

Azerbaijan Diplomatic Academy School of International Affairs

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adabiweekly@ada.edu.az

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OIL REVENUES AND AZERBAIJAN

A Conversation with Dr. Jeffrey Frankel Professor, Harvard University and Visiting Professor, Baku Summer Energy School

> July 7, 2010 Baku, Azerbaijan

Azerbaijan in the World: Azerbaijan receives a substantial income from oil, and experts project that in a few years, its earnings will rise substantially when off-shore gas fields come on line. How should Baku use this money most wisely?

Prof. Jeffrey Frankel: The first thing Azerbaijanis must be aware of is the unfortunate experiences of other countries in such circumstances. Most of them

spend the money quickly on high visibility projects with few long-term positive consequences. That has happened many times, sometimes even in the presence of the best of intentions. Indeed, it is so common that a term has arisen to describe it: the natural resource curse. Sometimes this happens because governments assume that the money will always be coming in and thus fail to save enough for when the oil runs out or prices fall: unfortunately, even the countries that say they are going to save the oil revenue end up not doing it, because it is so tempting just to spend. And sometimes it happens because governments try to monopolize the earnings rather than include individual citizens and private markets as players.

AIW: Do you expect oil prices to remain high?

Prof. Frankel: Given demand from China and other Asian economies where the recession of 2008-09 is already over, prices are likely to go up as demand increases while supplies fail to expand at the same rate.

AIW: Given your years of experience in the White House, do you think we should extract as much oil as possible and sell it, or should we extract it more slowly so that future generations will be able to benefit?

Prof. Frankel: That is an excellent question. Doing it slowly is a way of saving for the future. Some countries make the mistake of extracting it too fast and damage the environment in the meantime. After they have used it up, they don't have the economy; they don't have the environment; they have lost everything. Here is one example, although it doesn't involve oil. The island of Nauru in the South Pacific used to have the highest income per capita in the world because much of the island consisted of phosphate deposits. By over-mining these deposits, the people of Nauru ruined their island, and, worse, they did not save enough. As a result, they are poor again. You don't want to repeat that.

AIW: Now that you are giving lectures on the resource curse at the Baku Summer Energy School, what is your overall impression of the school and Azerbaijan Diplomatic Academy organizing the event?

Prof. Frankel: I have been very pleased to be here. Many people make the mistake of thinking that education and research and development are important only in the manufacturing sector and that these things are not needed in the energy and raw materials sectors. But in fact, technical progress is important there as well. Consequently, I am both glad to see and impressed by the research and training taking place at the Azerbaijan Diplomatic Academy. I hope ADA will play a role in helping Azerbaijan think about the future.

AZERBAIJAN AND NAVAL COMPETITION ON THE CASPIAN

Paul Goble Publications Advisor Azerbaijan Diplomatic Academy Because 20 percent of its territory is currently occupied by Armenia, Azerbaijan has —not surprisingly—devoted most of its attention in recent years to developing its land-based armed forces in order to be able to counter and if necessary end that occupation. But even as it has done so, Baku has not neglected the development of a naval presence on the Caspian Sea, a reflection of its own key interests there and the challenges presented by the four other littoral states.

But because Azerbaijan's navy is far and away the junior service to the army, coverage of it has been fragmentary and incomplete, with stories appearing in the media only when there is a particular crisis or when one of the other littoral countries does something to which Azerbaijani officials feel compelled to respond. That pattern has had the effect of distracting attention from the steady development of the post-Soviet Azerbaijani navy and its successful fulfillment of the numerous tasks laid on it.

The Azerbaijani navy came into existence following the demise of the Soviet Union and the division of the Soviet fleet among four of the five littoral states—Azerbaijan, Kazakhstan, Turkmenistan, and the Russian Federation. The Russian Caspian fleet remains the largest and most modern, but Azerbaijan's navy is the second largest, exceeding not only the navies of Kazakhstan—whose recent orders for ships will bring it to near equality with Azerbaijan—and Turkmenistan which is far behind both, but also the Caspian fleet of Iran, although Tehran has the capacity to transfer by rail submarines and other smaller craft from the Gulf to the Caspian in the event of a crisis.

