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EDITORIAL NOTE

Each summer, the Azerbaijan Diplomatic Academy has a 10 to 20-day certificate program which brings together distinguished scholars and practitioners from around the world and ADA students and faculty to discuss issues of global importance. In 2007, this program was conducted in partnership with the European University Institute and focused on questions of EU law and policy.

In 2008, ADA's summer school focused on the role of Islam in contemporary international affairs. And this year, the sessions were organized in partnership with the State Oil Company of the Azerbaijan Republic (SOCAR) with the support of the

Judge Business School of Cambridge Centre for Energy Studies and the Columbia University Center for Energy, Marine Transportation and Public Policy and devoted to an examination of energy politics in the contemporary international system.

This summer's course focused on global trends in international energy production and consumption, price volatility and its impact on supply, consumption and investment, energy as a tool of foreign policy, the management of revenue from energy sales, and climate change and new technologies. Below, in this special issue of *Azerbaijan in the World*, are articles by some of the distinguished experts in these sessions as well as a selection of reactions by students to their experiences in Baku.

ENERGY AS A TOOL OF FOREIGN POLICY

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In recent decades, there has been an increase in the interplay between foreign policy and energy supplies. This trend has resulted from the significant increase in the number of new international energy supply pipelines that link producers and consumers in long-term supply relations. The rise in the number of such pipelines has occurred due to: the dramatic increase in the global use of natural gas, the production and export of oil from land-locked states and the Soviet breakup that turned a number of domestic supply lines into international ones.

The interplay between politics and energy supply is set to increase. Due to the relative low environmental damage from its use, natural gas's portion of overall world energy consumption is growing rapidly. Natural gas use also contributes relatively modestly to climate change, increasing its attractiveness and the likelihood of rising consumption in the future. However, the nature of natural gas renders such supplies much more susceptible to political considerations than those of oil or coal. Petroleum and coal are traded primarily on international markets with little connection between the supplier and the consumer; natural gas is supplied chiefly in pipelines, creating direct, long-term linkages between suppliers and consumers. This article examines the use by states of energy supplies as an instrument to promote political and security goals and peace.

Oil weapon?

Due to the nature of the prevailing mode of world oil trade and supply, "oil weapons" are rarely utilizable by suppliers. Since the oil market became global in the late 1960s, there have not been successful instances in which suppliers imposed an oil embargo on consumers. If certain producers decide to halt sales to a specific country, other producers will supply the targeted country. If the world oil market is tight, the declaration of embargos can cause significant price rises, but in the end in a global world oil market, all consumers will bear the brunt of the price increase. While oil supply embargos by producers have been an infrequently used and very ineffectual tool, embargos on investment in the oil and gas sectors have at a number

of times been imposed on a large number of oil and gas producers and thus are an effective tool in the hands of the consumers.

Natural gas supply as a political weapon?

Due to the large expense of building natural gas supply infrastructures, rarely do states possess multiple supply lines. In theory, therefore consuming states are dependent on their suppliers and potentially at risk of the supplier taking advantage of that vulnerability to promote political and security goals. Thus, the trend of growing natural gas consumption creates more opportunities for use of the energy weapon. However, in most cases, not only is the consumer dependent on the gas supplies, but the supplier is also dependent on the consumer as a market for its gas.

Since natural gas began to be traded internationally on a widespread basis in the late 1970s, suppliers have rarely intentionally cut off natural gas flows. States that want to serve as long term gas sellers will not quickly sacrifice their standing as reliable suppliers for fear that in the long-run customers will seek other sources of supply or different fuels. This tendency to wield the natural gas weapon is less about the identity of the supplier than it is about the conditions of the supply relations. When the suppliers and consumers are interdependent in the need for the trade, the gas supply between them is stable and less vulnerable to political and security ebbs and tides. However, the existence of major infrastructure linkages in no way creates interdependence. Whether the relations are dependent or interdependent seems to depend on a number of factors: symmetry in the level of dependence of a supplier and a consumer and the extent to which each of the countries possesses alternative supply or market options, including transport infrastructure.

Short-term considerations may differ, however. In the short term, consuming states will pay a much stiffer cost for a cutoff than suppliers. Thus, suppliers may be willing to pay this cost if they are focusing on short-term goals, such as a political crisis with a consuming state. In addition, suppliers can use "technical disruptions" to promote short-term political and security agendas without explicitly calling it a cut-off of energy supply and thus not damage their long-term role as supplier.

