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AZERBAIJAN AND HUNGARY

An Interview with Dr. Matyas Eorsi
Chairman, European Affairs Committee
Parliamentary Assembly of the Council of Europe

May 19, 2009
Baku, Azerbaijan

Azerbaijan and the World: Azerbaijan's relations with many Eastern European countries, including Hungary, have been expanding rapidly in the recent years. What do you see as basis of the relationship between Hungary and Azerbaijan?

Dr. Eorsi: During my current visit to Baku, I have been emphasizing that we are not coming for gas and oil but rather for friendship. But it is also obviously true that for my country as for many in Eastern Europe highly dependent on Russian oil and gas, securing reliable supplies of energy via multiple routes is important. And Azerbaijan

is viewed as the principal partner in this respect. But at the same time, I am certain we can go beyond these energy issues, and as I told you this visit is not just about energy. From my perspective, it is unfortunate that over the course of the last 20 years, we have not exploited fully the opportunities we have for cooperation. Now, especially with the adoption of the Eastern Partnership program in which Azerbaijan is playing a crucial role, I think we have the chance to expand our cooperation in a variety of ways.

AIW: At what point do you think relations between Azerbaijan and Hungary began to expand particularly rapidly?

Dr. Eorsi: While it is difficult to single out a particular date, it is clear to me that Hungary's decision to back the Nabucco project 100 percent was a crucial moment. But also important was the visit President Aliyev made to Budapest for the Nabucco conference and the speech he gave there. Our parliamentary speaker's visit here played a role, and I hope our current mission will further expand our cooperation and convince people both in Azerbaijan and Hungary that the two countries have many more opportunities to do something together compared with what they did in the past. But in diplomacy, each step builds on those made before it and so it is usually a mistake to say that this or that action was the turning point.

As an active member of the Parliamentary Assembly of the Council of Europe, I arrived here with a special feeling for President Aliyev who used to be my PACE colleague. That provides an especial basis for trust and for expanded opportunities for the discussion of new areas of cooperation.

AIW: Are Hungary's ties with Armenia and Georgia, the two other countries in the South Caucasus, developing at the same pace as they are with Azerbaijan?

Dr. Eorsi: With Armenia, certainly not. But with Georgia, we do have a very special relationship. I have been a rapporteur on Georgia for the Council of Europe for many years now, and I suspect I am better known there than in my home country. After the war between Russia and Georgia, we opened an embassy in Tbilisi. From my perspective, the future of Georgia and Azerbaijan are closely connected. Not only do both countries face similar challenges to their territorial integrity, but they each have passed through a very serious democratisation process. Moreover, both have made significant progress toward becoming full-fledged market economies.

AIW: The Lithuanian ambassador in Baku recently told *Azerbaijan in the World* that his country views itself as an intermediary between Azerbaijan and the European Union. Does Hungary view itself in the same way?

Dr. Eorsi: While I do not think it makes sense for any particular country to serve as a unique bridge or mediator, I do believe that we, the EU countries which have emerged from a communist past, have a special responsibility to help those countries which were part of the Soviet Union and to help them make the transition to European standards and come closer to the European Union.

AIW: Does Hungary see itself as playing a special role of any kind within the European Union?

Dr. Eorsi: Like every country, Hungary seeks to defend its own national interests, but we pay attention to broader European interests as well. And in that regard,

Hungary's somewhat better relationship with Russia – as compared with other post-Communist countries currently in the EU – gives us an opportunity to be exploited further while maintaining our commitment to the basic values propagated by the European Union and by NATO.

AIW: How do you assess the prospects for the Nabucco project?

Dr. Eorsi: Although no one can predict the future with full confidence, I very much hope that the Nabucco project will be realized. Of course, Russia is doing everything it can to block the Nabucco project, and Moscow is powerful. But for those of us who up to now have been totally dependent on Russian supplies, it is in our vital interests to diversify our energy supplies. If we fail to do so, our dependence on Russian energy supplies will continue. Consequently, we are doing everything we can to ensure that Nabucco will be built.

AIW: How do you see the Eastern Partnership program developing?

