



Azerbaijan Diplomatic Academy

School of International Affairs

AZERBAIJAN IN THE WORLD **ADA Biweekly Newsletter**

Vol. 3, No. 12
June 15, 2010

adabiweekly@ada.edu.az

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THE EUROPEAN UNION AND THE SOUTH CAUCASUS: AVAILABLE OPTIONS AND A STRATEGIC NECESSITY

Anne-Marie Lizin
Honorary President of the Senate of Belgium
Lecturer on Caucasus Affairs, Institut d'Etudes Politiques, Paris

[Translated from French by Tristram Barrett]

The South Caucasus region is important for Europe even if many Europeans do not yet recognize that reality. It will be a place where many of our strategic goals, especially economic, will either succeed or fail. And consequently, we in Europe need to develop special expertise on the region, get to know its leaders, and become

familiar with their problems and prospects. It has certainly caught my attention, and I want to share some of my impressions here.

Since the collapse of the Soviet Union, the South Caucasus has known neither stability nor balance, and the challenges that many in Eastern Europe experienced during the same decades have been even greater in this region. Europeans have focused on the Balkans and even committed forces there, but we have been less attentive to the non-Russian countries that emerged out of the USSR.

Perhaps nowhere has this relative lack of interest and attention been greater than in the Caucasus, a place to which Europeans have devoted only minimal attention in the form of OSCE resolutions and groupings and resolutions at the UN Security Council. Abkhazia, an autonomous region of Georgia, is the most obvious case where Europeans should have gotten involved, but the same conclusion applies with equal force to South Ossetia and to Nagorno-Karabakh.

One reason the South Caucasus is so important lies in the two powers that border the region, Turkey and Russia. On the one hand, Turkey is becoming increasingly important as a real actor for stability in its southern zone whilst taking care directly to inform Moscow at each step.

And on the other, Russia is again a growing presence in the South Caucasus: the failure of Mr. Saakashvili and the war he sparked in 2008 has given Russia a key ally in Abkhazia and reinforced total control over South Ossetia, while also opening the way to the possibility of reoccupying Georgia in case of trouble. Russia is so sure of this that she took advantage of the days of conflict to show that its aircraft could also compromise the "transit" of oil and gas from the Caspian Sea, an important sector of the Georgian economy. Russian jets targeted the main pipeline in Rustavi, south of Tbilisi.

Russian influence on Armenia is overwhelming even though the Russian ambassador there tries to conceal this, but it is clear that no decision is taken by Yerevan that has not been discussed with him. The last presidential elections, which I observed as part of the OSCE mission, in February 2008, revealed Russia's strength and its role in denying the least opportunity to the opponent, Levon Ter-Petrosian, whose manifesto mentioned searching for a peaceful solution to Nagorno-Karabakh and reducing Armenia's military expenditure. Alone, such a poor country cannot manage the budget expenditure to maintain a force in this area.

But in addition to everything else, the South Caucasus must become a priority for Europe because all future energy options depend on it. It is crucial for us to know the actors of these three countries. Investments needed in the near future to allow the flow of gas between Europe and the Caspian Sea are essential. The UK, geographically at the end of the chain, has guaranteed contracts until 2015 and generally we consider that supplies to Northern Europe are guaranteed until 2020. In terms of investment, this is not a long time.

Projects have been on the table for several years, but the decision to finance the Nabucco gas pipeline across Turkey, to be fuelled in part by Azerbaijan and in part by Iran, continues to be met at every turn by the direct competition from a Russian pipeline project that could be supplied by Azerbaijan and laid under the Black Sea. Hesitations in financing this investment are also due to the fact that the profitability of such a pipeline is only guaranteed in the medium-term if it is supplied by Iran, and

not just Azerbaijan. Russia is playing a clever game by offering Azerbaijan a very high price, much higher than that offered by its traditional ally, Turkey. [1]