At present, Azerbaijan has approximately 20 warships, two dozen support vessels and 5,000 naval personnel. (In addition, in the event of a crisis, Baku could rely on some but probably not all of the 80 ships of the Azerbaijan government's ferry system, KASPAR). In addition to its brigade of surface vessels, the Azerbaijani navy has a mine-sweeper division, a search and rescue service, a training service, a security brigade, an intelligence service, and coast guard vessels. Those divisions reflect the Azerbaijan navy's primary activities: providing security for offshore oil and gas facilities, preventing smuggling and piracy, and backing Azerbaijan's claims for a section of the Caspian Sea.

In the judgment of Azerbaijani and international experts, Azerbaijan's navy is fully capable of handling these tasks even if it is not yet in a position to project power farther afield or cope with a major action by another littoral state. But Baku has been working to bring its naval forces up to the point where it could by doing three things:

First, it has devoted additional resources to overcome some of the maintenance problems that had plagued the fleet it inherited from Soviet times.

Second, it has brought into service several new ships provided by NATO. (These have arrived via the Volga-Don canal system).

And third, and probably most important over the longer term, it has sought to recruit, train and retain a new generation of officers who not only have the skills to operate the most modern equipment but also to interact with naval personnel of other countries. Not surprisingly, Azerbaijan has reacted particularly sharply to challenges emanating from the other littoral states. Since the 1990s, Baku has had few occasions to be concerned about the Russian flotilla in the Caspian, but it has expressed concerns about the development of the navies of the other three littoral countries, seeing these steps as a possible challenge to Azerbaijan's own position on the landlocked sea.

In August 2009, many officials and commentators in Baku expressed concerns about Turkmenistan's plan to create a naval force dramatically larger than the 16 patrol boats Ashgabat currently has in service. More recently, Azerbaijanis were clearly shaken by Kazakhstan's announcement of plans to purchase three patrol boats and three corvettes, a step that would bring Astana into rough naval parity with Baku. But there are two reasons why this step may not be as destabilizing as some fear or have implied. On the one hand, the two governments conduct regular consultations on naval matters. And on the other, Azerbaijan is fully capable of responding to Kazakhstan's plan and maintaining its current relative advantage.

Of greater concern is possible action by Iranian naval forces. While those are currently smaller than Azerbaijan's, they could be quickly supplemented from Tehran's naval forces in the Gulf, and Iran's coastal ships could be used in an offensive manner if relations between the two countries deteriorated. Were that to happen, it could present a challenge to the Azerbaijani navy, albeit one that Baku likely could counter without enormous difficulty.

Consequently, barring something unexpected—and naval developments are by their very nature relatively slow moving given how long it takes to build ships and train personnel—the Azerbaijani navy almost certainly will remain in a position to cope successfully with all of its responsibilities, notwithstanding all the "birthing" problems of an institution that did not even exist two decades ago.

WARSAW AND THE SOUTH CAUCASUS AFTER THE POLISH ELECTION

Elizabeth Kustra Energy Policy Specialist Portal Spraw Zagranicznych

The victory of ruling party candidate Bronislaw Komorowski in the Polish presidential election over Jaroslaw Kaczynski, the twin brother of the former president Lech Kaczynski who died in the tragic air crash in Katyn in April, is certain to have an impact on Warsaw's foreign policy in general, and its approach to the South Caucasus in particular.

The Polish constitution specifies that the prime minister and his government are responsible for defining and conducting Poland's foreign policy, but Lech Kaczynski found ways to play a significant role in defining it. His vision was the strengthening of Poland by means of cooperation with the United States and opposition to the Russian Federation, a view that led him to agree to the placement of a missile defense system on Polish territory.

Lech Kaczynski was known for his hostility toward Moscow, a capital he never visited during his presidency. In many ways, he pursued the ideas of his favorite predecessor, Józef Pilsudski, who helped build Polish independence and who promoted Prometheanism to weaken the Soviet Union by supporting nationalist independence movements among the major non-Russian peoples. Kaczynski viewed his own promotion of contacts with the former Soviet republics as a further realization of Pilsudski's vision.