Transit states often wield the "energy weapon." They use their middleman position in attempt to elicit economic, security and other gains. Therefore, supply arrangements in which transit states lie between the supplier and the consumer are less stable than direct ones and require frequent policy attention of the producer and consumers linked via transit states.

In most cases of the building of international energy supply pipelines between independent states, good political relations and cooperation precede the building of linkages in major energy infrastructure projects. Thus, it should be noted that the supply and transit relations between Russia and other former Soviet states are exceptional. The infrastructure that links Russia with the former Soviet states was built as domestic USSR pipelines and the supplies flowed on a non-commercial basis.

Policy-makers, legislators, and academics, especially in the US, often float the idea of promoting "peace pipelines" as part of conflict resolution efforts. In the 1990s, for instance, a number of US lawmakers and State Department officials promoted the idea of bringing Azerbaijan to build its major oil export pipeline through Armenia, as a means to bring peace to the South Caucasus. Successful energy infrastructure projects require good relations between states as a precondition to be established.

The pipelines are a result of the good relations, not the cause. And there is no evidence to date that energy supply pipelines can serve as a means for peace in conflict-ridden zones. In fact, there have been no cases to date of energy infrastructure promoting peace. Also, no companies have ever undertaken the commercial risk of investing billions of dollars in infrastructure that would link states in conflict. Despite the lack of any theoretical grounding or cases of where energy linkages promoted conflict resolution, policy-makers continue to promote these projects.

Infrastructure weapon?

While suppliers and consumers tread carefully with the use of supply disruptions, a number of the world's powers work aggressively to promote and block various natural gas export options and to control infrastructures, in order to promote both political and security goals. Moscow has sought to gain control of the energy transport and distribution networks in neighboring states for long-term economic gain and leverage over their policies, and to ensure that the energy producers among them export through Russia. Russia has also aggressively pursued blocking potential natural gas export competitors from entering the European market, such as Iran, Azerbaijan and producers in Central Asia, and works assertively to retain control over Central Asian export. Iran is the only country that has the volumes of natural gas and the location to pose any major threat to Russia's supply dominance in Europe. In the spring of 2007, Moscow spent a considerable amount of money to buy out Iran's potential access to the European gas market through Armenia.

Policy conclusions

Governments in consuming states need to stay involved in energy policy. Today, over seventy percent of the world's oil and natural volumes are under the control of state entities. Market forces do not rule on the supply side, and thus should not rule the consumer side. Just as the market cannot produce national security, it cannot produce energy security. The market does not create the diverse energy sources, alternative infrastructures, or storage policies that can enhance the security of energy supplies. The market does not know how to craft the wider political relations in a way to deter use of the energy weapon. In addition, the market can lead to decisions to promote short-term personal interests, and not the long-term energy security of the state. While most of the highly industrialized states are in a process of rapid privatization and unbundling of energy production, supply, and distribution, they might need to rethink a role for the state, at least as the guardian of energy security.

DELIVERING GAS TO EUROPE: RUSSIA OR THE CASPIAN?

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Questions of Russia's reliability as a gas supplier to Europe have dominated headlines since the Russian-Ukrainian crisis of January 2009. The emphasis, however, has been by and large misplaced, as Russia is interested in ensuring continuous and unimpeded exports of gas to Europe, not least given the nature of long-term contracts that govern its gas relations with European customers.

By contrast, the volume of gas available for export is – and increasingly will be – subject to several constraints of political and economic nature. Among the notable examples are the Russian leadership's desire to serve its political goals by diversifying gas exports into the Asia-Pacific region, Gazprom's willingness to strengthen its positions in the LNG market and the difficulty in liberalising domestic gas prices in Russia. Aware of these competing demands, Gazprom has revised upwards its estimates of Russian production to 2030, but how realistic are they?

The pattern of exploiting the existing fields shows that when demand for gas picks up after the current recession, production could fail to keep up. The problem will almost certainly be exacerbated by the fact that demand will resume almost simultaneously in Europe – Gazprom's main and most profitable export market – and Russia, where Gazprom is selling some 70% of its gas production. It is notable that in the draft law on tariffs for state-controlled monopolies that is currently being considered by the Russian government, the liberalization of gas prices is by and large absent. It is equally notable that the company has asked the government to raise the controlled prices for the additional gas that companies purchase under five year take-or-pay contracts in Russia. The latter indicates that Gazprom expects domestic demand to recover and start growing by 2012, while the former sends a strong signal that the government is not prepared to face the social backlash from drastically increasing gas prices under the conditions of economic hardship.