Dr. Eorsi: I believe the Eastern Partnership program represents a major step forward from the EU's Neighbourhood Policy, because it has a structure and is based on dialogue. Hungary has always been extremely supportive of this idea, and it accelerated after the Russian-Georgian war which showed that Moscow wants to maintain or increase its sphere of influence in the post-Soviet region, except of course for the Baltic countries. And Hungary, which was never a part of the Soviet Union but was certainly a part of the Soviet regime, when no important decision could be made without the agreement of Moscow, is very sensitive about this issue. This is why we strongly believe that everyone who wishes to maintain its independence should be provided with every possible assistance to be able to do so. And I believe that the Eastern Partnership program can help countries like Azerbaijan conduct independent economic and foreign policies. And consequently we reject the argument of those Russians who say the Eastern Partnership represents an EU effort to create its own sphere of influence in the region, since it is up to the countries in the region to decide on their future.

AIW: Is there a clear European vision on how the Eastern Partnership will develop and whether it will lead to the expansion of the EU or not?

Dr. Eorsi: The European Union is not monolithic. It consists of a variety of countries with different views and interests. Some of its members believe that the countries to the East should be satisfied with what the EU has done up to now, while others believe that these countries should eventually become members. Personally, I never speak about the enlargement of the European Union but rather about the reunification of Europe because Azerbaijan, like Georgia and Armenia, is a European country. You don't have to become European; you simply have to meet the criteria for EU membership. Some in the EU would welcome you sooner; others, not so soon. But Europe is a work in progress, and things and perceptions change faster than we assume they should. So, I think there is every reason to believe that Azerbaijan, once it meets all the criteria, can and will become the member of the European Union.

AIW: Given your experience, what advice would you give young Azerbaijanis beginning their careers in diplomacy?

Dr. Eorsi: Every diplomat must protect the interests of their nation. But he or she must do so while recognizing that other diplomats representing other countries are doing the same. That requires an understanding of the interests of other countries. Without that, no one can be successful. Very often, those of us from the former Soviet bloc countries view relations as a zero-sum game: the more we win, the more others must lose. But that is not true. This zero-sum game culture must be dropped and replaced by a win-win culture: that a country may only be successful in its foreign policy, if everyone benefits. And if we understand the interests of others as well as our own, we can succeed in ways so that we will win and they will as well. That is the secret of success, in my opinion.

THE IMPACT OF THE GLOBAL ECONOMIC CRISIS ON AZERBAIJAN'S BANKING SYSTEM

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Azerbaijan has not been as seriously affected by the world economic crisis as have many other countries, but it has not been entirely immune both because of declines in the price of oil, Azerbaijan's major export earner, and of problems with liquidity in the country's banking system. The impact of falling oil prices has received a great deal of attention, but the effect of the crisis on the liquidity of the banks has not, even though the banks make up 70 percent of the non-oil GDP of the country.

Because of the size of this sector, any problems with Azerbaijan's banks can have a major impact. One reason or concern is that during 2007, the country's commercial banks trebled their foreign debts to 2.5 billion US dollars, with most of these in short-term loans (CESD 2009). Because of that arrangement, approximately half of these debts had to be repaid just as the financial crisis hit in 2008, thus putting particular stress on the country's banks.

As Najafov (2009) has pointed out, the high ratio of short term to long term indebtedness points to possible Ponzi financing schemes by local banks, thus making them even more at risk of failure. And even if that is not the case, returns on assets (ROA) fell by nearly half a percentage point to 2.2 percent, with profits growing faster than assets, according to the CBA (2009). Return on equity also fell. And both of these developments reflect higher interest and non-interest costs as a result of the crisis.

There are other signs that point to liquidity problems as well. On the one hand, there has been a decline in loans extended to consumers. And on the other, banks have reduced their involvement in the securities and treasury bill sector. The debt market in Azerbaijan is dominated by CBA notes – some 91 percent of the total – and treasury bills. The placement of notes fell by more than two-thirds during the first quarter of 2009, and the secondary market fell almost as much relative to a year earlier. These declines, analysts have concluded, reflect the more conservative strategies the banks have adopted to address their liquidity problems.