That attitude defined his approach to the South Caucasus. Under Kaczynski, Warsaw promoted their integration into Western structures and their distancing of themselves from the Russian Federation, including by building pipelines that bypass Russia. Poland needs both natural gas and oil and hopes to get them from Azerbaijan and other Caspian basin countries and to do so without having either flow across Russia and thus subject to Moscow's control.

Kacyznski was a key advocate for pipelines bypassing Russia before and after the August 2008 Russian-Georgia war. Indeed, he spoke out on behalf of Georgia as a reliable transit corridor, despite Russian suggestions to the contrary and its use of the war to undercut Georgian claims that it could serve as a secure route. If not the major agency behind, Kaczynski was also an active advocate of the extension of the Eastern Partnership, the extension of the European Neighborhood Policy that was intended to involve the post-Soviet states and others further afield in European institutions.

In mid-July, Radoslaw Sikorski said that Polish policy toward the South Caucasus countries will not change. That is likely to be true in terms of substance, but it is certain that the anti-Russian style and vocabulary of the new Polish president will be very different, a shift that will affect both what the European countries are likely to try to do and what the countries of the South Caucasus and their neighbors, including the Russian Federation, are likely to assume is possible. And over time, that could have dramatic consequences even as Warsaw suggests that it is not changing course.

A CHRONOLOGY OF AZERBAIJAN'S FOREIGN POLICY

I. Key Government Statements on Azerbaijan's Foreign Policy

President Ilham Aliyev says that "never during the negotiations has the territorial integrity of Azerbaijan been put under doubt" (http://news.day.az/politics/217659.html).

Foreign Minister Elmar Mammadyarov says in an interview in the *Frankfurter Allgemeine Zeitung* that "Azerbaijan seeks to develop cooperation with the European Union and NATO but does not intend to become a member of either" (http:news.day.az/politics/217508.html).

II. Key Statements by Others about Azerbaijan

Russian Federation Council Speaker Sergey Mironov says that "Russia will not send into Nagorno-Karabakh its peacekeepers; this is a problem of the two sides, Azerbaijan and Armenia" (http://news.day.az/politics/217038.html).

Former Israeli Deputy Defense Minister Ephraim Sneh says that "in the Caucasus region, Azerbaijan is a symbol of progress and modernization" (http://news.day.az/politics/218468.html).

III. A Chronology of Azerbaijan's Foreign Policy

15 July

President Ilham Aliyev receives Mauritanian President Mohamed Ould Abdel Aziz (http://news.day.az/politics/219210.html).

President Ilham Aliyev receives Portuguese Foreign Minister Luís Amado (http://news.day.az/politics/219215.html).

Foreign Minister Elmar Mammadyarov says that Azerbaijan has accepted the OSCE Minsk Group renewed Madrid Principles calling for the return of Kalbajar and Lachin districts over a five year period" (http://news.day.az/politics/219173.html).

Foreign Minister Elmar Mammadyarov receives Hungarian Ambassador Yeno Boros and Polish Ambassador Krzysztof Krajewski in connection with the completion of their diplomatic assignments in Baku (http://news.day.az/politics/219248.html).

Novruz Mammadov, head of the foreign relations department of the Presidential Administration, says that talks later this month between the foreign ministers of Azerbaijan and Armenia will have to consider various proposals for the resolution of the Karabakh conflict (http://news.day.az/politics/219232.html).

The Defense Ministry says that Armenia is delaying the return of the body of an Azerbaijani soldier killed last month at the ceasefire line for no good reason (http://news.day.az/politics/219206.html).

Talat Aliyev, Azerbaijani ambassador in Kyiv, in the name of President Ilham Aliyev, decorates Azerbaijani diplomat Elkhan Aliyev for distinguished state service (http://news.day.az/society/219199.html).

14 July

President Ilham Aliyev signs a directive on the structure of the Ministry of Foreign Affairs (http://news.day.az/politics/219063.html).

Foreign Minister Elmar Mammadyarov receives Swedish Ambassador Hans Gunnar Aden, Norwegian Ambassador Jon Ramberg and Latvian Ambassador Michails Popkovs on the completion of their diplomatic postings in Baku (http://news.day.az/politics/219016.html and http://news.day.az/politics/219010.html). Deputy Foreign Minister Khalaf Khalafov meets with his Georgian counterpart David Chalanganiya to discuss the delimitation of the Azerbaijan-Georgian border (http://news.day.az/politics/219041.html).