This situation creates a problem for Gazprom and Russia. The fact that the monopoly continues to make losses domestically has to be compensated for elsewhere – specifically, on the export market. However, the fall of the oil price from the record high level in 2007-08 and the indexation to oil that exists in all contracts that Gazprom signs with European consumers mean that Gazprom will collect over USD 20 billion less in export revenues in 2009 than it did last year. This will be inevitably reflected in reduced investment. The key question then becomes: investment for which projects is likely to be slashed first?

An examination of Russia's foreign policy – which is beyond the scope of the present article – shows that pipeline projects, such as Nord Stream, will remain priority. By contrast, some of the key investments in the upstream are likely to be postponed. Indeed, the past weeks have already seen the beginning of this process, with the delay of the production launch of the super-giant Bovanenkovo field on the Yamal peninsula from 2011 to 2012. Signals on another flagship project, Shtokman, have so far been contradictory, but evidence suggests that it is likely to be delayed by a couple of years, with technical difficulties possibly leading to further slips in the production schedule. In brief, under the conditions of a financial crisis, the current focus on pipelines will reduce investment in the fields, heightening the likelihood of gas shortages when recession is over and growth resumes.

The combination of these factors in Russia creates a "window of opportunity" for Nabucco, a project designed to transport Caspian gas to the European market. At the time of the project's inception, it was envisaged that the pipeline would be filled primarily with Iranian gas. However, the complex geopolitical situation around Iran,

coupled with the current under-investment in the Iranian hydrocarbons infrastructure that has turned this country with colossal reserves into a net importer of gas, has led to a shift of focus. Attention now centres far more on Azerbaijan; specifically, on its offshore field of Shah Deniz. Gas for Nabucco is expected to come from Phase II of the project, which could provide the base load for the pipeline.

The remaining gas would have to come from other sources, of which Turkmenistan has been hailed as the most likely. However, numerous issues need to be addressed before a pipeline receives a chance of being built. These include rapid improvement in relations with Turkmenistan and an agreement over the still disputed fields in the Caspian offshore. Stable and predictable relations with Turkmenistan are key to implementing the trans-Caspian pipeline that would link with Nabucco. Without Ashgabat's commitment, the trans-Caspian line stands no chance of being built.

Meanwhile, securing such a commitment from Turkmenistan would raise Azerbaijan's profile not only as an important supplier state to Nabucco but also as a key transit state for gas en route to the European market. The role of the latter is currently being overshadowed by Azerbaijan's rising oil and gas production; however, ensuring the passage of Kazakh oil and Turkmen gas through the Azerbaijani territory would solidify Baku's role as an energy hub beyond the 2020 horizon when oil output is expected to plateau.

Nabucco is undeniably the most high-profile international pipeline intended to supply the EU bypassing Russia. The Nabucco pipeline consortium has existed since 2004, but many of its members are now also participants in a rival Russian project – South Stream. There will most likely be space for co-existence of the two projects if European demand is high or if the South Stream pipeline is used to transport volumes that are currently being delivered to Europe via Ukraine. However, if the European demand does not reach the projected high level and Russia successfully launches its vast fields on the Yamal peninsula, then the need for Nabucco will be greatly reduced. Under this scenario, the only way to justify Nabucco would be as a pipeline that would enhance Europe's security of supply. But Russia is keen on building new routes to bypass transit states, and it will use this argument to promote an image of a reliable supplier to Europe. The Caspian states need to show a genuine commitment to Nabucco today because delaying decisions risks eroding their bargaining positions in the future.

** This article draws on the author's findings presented in a 200-page study undertaken by Pöyry Energy Consulting. For more information on the report titled "Russian Gas in Europe: Will there be enough to go around?", please consult <http://www.illexenergy.com>.*

ENERGY RESOURCES AND MAJOR POWER AGGRESSION

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The general tendency in the natural resource-international war literature has been to study natural resources as something to be acquired or defended. An edited book by Westing (1986) is mainly concerned with how militarized interstate conflicts emerge while states try to secure access to natural resources vital for survival and for an improved standard of living (Westing 1986, pp. 4-5). Likewise, Le Billon (2001, p. 564) states that being easily and heavily taxable, natural resources represent a prize to be captured. Homer-Dixon (1999, pp. 138-139) especially emphasizes non-renewables as factors increasing the incentives for capture and control. According to him, unlike croplands, forests and fish, resources like iron and oil are much more easily convertible into increased state power.