In response, the Central Bank reduced the refinancing rate from 15 percent to three percent in five steps and lifted the five percent reserve requirement on the foreign liabilities of banks. In addition, it cut reserve requirements on domestic liabilities in half from 12 percent to six percent. These changes generated an additional 438 million US dollars for the system. But all these changes have not led to a significant reduction in interest rates on bank loans, an indication that the impact of centralized loans has not been great because of the relatively small volume and because the banks are more concerned about their own liquidity than about stimulating the business sector.

The Central Bank urged the country's banks to reassess risks in order to help the market recover. At the same time, it tightened the requirements on the quality and securitization of banking assets in order to improve the financial foundation of the banks. And the Central Bank took some additional actions in order to ensure that foreign borrowing could continue at safe and manageable levels. These steps reduced the risk of Ponzi financing, but it is already clear that reduced financing from abroad requires the introduction of more local resources, especially since Central Bank loans cannot serve as an alternative.

Meanwhile, the Azerbaijani government waived the tax on the profits of banks for 2009 through 2012. That will boost the profitability of the banks in the medium term but not address many of the short-term effects of the financial crisis. And the situation is serious. According to the Fitch ratings (2009), two major banks in Azerbaijan, *AGBank* and *Texnikabank* have fallen from stable to negative, given "the already significant levels of non-performing loans" at the former and "the high share of restructured loans" at the latter. In addition, Fitch has downgraded Unibank's rating from D/E to E given its liquidity problems.

Because of these problems, Azerbaijani financial experts have called on the Central Bank to consider allocating part of the republic reserve funds in Azerbaijani banks to their assets so that they will be in a position to help the business sector, taking steps to ensure that the public does not lose confidence in the banks by increasing the guarantees of depositors' accounts, and reviving the mortgage sector via the State Mortgage Fund which should receive additional budgetary money as well.

Other resources, such as Islamic finance, could make a valuable contribution, the experts say. Islamic banks currently appear more resilient to the global crisis than do conventional banks since they are not engaged in interest-based operations and tend to avoid speculative instruments such as derivatives (Timewell 2009). At the time when the world is experiencing an unprecedented financial crisis, Islamic banks are being hailed as "bastions of stability" (Quinn 2008, p. 1). And to draw on their strength, Azerbaijan needs to consider changing the country's legal codes to allow for broader operation of international Islamic financial institutions in Azerbaijan.

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HOW THE RUSSIAN-GEORGIAN WAR TRANSFORMED THE WORLD

A review of

Sergey Markedonov,
The Big Caucasus: Consequences of the "Five Day War,"
Threats and Political Consequences
Athens: International Centre for Black Sea Studies, 2009

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Nine months ago, Russia's invasion of Georgia shattered many of the assumptions leaders of the post-Soviet world had about how countries will behave toward each other, leading to apocalyptic predictions that Moscow would now use force to "reclaim" the former Soviet space and the international community not only in that part of the world but more generally faced a headlong race toward violence and war. But in the intervening period, as the dust has settled and as both the direct participants in the fighting and the other powers involved less immediately have gone on to other issues, ever more commentators have suggested that the Russian-Georgian war, being the product of highly specific circumstances, is something the world can take in its stride and will not have those consequences.

Now, in a Xenophon Paper of the distinguished International Centre for Black Sea Studies, Sergey Markedonov, the head of the Inter-ethnic Relations Group at the Moscow Institute for Political and Military Analysis, offers the most comprehensive examination of that conflict yet. And his detailed, carefully argued, and heavily footnoted study not only explores what made this conflict so specific but also discusses how the war between Russia and Georgia transformed the world, albeit in ways somewhat different than many of the initial reactions to the fighting suggested.

As Markedonov points out, "in August 2008, the Caucasus region became the focal point of international relations" because Russia's invasion of Georgia and Moscow's subsequent recognition of the breakaway republics of Abkhazia and South Ossetia represented "the first precedent of a revision of borders" in the former Soviet space

but suggested that Russia is now “a revisionist state” ready, willing and able to challenge the post-1991 settlement more generally.