The Foreign Ministry suggests that Yerevan should not be trying to change the basis of the negotiations toward a settlement of the Karabakh conflict by making references to other ideas besides the renewed Madrid Principles (http://news.day.az/politics/219021.html).

Farkhad Abdullayev, the chairman of the Azerbaijani Supreme Court, signs a cooperation agreement with his Moldovan counterpart Dimitru Pulbere (http://news.day.az/society/218939.html).

Fuad Ismayilov, Azerbaijani ambassador to Austria, says that Baku "expects objectivity" from the OSCE concerning the situation in the occupied territories (http://news.day.az/politics/218881.html).

Gabriel Keller, French ambassador in Baku, says that "Azerbaijan is considered by French entrepreneurs as a partner with broad possibilities" (http://**news.day.az/politics/218886.html).**

Turkish Foreign Minister Ahmet Davutoglu says that Ankara will not harm the interests of Azerbaijan as Turkey pursues the normalization of relations with Armenia (http://news.day.az/turkey/218973.html).

Polish Foreign Minister Radoslaw Sikorsky tells Armenian President Serzh Sargsyan that "Poland supports all principles of international law and supports the resolution of the Karabakh conflict exclusively by peaceful means" (http://news.day.az/armenia/219103.html).

13 July

Ziyafat Askarov, vice speaker of the Milli Majlis, receives Celeste A. Wallander, US deputy assistant secretary of defense, who tells him that "the United States is devoting efforts for the just resolution of the Nagorno-Karabakh conflict in correspondence with the norms and principles of international law" (http://news.day.az/politics/218734.html).

Turkish President Abdulla Gul receives outgoing Azerbaijani Ambassador Zakir Hashimov on the conclusion of the latter's posting in Ankara (http://news.day.az/turkey/218789.html).

Manfred Grund, a member of the German parliamentary group "Germany-South Caucasus," says that "the area in which cooperation between the parliaments of Germany and Azerbaijan is particularly important is European integration and the implementation of European legal standards in national legislation" (http://news.day.az/politics/218731.html).

12 July

President Ilham Aliyev says that "the process of conducting elections in Azerbaijan is improving with each year (http://news.day.az/politics/218535.html).

President Ilham Aliyev receives outgoing Norwegian Ambassador Jon Ramberg on the completion of his diplomatic assignment in Baku (http://news.day.az/politics/218631.html).

President Ilham Aliyev receives outgoing Hungarian Ambassador Jeno Boros on the completion of his diplomatic assignment in Baku (http://news.day.az/politics/218619.html).

First Lady Mehriban Aliyeva receives outgoing French Ambassador Gabriel Keller (http://news.day.az/society/218671.html).

First Lady Mehriban Aliyeva receives outgoing Polish Ambassador Krzysztof Krajewski (http://news.day.az/society/218669.html).

First Lady Mehriban Aliyeva receives Greek Ambassador Ioannis Metaxas (http://news.day.az/society/218667.html).

First Lady Mehriban Aliyeva receives Lithuanian Ambassador Kestutis Kudzmanas and signs an agreement on bilateral cultural cooperation (http://news.day.az/society/218665.html).

Deputy Foreign Minister Khalaf Khalafov speaks by telephone with his Russian counterpart Grigory Karasin (http://news.day.az/politics/218707.html).

Azerbaijani defense officials conduct their annual review of and analyze the prospects of relations with the US military (http://news.day.az/politics/218571.html).

Vilayat Guliyev, the incoming Azerbaijani Ambassador to Hungary, presents his letters of credence to Hugarian President László Sólyom (http://news.day.az/politics/218668.html).

Serbian Prime Minister Mirko Cvetkovic tells visiting Azerbaijani Economic Development Minister Shahin Mustafayev that Serbia and Azerbaijan have "great potential for the further development and strengthening of trade and economic cooperation" (http://news.day.az/politics/218751.html).

10 July

President Ilham Aliyev visits Crimea to take part in an informal CIS summit (http://news.day.az/politics/218349.html).