Compared to their weaker counterparts, major powers, given their large industrialized economies (which generate higher demand for natural resources) and vast military capabilities (which give them leverage across wide distances), could be more involved in resource-rich nations' affairs. According to Westing (1986, p. 6), the "numerous wars during the past two centuries of colonial conquest, of colonial retention, and ... of national liberation ... must for the most part be categorized as wars over natural resources". Similarly, Hveem (1986, p. 58) states that historically "conflicts over natural resources have often been associated with competition over concessions or colonies". Le Billon (2004, p. 2) ascribes to resources "some of the means and motive for global European power expansion". According to him, the Prussian strategy of achieving self-sufficiency by having a secure access to resources called *Lebensraum*, and the Heartland theory of Mackinder were the offshoots of the same drive to control natural resources of the globe, which was reinforced during the two world wars of the 20th century (Le Billon 2004, p. 3).

The Lorraine region, one of the few places in Europe rich in iron ore, had been a crucial element in military engagements from the Franco-Prussian War of 1870-1871 to World War I and World War II. Besides the Lorraine, among the causes of World War I were Germany's desire to gain access to oil, and in general, conflicts over resource-rich Africa, eastern Asia and Pacific Ocean islands (Westing 1986, p. 204). Germany's and Japan's involvement in World War II was "in significant measure in order to attain control over natural resources," driven "in large part" by the "paucity of indigenous natural resources" (Westing 1986, p. 205). The USSR's annexation of Finland's nickel-rich Petsamo (Pechenga) territory on the Barents Sea could not be detached from the drive to acquire access to natural resources either (Westing 1986, p. 9). Likewise, France's long and bloody involvement in Algeria after World War II was partly related to its reluctance to lose a colony rich in petroleum (Westing 1986, p. 206).

Historically major power involvements could have been for the purpose of mere acquisition and control. In current times, it seems to be more about securing the positions of their domestic firms and the stable supplies of strategic commodities. Despite some differences in the means employed as well, large industrialized countries continue to resort, among other things, to military deployments near exploitation sites and along shipping lines, gunboat policies and proxy wars (e.g. Le Billon 2004, p. 3). Struggle for dominance among powerful states in the Persian Gulf, Africa, and more recently in the Caspian Sea region is well documented (Klare 2001, p. 25). In this context, Klare (2001, p. 53) draws attention to increased American military presence in the Gulf region, against the backdrop of its diminishing forces in other parts of the world after the end of the Cold War. The United States' differing stances in handling the conflicts with North Korea and Iraq have been linked to oil reserves of the latter, and the U.S. dependence on it. The alleged tacit support

for a coup against democratically elected Hugo Chavez of Venezuela by the George W. Bush administration has been speculated upon similarly (Le Billon 2004, p. 21). [1]

It is not uncommon for natural resource companies to get involved in the domestic affairs of resource-rich nations. Shell's seeking deals with separatist groups in West Papua while it was under contested Indonesian rule (Le Billon 2004, p. 15), Unocal's alleged involvement in human right abuses in Burma, French companies Elf and Total's, Canadian Talisman's, and Belgian Union Miniere du Haunt Katanga's in Africa are some examples in this regard (Harker 2000; Nelson 2000; Westing 1986, p. 35). Firms with sufficient technological and financial capacity to dominate the industry tend to be registered with relatively powerful states. This implies that these companies' involvement in the sensitive political affairs of resource-rich nations may increase the probability of interference by their home states, hence that of the consequent interstate conflicts involving major powers. Thus, the expectation is that ownership of resource-rich regions will make states vulnerable to the aggression of major powers.

The dependent variable, *Force Use Onset*, is taken from the Militarized Interstate Disputes (MID) Dataset (Ghosn and Palmer 2003). It includes militarized interstate disputes with hostility levels of four (uses of force) and five (wars). [2] Non-renewable resources have been studied under two main categories: fuel and non-fuel minerals. The same principle is employed in this paper, too. The resource dataset is taken from Hamilton and Clemens (1999), which is annually updated by the World Bank (2006). Ross (2006, p. 273) refers to it as one of the best measures available. The first variable, *Energy Rent* "is equal to the product of unit resource rents and the physical quantities of energy extracted. It covers crude oil, natural gas, and coal," and is measured as the percentage of GNI. The second variable, *Minerals Rent*, is measured in exactly the same way, and includes ten minerals: bauxite, copper, iron, lead, nickel, phosphate, tin, zinc, gold, and silver. The article defines major powers in accordance with the MID Dataset (Ghosn and Palmer 2003). The list mainly includes the permanent members of the UN Security Council. Additional control variables are included in the model to make sure that the would-be association between resources and war is not attributable to other factors. The article uses time series cross sectional models that cover the period from 1970 to 2002, and looks at up to 144 countries and about 3,500 country-years utilizing rare events logit regression (King and Zeng 2001).