For the first 15 years after the collapse of the USSR, Markedonov says, Moscow followed what has been described as the Primakov Doctrine, an uncodified set of ideas that suggested the Russian government, given its weakness, should not challenge that settlement but rather protect itself by “containing” the UN, the US and NATO by constant invocation of international law and by “refraining” from any moves to revise the former internal borders that had become international boundaries.

The Georgian conflict suggests that Moscow has now changed its approach, but the change is much less than many have suggested, the Moscow analyst argues. On the one hand, Russia has avoided challenging borders anywhere else and is likely to do so. Indeed, its influence in Central Asia and even in the former Soviet West requires that it do so. But on the other, Markedonov says, Moscow’s moves in Georgia are less a reflection of an “imperial resurgence” than an effort to create the prerequisites “for Russia’s peaceful domestic development and for the preservation of its [own territorial] integrity.”

As “exaggerated” as it may sound, he continues, “Russia is a Caucasian state.” Five of the six armed inter-ethnic conflicts” in the former Soviet space have occurred in that region, and all of them have interlocking implications for the South Caucasus, which now consists of three internationally recognized countries, and for the North Caucasus, which includes both the two partially recognized states of Abkhazia and South Ossetia and a band of unstable non-Russian republics within the Russian Federation.

“Thus,” Markedonov continues, “ensuring stability in the Russian Caucasus is unthinkable without and indivisible from achieving stability in Georgia, Armenia and Azerbaijan,” and that is why, he says, “since the dissolution of the USSR, the Russian Federation has taken on the burden of the geopolitical leadership in the South Caucasus” and why it intervened in the way it did in Georgia. But because other powers, including the US, the EU, Turkey and Iran, are now involved in this region, “the combined conflict potential of the North and South Caucasus can be compared to the Middle East conflict.”

Indeed, it was that outside presence that led to the war last summer, with Russia assuming that if it did not act, Georgia would become a place des armes for the West that would lead to more instability in the North Caucasus, and with Georgia or at least Mikheil Saakashvili assuming that Tbilisi could practice brinksmanship in the area because “the West would approve” any of Georgia’s actions and thus prevent Moscow from moving against Tbilisi.

The war “did not just reconfigure, politically and legally, two hot spots in the CIS” by leading to the “unfreezing” of two conflicts and Russian recognition of the breakaway republics which have now become “partially-recognized states,” but the conflict “also seriously affected the entire ethnic-political situation in Eurasia” by ushering in a new period in which new actors with new calculations have come to the fore.

Confrontations among the CIS countries as a result of the conflict between Russia and Georgia rose to “a qualitatively new level.” In the first post-Soviet years, these differences were “primarily caused by the [consequences of] the break-up of the Soviet Union.” But now “they are no longer motivated by the inertia of the past, but

by the current dynamics of the development and construction of new nation-states.” Thus, what had been “deferred payments” on the debts of the ‘evil empire’ are now “new claims of payments,” with the frozen conflicts of 1990s disappearing “together with Yeltsin’s generation.”

These new conflicts are understood and will be resolved by a “post-Soviet generation of politicians” which will develop “new rules of the game as the game progresses” rather than operating according to the rules that had governed them in the past. Thus, Russia is prepared to use force “beyond its territory” in ways no one expected. But in doing so, “the Kremlin’s ineptitude and unwillingness to spell out its national interests” out of “a fear of looking weak and vulnerable” creates problems because there is a gap between what it says and what it can do that others have already taken note of.

However that may be, however, Moscow has “staked out its role in the post-Soviet terrain in a similar way to the US role in Latin America, the Israeli role in the Middle East, Australia’s in Oceania, and France’s in the former colonies of ‘Black Africa.’” And it has thus defined in a new way the Russian “zone” of its “vital and legitimate interests.” The format of the post-Soviet space, as [it] was shaped after December 1991, has [thus] collapsed,” and a very different world has emerged as a result, not one in which Moscow will try to re-establish a Soviet-style empire but one in which it will feel far freer to act to promote its interests.