Bahar Muradova, Milli Majlis deputy chairman and head of the Azerbaijani delegation to the OSCE Parliamentary Assembly, tells a meeting of that body that she "cannot understand" either the failure of the OSCE to do more to solve the Karabakh conflict, given Azerbaijan's willingness to do so, or declarations that Karabakh is "a completely uncontrolled territory." It is controlled, she points out, by Armenia as an occupying power (http://news.day.az/politics/218413.html). Azay Guliyev, a member of the Azerbaijani delegation to the OSCE Parliamentary Assembly, says he welcomes the criticism of the Armenian government offered by outgoing Parliamentary Assembly president Joao Soares. "For the last five years," he continues, he "does not remember such a statement by the leadership of the OSCE" (http://news.day.az/politics/218403.html).

The Milli Majlis hosts a visiting delegation of members of the Great Britain-Azerbaijan inter-parliamentary group (http://news.day.az/politics/218420.html).

Officials of the Milli Majlis meet with their counterparts from Turkey's Grand National Assembly in the Ankara office of the TURKSOY organization to discuss cooperation (http://news.day.az/politics/218395.html).

9 July

Foreign Minister Elmar Mammadyarov says that the recent visit to the Caucasus by the co-chairs of the OSCE Minsk Group has moved settlement talks forward and that he will discuss the question of the liberation of Kalbajar and Lachin districts with his Armenian counterpart Edvard Nalbandyan (http://news.day.az/politics/218184.html).

Hafiz Pashayev, deputy foreign minister and rector of the Azerbaijan Diplomatic Academy, says that "the successes of diplomacy" are closely related to "the achievements of Azerbaijan in other areas as well" (http://news.day.az/218138.html).

8 July

President Ilham Aliyev says that "the economic results achieved by Azerbaijan in recent years occupy a special place in the world" (http://news.day.az/218026.html).

Defense Minister Safar Abiyev receives Jeno Boros, Hungarian ambassador to Azerbaijan (http://news.day.az/politics/218015.html).

Fakhraddin Gurbanov, Azerbaijani ambassador to the United Kingdom, says that "the strategic location of Azerbaijan has played a significant role in the development of Azerbaijani-British relations" (http://news.day.az/politics/218003.html).

Aydin Mirzazade, a Milli Majlis deputy, says that "if Armenian politicians want to feel the force of the Azerbaijani army, that opportunity can be offered to them" (http://news.day.az/politics/217988.html).

Ahmet Kara, the governor of the Turkish province of Kars, says that, media reports notwithstanding, Ankara does not intend to make any preparations for opening the Turkish-Armenian border (http://news.day.az/politics/218087.html).

Peter Semneby, the special representative of the European Union for the South Caucasus, says that "the international community must continue to provide support" for the resolution of conflicts in the still unstable South Caucasus (http://news.day.az/politics/218056.html).

Robert Bradtke, the US co-chair of the OSCE Minsk Group, says that "the negotiation process on Nagorno Karabakh now is at the most complex stage" (http://news.day.az/politics/218051.html).

7 July

President Ilham Aliyev receives Georgian Foreign Minister Grigol Vashadze (http://news.day.az/politics/217887.html).

President Ilham Aliyev receives Egyptian Petroleum and Mineral Resources Minister Sameh Fahmy (http://news.day.az/politics/217899.html).

Azerbaijan has prepared a new resolution on humanitarian affairs in the occupied territories for discussion at the 64th session of the UN General Assembly (http://news.day.az/politics/217804.html).

6 July

President Ilham Aliyev names Ali Alizade the consul general of Azerbaijan in Tabriz, Iran (http://news.day.az/politics/217765.html).

President Ilham Aliyev receives the letters of credence from incoming Iraqi ambassador to Azerbaijan, Heidar Shi Hubeishi al-Barrak (http://news.day.az/politics/217758.html).

Deputy Foreign Minister Khalaf Khalafov receives Mariko Peters, a Dutch parliamentarian (http://news.day.az/politics/217730.html).

Ombudsman Elmira Suleymanova sends a letter to the International Committee of the Red Cross seeking that organization's help in recovering the body of an Azerbaijani soldier killed June 18 during clashes along the ceasefire line with Armenia (http://news.day.az/politics/217748.html).