Table 1: Energy Rent and Aggression by Major Powers

Energy Rent _(t-1)	0.027* (0.015)
Mineral Rent _(t-1)	0.028 (0.109)
Trade _(t-1)	-0.013** (0.006)
Level of Income _(t-1)	0.275 (0.204)
GDP Growth _(t-1)	-0.013 (0.023)
Democracy _(t-1)	0.016 (0.030)
Peace Years	-0.390*** (0.144)

Constant	-1.589*** (0.512)
Observations	3387
ROC Area	0.7538

Standard errors in parentheses

** significant at 10%; ** significant at 5%; *** significant at 1%*

As the first row in Table 1 shows, major powers are more likely to target energy-rich states than energy-poor ones. But the countries that are rich in terms of non-fuel minerals are no more likely to be attacked by major powers than their minerals-poor counterparts. The key to this puzzle may lie with oil, a component part of energy variables in this paper, and its incomparably high strategic value regarding the functioning of the global industrial machine (Beblawi and Luciani 1987). After all, what makes major powers major powers is the scale and scope of their industrialization which mainly runs on hydrocarbons and especially oil. The association between energy resources and international wars is not striking however. It is significant only at a 10 percent level, and for each one unit addition to the country's energy rent the odds of its being attacked by major powers rise by 2.7 percent. The outcome resonates with Hammarström's (1986; 1997) works on "resource imperialism." This paper finds a slightly stronger support for the claim, in line with, if not proportional to, the expectations of a great number of anecdotal evidence provided by various well known scholars in the field (Westing 1986; Klare 2001; Le Billon 2004). There could be several reasons for the absence of a stronger relationship between energy abundance and international conflicts, such as the exclusion of lesser forms of conflict (displays of force, threats to use force) from the dependent variable and defining major powers too narrowly. All in all, however, the claim that more powerful nations are more likely to be aggressive towards energy-rich countries compared to energy-poor countries (other things being equal) turns out to have a statistically significant empirical support.

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Notes

[1] Beblawi (1987, pp. 59-60) coins a phrase "location rent" to indicate the increased strategic value of resource-rich regions. Yet such a strategic value may very well turn out to be a burden, rather than an asset.

[2] It should be noted that this study does not cover cases in which two states have a militarized dispute over extra-territorial resources, since MID data do not include such cases.

PARTICIPANTS in the Summer School React

"ADA's summer school on Energy Economics and Politics was a great enrichment for me, on an academic, professional and personal level. Extraordinary faculty, a diverse international student body and inspiring discussion on energy left me with an exceptional learning experience that is hard to find somewhere else. Completing this program in Baku, Azerbaijan, I had the unique opportunity to witness the change energy has brought to the region as well as the challenges that come with it. Overall, it was a very well rounded program that I would recommend to anybody seeking to understand the energy field better in a unique environment." -- Claudia Mahn, MALD 2009, International Business Relations, Negotiation & Natural Resource and Environmental Management, the Fletcher School of Law and Diplomacy

"Organizers' warm hospitality, a very high level of the summer school participants and a special charm of the capital made our stay in Baku unforgettable." -- Michael

Brodsky, First Secretary, Department for Economic Affairs III, Euro-Asia, Ministry of Foreign Affairs, Israel

"Thanks to the high level of teaching, I have been able to acquire a lot of new information that I am still absorbing and that will be helpful in my future research/work. Also, this summer school has provided us with a unique opportunity to find out more about Azerbaijan and its culture. This has also been an extremely positive and rewarding experience for my personal research on Azerbaijan as it is one thing to read about the country one studies, and a totally different one – to be and experience it on one's own." -- Olga Smirnova, Assistant Professor, University of East Carolina (ECU) in Greenville, North Carolina, USA

"I am very grateful to the Azerbaijan Diplomatic Academy and to the organizers of the Summer School on Energy Politics and Economics for an excellent program and networking activities. First-hand presentations by Azerbaijani officials and major energy companies' representatives provided a valuable insight into the energy sector of Azerbaijan." -- Ekaterina Svyatets, PhD candidate, the University of Southern California in Los Angeles