This change puts Moscow on a collision course not only with its immediate neighbors who are likely to view Russian assertiveness as being far broader and more invasive than Moscow plans or indeed can carry out but also with outside powers, including in the first instance the United States, the European Union, Turkey and Iran, who have their own interests in the region and who do not want to see their positions undermined or destroyed by a resurgent Russia.

And that creates real dangers, Markedonov concludes, both because the Russian-Georgian war showed that there is no longer “a unified West” but rather an international system in which there are far more players than before, some of whom can be played off against another, and because the conflict “demonstrated the impossibility” under current conditions “of an impartial, and most importantly, effective and legitimate [system of] international arbitration” in which most of the players accept the same rules of the game and the ways in which conflicts can and should be resolved.

The Russian-Georgian war, the Moscow analyst says, demonstrated that “the events that took place in 1989-91 marked only the ‘beginning of the end’” of the Yalta-Potsdam world. Moscow’s extension of recognition of Abkhazia and South Ossetia, following on the West’s recognition of Kosovo, marked the end of that world and opened the door to a period of uncertainty and redefinition. And that in turn will have consequences not only among countries but also, and especially in the case of the Russian Federation, within countries that may prove more explosive precisely because they are so much less predictable.

Many analysts are likely to challenge parts of Markedonov’s analysis, but his is the most important study of the war yet to emerge precisely because he describes the ways in which this conflict is part and parcel of a more general transformation of the international environment. And consequently, even those who disagree with him in part are likely to take his important study as a point of departure for their own

arguments. Thus, one could say that his essay represents an intellectual counterpart to the tectonic shift the movement of forces on the ground last summer had in the “real” world.

A CHRONOLOGY OF AZERBAIJAN’S FOREIGN POLICY

I. Key Government Statements on Azerbaijan’s Foreign Policy

President Ilham Aliyev in a speech on the eve of the Day of the Republic says that “today on the negotiating table is the question of the return to Azerbaijan of all occupied lands and the question of the return of all who fled to their native hearths.” That these lands have not been returned to Azerbaijan so far, he continues, is the result of “a single cause – the unconstructive position of Armenia and its tactic of artificially dragging out the process of negotiations.” The president notes that “in a number of cases, the Armenian side attempts to present the principle of self-determination of peoples as being at the same level as the principle of territorial integrity,” despite all international agreements to the contrary, including the Helsinki Final Act (http://www.president.az/articles.php?item_id=20090528102842638&sec_id=11).

Fuad Akhundov, a senior official of the Administration of the President, says that “the first foreign visit of the new foreign minister of Turkey to Azerbaijan is an indicator of the strategic partnership of the two countries” (<http://www.day.az/news/politics/158851.html>). In other comments, he says that “Ankara should consider the interests of Azerbaijan in the course of normalizing relations with Yerevan” (<http://www.day.az/news/politics/158855.html>).

Novruz Mammadov, the head of the external relations department of the Administration of the President, says that “there are shortcomings in the principles of the work of the co-chairs of the OSCE Minsk Group.” He says there was no progress at the Prague meeting of the Armenian and Azerbaijani presidents and that the co-chairs have failed to provide a “just” proposal for the resolution of the conflict (<http://www.day.az/news/politics/157607.html>).

II. Key Statements by Others about Azerbaijan

Matthew Bryza, US deputy assistant secretary of state and American co-chair of the Minsk Group, says that “the signing of documents at the meeting of the presidents [of Azerbaijan and Armenia] in St. Petersburg [on June 4] is not expected” (<http://www.day.az/news/politics/159159.html>).