Sheikh ul-islam Allahshukur Pashazade receives Vladimir Dorokhin, Russia's ambassador to Azerbaijan (http://news.day.az/society/217731.html).

Adam Sterling replaces Donald Lu as charge d'affaires at the US embassy in Baku (http://news.day.az/politics/218058.html).

Ivonna Iguero, a United Nations official involved with ecological questions, says "the UN is ready to support the preservation of bio-diversty in the occupied territories of Azerbaijan" (http://news.day.az/society/217637.html).

5 July

President Ilham Aliyev receives the three co-chairs of the OSCE Minsk Group (http://news.day.az/politics/217485.html).

President Ilham Aliyev receives Seyyid Mohammad Hoseini, the Iranian minister of culture and Islamic guidance (http://news.day.az/politics/217490.html).

Defense Minister Safar Abiyev calls on the co-chair countries of the OSCE Minsk Group to "adopt more effective measures" in order to end the occupation of Azerbaijani territory by Armenia (http://news.day.az/politics/217545.html).

Ogtay Asadov, Milli Majlis speaker, receives David Allan Harris, the executive director of the American Jewish Committee (<u>news.day.az/politics/217584.html</u>).

Asim Mollazade, a Milli Majlis deputy, says that "the visit of US Secretary of State Hillary Clinton is an indication of the importance which the United States devotes to relations with [Azerbaijan]" (http://news.day.az/politics/217442.html).

The Foreign Ministry says, in response to Armenian comments, that the only basis for talks on Nagorno-Karabakh is the renewed Madrid Principles of the OSCE Minsk Group (http://news.day.az/politics/217581.html).

The co-chairs of the OSCE Minsk Group release a statement in reaffirming the commitment of their three countries to the peaceful resolution of the Nagorno-Karabakh conflict (http://news.day.az/politics/217574.html).

Bayram Safarov, head of the Azerbaijani community of Nagorno-Karabakh, meets with the co-chairs of the OSCE Minsk Group (http://news.day.az/politics/217546.html).

NATO's international summer school, this year devoted to financial ssecurity, opens in Baku (http://news.day.az/politics/217445.html).

Nazim Ibrahimov, the chairman of the State Committee on Work with Azerbaijanis Living Abroad, marks the eighth anniversary of the founding of that outreach organization (http://news.day.az/society/217530.html).

4 July

President Ilham Aliyev receives US Secretary of State Hillary Clinton and says that "after we acquired our independence, ties between the US and Azerbaijan have developed very successfully" (http://news.day.az/politics/217329.html).

US Secretary of State Hillary Clinton says that President Barak Obama is seeking the complete repeal of Article 907 which restricts US aid to Azerbaijan (http://news.day.az/politics/217375.html).

President Ilham Aliyev receives David Allan Harris, the executive director of the American Jewish Committee (http://news.day.az/politics/217372.html).

The co-chairs of the OSCE Minsk Group arrive in Baku a day earlier than planned in order to meet with US Secretary of State Hillary Clinton (http://news.day.az/politics/217350.html).

3 July

Andrzej Kasprzyk, the personal representative of the OSCE chairman-in-office, says that "armed incidents and the death of people along the ceasefire line between Armenian and Azerbaijani forces must push both sides toward the most rapid resolution of the conflict" (http://news.day.az/politics/217270.html).

2 July

President Ilham Aliyev receives Jean-Paul Philippot, president of the European Broadcasting Union (http://news.day.az/politics/217191.html).

The Foreign Ministry says that some Armenian officials are suggesting ideas which "directly contradict" the entire peace process in order to delay a resolution of the conflict (http://news.day.az/politics/217045.html).

Ogtay Asadov, Milli Majlis speaker, receives a delegation of European Parliament members (http://news.day.az/politics/217174.html).

Bahar Muradova, Milli Majlis vice-speaker, calls on the OSCE to help recover the body of the Azerbaijani soldier who was killed along the ceasefire line (http://news.day.az/politics/217152.html).

