alliances are not formed by

Azerbaijan and other countries in the region based on civilizational or religious lines. For example, the Nagorno-Karabakh war has led to a situation where Orthodox Christian Russia supports Christian Armenia and Shiite Iran in opposition against Shiite Azerbaijan. Civilizational classifications are meaningless for such conflicts. Each country in the region promotes its own interests. For example, Turkey is good at promoting its state interests. Also, one of the most state-oriented countries in the world is Iran, which only supports Shiite states when that is in its best interests. Iran supports Russia over the Muslim Chechens and Christian Armenia over Muslim Azerbaijan.

Politics play a major role in these alignments. When a U.S. Congressman speaks in support of increasing defense capabilities, it is understood that he probably has a naval or military base in his district. But when a Muslim politician says similar things, Americans assume that he is not motivated by rational concerns, but rather by ideological and religious ones. If the U.S. wants to show respect for Muslims, it must treat them as rational beings. Americans must evaluate politics in Muslim states by the same parameters they would use to analyze politics in the U.S.

Azerbaijan, less than 20 years ago, lost 20 percent of its territory and 1 million of its citizens became refugees, but no act of violence came from this. This represents excellent leadership and a refusal to exploit human suffering for political ends. This restraint is commendable, but has not been rewarded with attention. Instead, where violence occurs, attention is paid. This sends the dangerous message that policies of nonviolence are ineffective.

The response of Muslim countries to such events is quite political and orchestrated. Mobilization usually occurs for political reasons, not for civilizational or religious ones. For example, an Armenian diplomat can travel freely in Iran without fear of injury even though Armenia has caused the displacement of a million Muslims. Similarly, a Russian diplomat need not fear for his safety in Muslim countries, despite Russia's actions in Chechnya.

Azerbaijan, in many ways, provides a model to be emulated. It was one of the first countries in the world to grant suffrage to women—before the U.S., the U.K. and Switzerland. Jews in Azerbaijan hardly report any cases of anti-Semitism, in contrast to Russia and other countries. However, Azerbaijan faces many challenges. It is landlocked and faces immense demographic issues, including the Nagorno-Karabakh issue and the huge diaspora of Azerbaijanis in Iran. Its energy riches are an asset, serving as a base for economic growth, but also a curse, since they leave Azerbaijan open to destabilization from foreign rivals angling for control. Baku is currently acting as a meeting ground—a role Istanbul has often played. It is the one place where Americans and Iranians can meet, for example.

What can the U.S. do? Firstly, it can reward refugees that don't use terror and violence. Secondly, the U.S. Congress has to stop direct aid to Nagorno-Karabakh. Thirdly, the U.S. must eliminate Section 907, which is an unhelpful symbol, even if it doesn't have many practical applications because of the attached waiver. Fourthly, the U.S. should use

the opening between Turkey and Armenia as a way to advance peace, not war. It should also not insist on separating this issue from Nagorno-Karabakh, since the conflict's ties with Turkey represents one of Azerbaijan's few levers with which to pressure Armenia. Fifthly, the U.S. must not rob states in the region of any recourse to resolve their problems.

Participant Biographies

Vladimir Socor

Vladimir Socoris a Senior Fellow of the Jamestown Foundation in Washington and its flagship publication, *Eurasia Daily Monitor* (1995 to date), where he writes on a daily basis. An internationally recognized expert on the former Soviet-ruled countries in Eastern Europe, the South Caucasus, and Central Asia, he covers Russian and Western policies there, focusing on regional security issues, secessionist conflicts, energy policies, and NATO policies and programs.

Mr. Socor is a frequent speaker at U.S. and European policy conferences and think-tank institutions as well as a regular guest lecturer at the NATO Defense College and at Harvard University's National Security Program's Black Sea Program. He is also a frequent contributor to edited volumes. Mr. Socor was previously an analyst with the Radio Free Europe/Radio Liberty Research Institute (1983-1994) He is a Romanian-born citizen of the United States based in Munich, Germany.

Dr. Brenda Shaffer

Dr. Brenda Shaffer is a faculty member at the University of Haifa. She is also a visiting professor at the Azerbaijan Diplomatic Academy. Dr. Shaffer is the President of the Foreign Policy Section of the American Political Science Association (APSA). She previously served as the Research Director of the Caspian Studies Program at Harvard University. Her research focuses on the Caucasus, the link between culture and foreign policy, energy and politics. Dr. Shaffer takes a special interest in Caspian energy issues, ethnic politics in Iran, and the Karabagh conflict. Dr. Shaffer's op-eds have appeared in a number of newspapers, including the Wall Street Journal, the International Herald Tribune, Christian Science Monitor, and the Boston Globe. She serves as a lecturer and consultant on the Caspian region to various public institutions, governments, and regional security organizations. Dr. Shaffer is the author of *Borders and Brethren: Iran and the Challenge of Azerbaijani Identity* (MIT Press, 2002). Her most recent publication is the book *Energy Politics* (University of Pennsylvania Press, 2009).

Daniel P. Fata

Daniel P. Fata is a Vice President at The Cohen Group. Mr. Fata served as the U.S. Deputy Assistant Secretary of Defense for European and NATO Policy -- the youngest person ever to hold this post. From September 2005-September 2008, he was a key advisor to both Secretaries of Defense Rumsfeld and Gates and was responsible for developing and executing American defense policy among the nations of Europe and Eurasia, as well as with international organizations including NATO, the European Union, and the Organization for Security Cooperation in Europe. During his tenure, Mr. Fata's efforts focused on strengthening bilateral relations with key European and Eurasian allies, developing initiatives for two NATO Summits, and managing and resolving issues involving Afghanistan, Russia, Georgia, the Black Sea, Kosovo, the Balkans, European missile defense, energy security, defense modernization/transformation, and U.S. European Command, among many others.

Mr. Fata is also a member of the U.S. European Command Strategic Advisory Group. In 2003, Mr. Fata was decorated by the Lithuanian government for his efforts to assist Lithuania's accession to NATO. In 2006, he was awarded the Secretary of Defense's Medal for Outstanding Public Service. Mr. Fata has testified numerous times before Congress on U.S.-European relations, NATO, the Balkans, missile defense, and Turkey. Mr. Fata earned a B.A. with Honors in Political Science from the University of Connecticut and a M.A. in International Relations from Boston University.