The Organization of the Islamic Conference adopts Resolution No. 9/36-POL, which condemns Armenia’s aggression against Azerbaijan; ‘considers the actions perpetrated [by Armenians] against civilian Azerbaijani population in the occupied Azerbaijani territories as crimes against humanity’; ‘strongly condemns any looting and destruction of the archaeological, cultural and religious monuments in the occupied territories of Azerbaijan’ and ‘strongly demands the strict implementation of the United Nations Security Council resolutions 822, 853, 874 and 884 as well as the

United Nations General Assembly resolution A/RES/62/243, and the immediate, unconditional and complete withdrawal of Armenian forces from all occupied Azerbaijani territories including the Nagorno-Karabakh region and strongly urges Armenia to respect the sovereignty and territorial integrity of the Republic of Azerbaijan'. It also 'calls on the UN Security Council to recognize the existence of aggression against the Republic of Azerbaijan; to take the necessary steps under Chapter VII of the Charter of the United Nations to ensure compliance with its resolutions; to condemn and reverse aggression against the sovereignty and territorial integrity of the Republic of Azerbaijan.' (<http://www.oic-oci.org/36cfm/w/en/res/36CFM-POL-RES-FINAL.pdf>). The OIC expresses its support for the "Justice to Khojaly" campaign (www.day.az/news/politics/158639.html).

Russian Prime Minister Vladimir Putin says that agreement on Karabakh "can be achieved only by the participant countries of the conflict." But he adds that "both Turkey and Russia are interested that problems of this type will be resolved and will assist in doing so in every possible way" (<http://www.day.az/news/politics/157500.html>).

Georgian President Mikheil Saakashvili tells President Ilham Aliyev during his official visit to Baku that Georgia is grateful for Azerbaijan's commitment to supply it with natural gas for the next five years. He adds that President Aliyev and his government "do not simply promise; they always fulfil their promises. We have fraternal relations, and I always have said that we are creating in practice an informal confederation," even though we are "two independent states" (<http://www.day.az/news/politics/157989.html>).

III. A Chronology of Azerbaijan's Foreign Policy

31 May

Vyacheslav Sinyugin, Russia's deputy minister of energy, says that Moscow is prepared to offer proposals to Azerbaijan for the construction of an atomic power station (<http://www.day.az/news/economy/159291.html>).

30 May

Bernard Fassier, the French co-chair of the OSCE Minsk Group, says that "President Aliyev was constructive in Prague, and we expect a similar reaction from [Armenian President] Sargsyan" (<http://www.day.az/news/politics/159218.html>).

29 May

President Ilham Aliyev receives the co-chairs of the OSCE Minsk Group and the special representative of the OSCE Chairperson-in-Office (<http://www.day.az/news/politics/159140.html>).

Matthew Bryza, US deputy assistant secretary of state and American co-chair of the Minsk Group, says that "the signing of documents at the meeting of the presidents [of Azerbaijan and Armenia] in St. Petersburg [on June 4] is not expected" (<http://www.day.az/news/politics/159159.html>).

Arthur Lenk, Israeli ambassador in Baku, says that Israeli President Shimon Peres will visit Azerbaijan at the end of June (<http://www.day.az/news/politics/159093.html>).

Martin Vukovich, Austria's ambassador to the Russian Federation, says that Vienna will open an embassy in Azerbaijan later this year (<http://www.day.az/news/politics/159097.html>).

Hulusi Kilic, Turkey's ambassador to Azerbaijan, says that Ankara will open a consulate general in Ganja on September 15 (<http://www.day.az/news/politics/159111.html>).

28 May

Elkhan Guseynov, Azerbaijani ambassador in Ashgabat, says that Baku is "ready for the rebirth of the entire spectrum of relations with Turkmenistan" (<http://www.day.az/news/politics/158981.html>).

27 May

President Ilham Aliyev receives messages of greetings from world leaders, including the presidents of the US, the Russian Federation, China and France, in advance of the Day of the Republic (<http://www.day.az/news/politics/158954.html>).

26 May

President Ilham Aliyev during a visit to Ganja says that Baku's "independent policy allows us to defend fully the national interests of Azerbaijan" (<http://www.day.az/news/politics/158581.html>).

Azerbaijani and Turkish foreign ministry officials complete two-day consultations in Baku on consular affairs (<http://www.day.az/news/politics/158773.html>).

25 May

Foreign Minister Elmar Mammadyarov says that "Armenia, unfortunately, has begun to exert a negative influence on the course of the peace process." In other comments, Mammadyarov says that he "does not see any problems which could arise with Azerbaijan in connection with participation in the EU's Eastern Partnership program" (<http://www.day.az/news/politics/158469.html>).