Nazim Mammadov, a Milli Majlis deputy, says that the statement by Armenian defense minister Seyran Oganyan that Yerevan "will strengthen its positions" on the front with Azerbaijan is "nothing more than a bluff" (http://news.day.az/politics/216879.html).

Aynur Jamalgyzy, a Milli Majlis deputy, says that Azerbaijan will be forced to use force to liberate the occupied territories if the OSCE Minsk Group does not push harder or continues to "equate" the rights of Azerbaijan whose territories are occupied and Armenia which is "the occupying state" (http://news.day.az/politics/216705.html).

The co-chairs of the OSCE Minsk Group say that their "most immediate goal is to organize in Almaty a meeting of the foreign ministers of Azerbaijan and Armenia" (http://news.day.az/politics/217199.html).

French President Nicholas Sarkozy tells Elchin Amirbayov, Azerbaijani ambassador to Paris, that France devotes "great importance to its relations with Azerbaijan and hopes that ties between the two countries will continue to develop" (http://news.day.az/politics/217150.html).

Russian Federation Council Speaker Sergey Mironov says that "Russia will not send into Nagorno-Karabakh its peacekeepers; this is a problem of the two sides, Azerbaijan and Armenia" (http://news.day.az/politics/217038.html).

Nikolae Ureche, Romanian ambassador in Baku, says that his embassy will fulfill the functions of NATO coordinator in Azerbaijan for another two years (http://news.day.az/politics/217046.html).

Peter Semneby, the special representative of the European Union for the South Caucasus, says that the first stage of talks about the association agreement between Azerbaijan and the European Union will take place in Baku (http://news.day.az/politics/217014.html).

1 July

Novruz Mammadov, head of the foreign relations department of the Presidential Administration, says that "the visit of US Secretary of State Hillary Clinton will bring cooperation between the US and Azerbaijan to a new level" (http://news.day.az/topnews/216984.html).

The Defense Ministry says that Armenia's proposal to pull back snipers from the ceasefire line will "not solve the problem or put an end to the occupation" (http://news.day.az/politics/216908.html). It adds that Baku is doing everything it can via all international channels to recover the body of the Azerbaijani soldier who was killed by Armenian forces June 18 (http://news.day.az/politics/216899.html).

Ismayil Omarov, director general of Azerbaijan's public television, says that Azerbaijan as the host country invited the Armenian public television chief to come to Baku to take part in the 64th session of the General Assembly of the European Broadcasting Union but that the Yerevan official did not show up (http://news.day.az/politics/216955.html).

Kanat Saudabayev, Kazakhstan foreign minister and OSCE chairman-in-office, says that "the time has come" for compromise and a resolution of the Karabakh conflict (http://news.day.az/politics/216970.html).

Peter Semneby, the special representative of the European Union for the South Caucasus, says that the EU "can play a more active role" in resolving the Karabakh conflict (http://news.day.az/politics/216952.html).

Philip Gordon, US Assistant Secretary of State, says that "the leaders of the G-8 have made a declaration which shows their support for the mediating mission of the Minsk Group at the very highest levels" (http://news.day.az/politics/216877.html).

Iranian Economics and Finance Minister Seyyid Shamsaddin Hoseini says that Tehran has proposed to Baku that the two countries create a joint company to promote investments in the insurance and stock trading sectors (http://news.day.az/economy/217436.html).

Nikolay Patskevich, Belarusian ambassador to Azerbaijan, says that ties between Baku and Minsk are experiencing "a serious growth" (http://news.day.az/politics/216985.html).

The Chinese Foreign Ministry says that Beijing supports the peaceful resolution of the Nagorno-Karabakh conflict and would not like to see any further violence along the ceasefire line (http://news.day.az/politics/216978.html).

Marcelo Caballero Torres, Cuban ambassador to Azerbaijan, says that Havana is interested in broadening its trade with Baku (http://news.day.az/economy/216991.html).

Note to Readers

The editors of "Azerbaijan in the World" hope that you find it useful and encourage you to submit your comments and articles via email (adabiweekly@ada.edu.az). The materials it contains reflect the personal views of their authors and do not necessarily represent the views of the Azerbaijan Diplomatic Academy or the Ministry of Foreign Affairs of the Republic of Azerbaijan.