The Europeans depend on the outcome of a game in which they are only one of the players: Azerbaijan's President Ilham Aliyev does not want to see the restoration of a Russian monopoly on Caspian gas and is prepared to accept the risk of a loss of earnings on Azeri exports to maintain the possibility of a choice of partners for his country. The role of France is crucial here: Total is present and hopes to increase its market share in the new gas fields in the Caspian Sea. Its pragmatic business approach, however, is very open to Russia: if Azerbaijan chooses to privilege Russia, Total will not balk at modernizing the old Russian pipelines that cross Daghestan, thus permitting gas from the Shah Deniz II gas field to go through Russian territory and be resold to Europeans upon payment of a transit price to Russia.

What does this mean for the future? First, it is imperative that we Europeans understand this region, the motivations of, and the issues faced by, its political, economic and energy leaders. Azerbaijan, for example, has a real demand for higher education; France can participate in this and prevent an American monopoly in that sector. Such a monopoly may be tempting for many, but presents the Azerbaijani president with the difficulty of being constantly criticized for the non-democratic nature of his country. Mr. Aliyev in fact refuses to allow the United States to use the territory of Azerbaijan in various actions to destabilize neighboring Iran. This firmness surprises American specialists who don't take into account the role of the Azeri diaspora in Iran and the need to protect it; a function assumed by President Aliyev.

Second, we must assess our dependence on Azerbaijan's energy decisions, the only real actor in this regard in the South Caucasus, and decide on a policy toward it which goes considerably further than the timid and slow efforts of the Eastern Partnership, of which Commissioner Fulle's visit to the region in April 2010 raised fears that it would once more be full of empty promises rather than genuine strategic options.

And third, we Europeans must invest in intelligence and support for this area, both at a European and a French level given that Germany does not have the same priorities in this respect and its pro-Russian energy choices should not prevent us from pursuing a much more dynamic policy towards the South Caucasus.

Note

[1] Turkey and Azerbaijan signed a long-awaited memorandum of understanding for the shipment of 11 billion cubic meters of natural gas from Azerbaijan's Shah Deniz field to Turkey on June 7, 2010.

NEWLY-APPROVED MILITARY DOCTRINE REAFFIRMS BAKU'S RIGHT TO USE FORCE TO LIBERATE OCCUPIED TERRITORIES

Paul Goble

Publications Advisor
Azerbaijan Diplomatic Academy

Six years after Baku began work on a military doctrine and three years after its National Security Doctrine required the elaboration of such a document but at a time when talks about the Karabakh conflict appear to have entered yet another lull, the Azerbaijani parliament on June 8th overwhelmingly approved, 110 to two with one abstention, an Azerbaijani military doctrine that reaffirms Azerbaijan's right to use military force to liberate the occupied territories.

In addition, the newly approved doctrine enshrines in the military sector President Ilham Aliyev's "balanced" foreign policy independent of any bloc, and allows for Azerbaijani forces to serve abroad and foreign troops to be based on Azerbaijani territory under exceptional circumstances. But as both Defense Ministry officials and Milli Majlis deputies made clear, this document, which sketches out these principles in general terms, only provides broad guidelines and may be changed in response to shifts in the international environment.

The document first describes the chief threats to Azerbaijan. Significantly, the only one that is specifically named is Armenia and its continued occupation of Azerbaijani territory, including Nagorno-Karabakh. It says that Azerbaijan "has the right, using all necessary means, including force, to liberate the territories that have been seized and reestablish the territorial integrity" of the country. Intriguingly in the context of the recent diplomatic dustups with France and Russia over parliamentarians of those two countries which had served as observers in the Karabakh "parliamentary elections," it also specifies that any support by any other state directed at "the official recognition of the results of occupation will be interpreted [by Baku] as an act against the Azerbaijani Republic."