Turkish Foreign Minister Ahmet Davutoglu says during the ministerial meeting of the Organization of the Islamic Conference in Damascus that "the interests of fraternal Azerbaijan always will be considered" by Ankara. "For us," he continues, "Azerbaijan always was and remains a fraternal country" (<http://www.day.az/news/politics/158551.html>).

Vladimir Dorokhin, Russian ambassador to Baku, says that "Azerbaijan is creating favorable opportunities for the development of the Russian language" (<http://www.day.az/news/politics/158541.html>).

Matthew Bryza, US deputy assistant secretary of state and American co-chair of the OSCE Minsk Group, says that the co-chairs will visit the region before June 4 to prepare for the upcoming meeting in St. Petersburg of the Armenian and Azerbaijani presidents (<http://www.day.az/news/politics/158533.html>).

Ekmeleddin Ihsanoglu, the secretary general of the Organization of the Islamic Conference, says that the OIC "is striving toward the development of a mechanism for the resolution of conflicts in Muslim countries," including Azerbaijan (<http://www.day.az/news/politics/158507.html>).

Turkish Foreign Minister Ahmet Davutoglu tells the Organization of the Islamic Conference ministerial meeting in Damascus that "Turkey will continue its efforts" to end the "frozen status" of the Nagorno-Karabakh conflict (<http://www.day.az/news/politics/158652.html>).

24 May

Foreign Minister Elmar Mammadyarov tells the foreign ministers' meeting of the Organization of the Islamic Conference that "Azerbaijan will expand its assistance to Islamic countries which are in conflict zones" (<http://www.day.az/news/politics/158480.html>).

Foreign Minister Elmar Mammadyarov is received by Syrian President Bashar Asad (<http://www.day.az/news/politics/158492.html>).

23 May

Azerbaijani commentators react strongly and negatively to the statements of the French and Russian co-chairs of the OSCE Minsk Group to the Turkish media that negotiations on the resolution of the Nagorno-Karabakh dispute and negotiations between Ankara and Yerevan on the normalization of Turkish-Armenian relations should not interfere with one another (<http://www.day.az/news/politics/158415.html>).

22 May

President Ilham Aliyev appoints Farid Shafiyev to be Azerbaijan's ambassador to Canada (<http://www.day.az/news/politics/158375.html>).

The Turkish embassy in Baku says that media reporting suggesting that Turkish Prime Minister Erdogan had criticized Azerbaijani parliamentarians is false (<http://www.day.az/news/politics/158348.html>).

21 May

President Ilham Aliyev tells Georgian President Mikheil Saakashvili during the latter's official visit to Baku that relations between the two countries are "at a very high level," with "the two independent states having built their ties on a firm historical basis" (<http://www.day.az/news/politics/157989.html>).

Georgian President Mikheil Saakashvili tells President Ilham Aliyev during his official visit to Baku that Georgia is grateful for Azerbaijan's commitment to supply it with natural gas for the next five years. He adds that President Aliyev and his

government "do not simply promise; they always fulfil their promises. We have fraternal relations, and I always have said that we are creating in practice an informal confederation," even though we are "two independent states" (<http://www.day.az/news/politics/157989.html>).

Vice Prime Minister Yagub Eyubov takes part in the Astana meeting of the council of the heads of governments of CIS member states (<http://www.day.az/news/politics/158208.html>).

Foreign Minister Elmar Mammadyarov takes part in the foreign ministers' meeting of the Organization of the Islamic Conference in Damascus (<http://www.day.az/news/politics/158128.html>).

Foreign Minister Elmar Mammadyarov tells visiting Gen. John Craddock, head of the US European Command, that "Azerbaijan is always ready to make its contribution to guaranteeing global stability and security" (<http://www.day.az/news/politics/158187.html>).

Nicholae Ureche, Romania's ambassador to Azerbaijan, says that "for the integration of Azerbaijan into NATO, the support of society is needed." And he urges Baku to conduct "NATO propaganda in society and especially among the youth" (<http://www.day.az/news/politics/158161.html>).