"The ADA summer school provided an enjoyable opportunity to learn about Azerbaijan, its culture, and its people. Talking, discussing and sharing views and backgrounds with all of the participants helped me a lot in opening my mind to new perspectives and convinced me to go back to the energy sector!" -- Laura Vitullo, Business Development Coordinator, Cleary Gottlieb, Brussels (Belgium)

"Spending the ten days with the summer school participants was a very stimulating experience. I hope we can carry on our exchanges and discussions and try to get something more concrete out of them." -- Andrea Bonzanni, MA student of International Affairs, Graduate Institute of International Studies in Geneva

"I want to thank all of the people involved in making this fantastic event happen and to the fabulous participants who brightened it up." -- Slawomir Raszewski, PhD Candidate, School of Politics and International Studies (POLIS), University of Leeds, UK

"The summer school was very well organized and enjoyable. An opportunity to interact with academics, businessmen and politicians from the Caspian region and from around the world; to learn about the future of the energy supply in Azerbaijan; and to be exposed to the people who actually craft the energy politics on a global level was a unique experience. The informal gatherings, the ministerial conference, and of course the natural beauties of the Caspian Sea and the Absheron peninsula will always stay with me as pleasant memories from Baku." -- Natasha Hroneska, Research Coordinator & Research Fellow, Analytica, Macedonia

"I have had a very good time in Baku working together with all the participants, absorbing new knowledge at the lectures and listening to the discussions. I enjoyed our informal, colorful meetings, dinners and events we had together while discovering the beauty of Baku and Azerbaijan. Beyond any doubt, this school was a very remarkable event for everyone involved." -- Natalia Parasyuk, UNEEC, Ukraine

A CHRONOLOGY OF AZERBAIJAN'S FOREIGN POLICY

I. Key Government Statements on Azerbaijan's Foreign Policy

President Ilham Aliyev tells the Azerbaijani cabinet of ministers that "the position of Azerbaijan on the Armenian-Azerbaijani conflict is consistent and based on international law" (<http://www.day.az/news/politics/165769.html>).

Deputy Prime Minister Ali Hasanov says that "the government of Azerbaijan is prepared for processes which will follow the conclusion of a peace agreement" on Nagorno-Karabakh (<http://www.day.az/news/politics/166450.html>).

Deputy Foreign Minister Khalaf Khalafov says that "the occupied territories of Azerbaijan have been transformed into a nest of organized crime" (<http://www.day.az/news/politics/166449.html>).

The Azerbaijan Foreign Ministry reiterates that those who visit Nagorno-Karabakh without Baku's permission will not be allowed on the territory of Azerbaijan (<http://www.day.az/news/politics/166461.html>).

II. Key Statements by Others about Azerbaijan

Yury Merzlyakov, the Russian co-chair of the OSCE Minsk Group, says after the meeting between the presidents of Azerbaijan and Armenia in Moscow that "we still cannot boast of anything concrete in the results of the discussions, but an essential rapprochement of the positions on the remaining questions took place." He adds that the Minsk Group co-chairs believe that "the participation of the representatives of Nagorno-Karabakh should be at a state when the basic principles of the resolution of the conflict have been approved" (<http://www.day.az/news/politics/165262.html>).

Turkish Foreign Minister Ahmet Davutoglu says that Ankara wants to normalize relations with Yerevan but "at the same time it is important for [Turkey] to see a similar decisiveness on the part of the international community and especially Armenia concerning the Nagorno-Karabakh conflict" (<http://www.day.az/news/politics/166688.html>).

Jose Manuel Barroso, President of the European Commission, says that his organization is prepared to "supplement" the work of the OSCE Minsk Group to resolve the Nagorno-Karabakh conflict (<http://www.day.az/news/politics/166044.html>).

III. A Chronology of Azerbaijan's Foreign Policy

31 July

Kamil Khasiyev, Azerbaijan's permanent representative at NATO, says that Azerbaijan and NATO "do not have problems in their relationship," adding that

Baku is not currently seeking membership in the alliance (<http://www.day.az/news/politics/166933.html>).

30 July

President Ilham Aliyev receives Fehd Saad Said al-Meya, Kuwait's ambassador to Azerbaijan, on the occasion of the latter's completion of his diplomatic posting in Baku (<http://www.day.az/news/politics/166806.html>).

Gultekin Hajibeyli, a member of the Azerbaijani delegation to the Parliamentary Assembly of the Council of Europe, says that PACE still demonstrates "a non-objective approach" to the situation in the South Caucasus, routinely criticizing Azerbaijan while ignoring problems in Armenia (<http://www.day.az/news/politics/166802.html>).

The Azerbaijan Society of the Red Crescent completes the first stage of the compilation of information about the missing in action in the Nagorno-Karabakh conflict (<http://www.day.az/news/politics/166757.html>).

Nasib Nasibli, a deputy of the Milli Majlis, says that "it is not surprising that the [Iranian] province of Western Azerbaijan has concluded an agreement with Armenia" (<http://www.day.az/news/politics/166738.html>).

29 July

Azerbaijan and the United States conduct joint military consultations in Washington (<http://www.day.az/news/politics/166645.html>).

Rovzat Gasymov, the head of the international relations department of Azerbaijan's Central Election Commission, says that there have been no problems for Azerbaijani observers in the Moldovan parliamentary elections (<http://www.day.az/news/politics/166634.html>).

Arif Mammadov, permanent representative of Azerbaijan in the Council of Europe, says that Nagorno-Karabakh has become "a dead zone" in which "Armenians do not want to live" (<http://www.day.az/news/politics/166465.html>).

Russia and Iran conduct joint naval manoeuvres in the southern Caspian (<http://www.day.az/news/politics/166500.html>).

Two resolutions, one on conflicts in GUAM states and a second on the situation in the occupied territories of Azerbaijan, will be discussed at the upcoming – 64th – session of the UN General Assembly (<http://www.day.az/news/politics/166557.html>).

28 July

Matthew Bryza, the US deputy assistant secretary of state and co-chair of the OSCE Minsk Group, says that the co-chairs are preparing for what they hope will be a meeting of the presidents of Azerbaijan and Armenia on the sidelines of the CIS summit in Chisinau in October (<http://www.day.az/news/politics/166468.html>).

New rules for the registration of migrants in Azerbaijan go into effect, and Azerbaijani officials note that Russia has not responded to Baku's request for clarification on the status of ethnic Chechens now living in Azerbaijan (<http://www.day.az/news/politics/166416.html>; <http://www.day.az/news/politics/166464.html>).

27 July

The co-chairs of the OSCE Minsk Group meet in Krakow to discuss modifications of the Madrid principles for the resolution of the Nagorno-Karabakh conflict (<http://www.day.az/news/politics/166255.html>).

26 July

Deputy Foreign Minister Khalaf Khalafov says that "Azerbaijan will insist on its position on the question of the development of oil fields in the Caucasus ... by all available means, including diplomatic" (<http://www.day.az/news/politics/166198.html>).

25 July

President Ilham Aliyev sends a message of sympathy to Iranian President Mahmud Akhmadinejad concerning the airplane crash at Meshed (<http://www.day.az/news/politics/166156.html>).

President Ilham Aliyev sends a message of sympathy to Russian President Dmitry Medvedev concerning the airplane crash in Rostov oblast.

Matthew Bryza, US deputy assistant secretary of state and co-chair of the OSCE Minsk Group, tells Radio Free Europe/Radio Liberty that he "would like to work in Azerbaijan" in the future (<http://www.day.az/news/politics/166143.html>).

24 July

The Azerbaijan Foreign Ministry says that Baku is continuing to focus on the question of the transfer of arms from Russia to Armenia (<http://www.day.az/news/politics/166056.html>).

The Azerbaijan-American Council calls the proposals of Armenian groups in the United States regarding Nagorno-Karabakh "counter-productive" (<http://www.day.az/news/politics/166063.html>).

23 July

President Ilham Aliyev receives Eduard Janota, the Czech finance minister (<http://www.day.az/news/politics/165934.html>).

President Ilham Aliyev confirms the agreement signed by the defense ministers of Azerbaijan and Kazakhstan on the expansion of military training cooperation between the two countries.

Talat Aliyev, Azerbaijani ambassador in Ukraine, says that preliminary agreements have been reached about the establishment of fraternal ties between the cities of that country and Azerbaijan (<http://www.day.az/news/politics/165919.html>).

21 July

President Ilham Aliyev receives Arthur Lenk, Israel's ambassador to Azerbaijan, on the completion of his assignment in Baku (<http://www.day.az/news/society/165621.html>).

The Russian Foreign Ministry says that "work on the basic principles for the resolution of the Nagorno-Karabakh conflict will continue in the fall" (<http://www.day.az/news/politics/165617.html>).

The Azerbaijan Working Group in the US Congress calls for annulling Article 907 (<http://www.day.az/news/politics/165540.html>).

20 July

President Ilham Aliyev receives Ian Luder, the mayor of the city of London (<http://www.day.az/news/society/165488.html>).