The Azerbaijan Foreign Ministry says that "the transfer of arms by Russia to Armenia in the framework of the Organization of the Collective Security Treaty will lead to a forced arms race in the region" (<http://www.day.az/news/politics/158158.html>).

Elchin Amirbeyov, Azerbaijan's ambassador to Switzerland, says that Baku and Berne will outline a plan for the further development of political, economic and humanitarian relations (<http://www.day.az/news/politics/158072.html>).

20 May

Defense Minister Safar Abiyev receives Abdul Qayum Khan Jatoi, Pakistan's federal minister for defense production (<http://www.day.az/news/politics/157953.html>).

19 May

President Ilham Aliyev receives Matyas Eorsi, chairman of the Hungarian Parliament's committee on European affairs (<http://www.day.az/news/politics/157842.html>).

President Ilham Aliyev receives Peter Semneby, the special representative of the European Union for the South Caucasus (<http://www.day.az/news/politics/157838.html>).

Foreign Minister Elmar Mammadyarov receives Peter Semneby, the special representative of the European Union for the South Caucasus (<http://www.day.az/news/politics/157877.html>).

Agshin Mekhtiyev, Azerbaijan's permanent representative to the United Nations, says that Azerbaijan "is continuing to work with UN member states on the question of the occupied territories" (<http://www.day.az/news/politics/157777.html>).

18 May

President Ilham Aliyev receives the credentials of incoming Iranian ambassador to Baku Mamedbaghir Bahrami (<http://www.day.az/news/politics/157668.html>).

Foreign Minister Elmar Mammadyarov receives Arnold Ruutel, the former president of Estonia (<http://www.day.az/news/politics/157691.html>).

Deputy Foreign Minister Khalaf Khalafov receives Michael Davenport, the director of the British Foreign Office Department for Russia, the South Caucasus and Central Asia, to discuss Azerbaijani-British relations and resolution of the Nagorno-Karabakh dispute (<http://www.day.az/news/politics/157688.html>).

Alan Waddams, the head of the representation of the European Commission, says that "the resources of Azerbaijan are sufficient to begin Nabucco," although he acknowledges that they are "insufficient" for the long-term operation of that pipeline project (<http://www.day.az/news/politics/157489.html>).

Peter Semneby, the special representative of the European Union for the South Caucasus, says that "the Declaration about 'the Eastern Partnership' opens a new stage in relations between the EU and Azerbaijan" (<http://www.day.az/news/politics/157694.html>).

The Azerbaijani foreign ministry criticizes the posting on Youtube.com of insulting pictures featuring the hymn and flag of Azerbaijan (<http://www.day.az/news/politics/157628.html>).

17 May

Russian Prime Minister Vladimir Putin says that agreement on Nagorno-Karabakh "can be achieved only by the participant countries of the conflict." But he adds that "both Turkey and Russia are interested that problems of this type will be resolved and will assist in doing so in every possible way" (<http://www.day.az/news/politics/157500.html>).

16 May

Bernard Fassier, French co-chair of the OSCE Minsk Group, says that the meeting of the Armenian and Azerbaijani presidents in Prague was "not a failure as certain observers are saying." He adds that "perhaps we do not have a breakthrough but there is movement" (<http://www.day.az/news/politics/157449.html>). In other comments, he says that he "hopes that the resolution of the Nagorno-Karabakh problem will not last as long as the conflict in the Middle East has" (<http://www.day.az/news/politics/157469.html>).

Goran Lennmarker, special representative of the Parliamentary Assembly of the OSCE for Nagorno-Karabakh and South Ossetia, says that "at the present moment there really exist good chances for the resolution of the Nagorno-Karabakh conflict" (<http://www.day.az/news/politics/157452.html>).

A delegation of the Milli Majlis is received in Vilnius by Lithuanian President Valdas Adamkus, Prime Minister Andrius Kublius and Seim chairman Arunas Valinkas (<http://www.day.az/news/politics/157470.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.