Azerbaijan's First Lady Mehriban Aliyeva receives the wife of the mayor of the city of London, Lynn Luder (<http://www.day.az/news/politics/165509.html>).

Novruz Mammadov, head of the department of international ties of the Presidential Administration, says that "at the Moscow meeting of presidents, Azerbaijan was not able to achieve the results it had expected" (<http://www.day.az/news/politics/165482.html>).

Foreign Minister Elmar Mammadyarov says that there has been "progress" in the resolution of the Nagorno-Karabakh conflict, adding that the Minsk Group co-chairs will visit the South Caucasus in September (<http://www.day.az/news/politics/165429.html>).

Foreign Minister Elmar Mammadyarov receives Peter Semneby, the European Union's special representative for the South Caucasus; Paolo Barroso Simos, the representative of the secretariat of the EU Council; and Karel Kovanda and John Quier, the representatives of the European Commission (<http://www.day.az/news/politics/165389.html>).

The European Union presidency welcomes the Moscow meeting of the presidents of Azerbaijan and Armenia in Moscow and calls on the two leaders to continue their negotiations on the Nagorno-Karabakh conflict (<http://www.day.az/news/politics/165386.html>).

Turkish Foreign Minister Ahmet Davutoglu says that "the current situation in Nagorno-Karabakh is not in the interests of Turkey or Azerbaijani-Armenian relations" (<http://www.day.az/news/politics/165508.html>).

18 July

President Ilham Aliyev meets with President Dmitry Medvedev of Russia and Armenian President Serzh Sargsyan to discuss "the further paths of resolving the Nagorno-Karabakh problem" (<http://www.day.az/news/politics/165322.html>).

President Ilham Aliyev takes part in the informal meeting of CIS leaders at the President's Cup Prize horse race in Moscow (<http://www.day.az/news/politics/165301.html>).

President Ilham Aliyev speaks with Kazakhstan President Nursultan Nazarbayev on the sidelines of the informal meeting of CIS leaders in Moscow (<http://www.day.az/news/politics/165339.html>).

Bernard Fassier, the French co-chair of the OSCE Minsk Group, says after the meeting of the Azerbaijani and Armenian presidents in Moscow that "the closer you come to a conclusion, the more difficult become certain problems," adding that the co-chairs are containing to work to secure the agreement of the two presidents to the Madrid Principles (<http://www.day.az/news/politics/165259.html>).

Matthew Bryza, the US co-chair of the OSCE Minsk Group, says that the Moscow meeting of the presidents of Azerbaijan and Armenia "helps the co-chairs to formulate new proposals" (<http://www.day.az/news/politics/165250.html>).

17 July

President Ilham Aliyev meets with Armenian President Serzh Sargsyan in Moscow for 3.5 hours at which the two discuss the Madrid Principles. The meeting is preceded by the talks in a broader format which, apart from the two presidents, include their respective foreign ministers and the OSCE Minsk Group co-chairs. This is the sixth such round of talks in this format this year (<http://www.day.az/news/politics/165178.html>).

The Organization of the Treaty on Collective Security announces that it does not intend to participate in the resolution of the Nagorno-Karabakh conflict or to provide peacekeeping units in support of any accord (<http://www.day.az/news/politics/165243.html>).

16 July

President Ilham Aliyev receives Marc Perrin de Brichambaut, the OSCE Secretary General (<http://www.day.az/news/politics/165070.html>). The latter says that he hopes that the Azerbaijani and Armenian presidents will make progress during their talks in Moscow (<http://www.day.az/news/politics/164967.html>).

Armenian Foreign Minister Edvard Nalbandyan says that he hopes the upcoming meeting between the presidents of Armenia and Azerbaijan in Moscow will allow the two to reduce the differences between the two countries on the Nagorno-Karabakh conflict (<http://www.day.az/news/politics/165110.html>).

Volkan Vural, former Turkish ambassador to Russia, says that peace in the South Caucasus "must begin with the liberation of the territories occupied by Armenians." He adds that Turkey "cannot open the border with Armenia until there is progress in the resolution of the conflict" (<http://www.day.az/news/politics/164991.html>).

Richard Morningstar, special representative of the US State Department for energy issues in Eurasia, says that Washington sees Azerbaijan as having a major role in providing Europe with energy resources.

The Congress of Azerbaijanis of Ukraine calls on Baku to open consulates in Kharkov, Odessa, Donetsk and Lviv, with the first to be open sometime next year (<http://www.day.az/news/politics/165016.html>).

Note to Readers

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