In its discussion of the occupied territories, the doctrine says that "the main threat to the national security of Azerbaijan" includes acts of "ethnic cleansing" carried out by the Armenians and "the destruction of the social-economic infrastructure" of those territories. As a result of Armenian actions, the document goes on, "national and international mechanisms" that protect the rights of residents do not work and consequently there are cases of "the illegal preparation and distribution of narcotics" and "trafficking in human persons," as well as "the formation of illegal bases" which are involved in training "terrorists." All these things, the doctrine says, represent "a serious danger not only for Azerbaijan but for the region as a whole."

It then lists a number of other threats, but unlike the portion devoted to Armenia, this part of the document talks about them in only the most general terms. They include forceful intervention in the internal affairs of Azerbaijan, efforts to destabilize its political or economic system, claims by neighbors against its territory, land or sea, the dispatch of armed groups into the territory of Azerbaijan, and the violation of "the regional balance." In each case, some Milli Majlis deputies suggested during the debate on the document that Baku would do well to add more details, but this lack of specificity, the government said, not only is characteristic of such documents—something that is absolutely true—but also reflects Azerbaijan's commitment to remain flexible.

The doctrine specifies that Azerbaijan does not intend to initiate military actions against anyone except in cases like that of the Armenian occupation where it is the

victim of aggression. It specifically excludes war as a tool of foreign policy, and except under "exceptional" but unspecified circumstances—other than with Azerbaijani government approval as in the case of the Gabala radar site—it does not permit Azerbaijanis to be based abroad or foreign countries to establish bases on Azerbaijani territory.

If the document identifies Armenia as an enemy state, it perhaps significantly does not identify any other country as an ally. That disturbed some deputies who felt that it should mention Turkey given the closeness of ties between Baku and Ankara and others who felt that it was a mistake not to specify that Azerbaijan had made a "Euro-Atlanticist" choice, as the national security doctrine adopted three years ago did. But government officials parried these objections by saying that the doctrine did not name any allies at all, thus retaining Baku's freedom of action within a balanced foreign policy, and by pointing out that the doctrine does point to Baku's willingness to engage with NATO on various projects, something it does not say about the Moscow-led Organization for the Treaty on Security Cooperation.

Besides these objections and complaints about the document's "abstractness," perhaps the most interesting critique during the parliamentary debate came from independent deputy Panah Huseyn who suggested that the doctrine's greatest shortcoming was that it did not "presuppose the democratic development of the country. History has shown many times," he said, "that democratic countries usually win." Milli Majlis Vice Speaker Ziyafat Alaskarov responded that the entire document was suffused by democratic sentiments and thus no specific mention was needed.

Because the government's Yeni Azerbaijan Party has a preponderance of seats in the parliament, most of those taking part in the debate before the document was approved were enthusiastic in support of it. Ganira Pashayeva, a deputy who often speaks on foreign policy, spoke for many when she said that "in the military doctrine are obvious the ever-growing authority and might of Azerbaijan," adding that it shows the hopelessness of Armenia in thinking it can prolong the talks forever and pointing to the ultimate liberation of the occupied territories peacefully if possible or by military means if necessary.

But precisely because the document could have been approved so easily at any time, government spokesmen were at pains to discuss why it had taken so long to bring it forward for a vote. Baku formed a working group in 2004 to come up with a doctrine, and in October 2007, the Azerbaijani government announced it was ready and had even been discussed with NATO. And in subsequent years, government officials and Milli Majlis leaders announced that the military doctrine was to be brought up for a vote but each time the document was taken off the table.

It seems clear that it was brought up for a vote now to add weight and democratic legitimacy to statements by President Ilham Aliyev and other Azerbaijani leaders that if Armenia continues to try to play for time and refuses to negotiate under the terms of the renewed Madrid Principles of the OSCE Minsk Group, Azerbaijan is ready, willing and able to use force to end the occupation. And consequently, Azerbaijan's new military doctrine both by its content and the timing of its adoption is part of the complex, multi-level back and forth between Azerbaijan and Armenia over the occupied territories, "a stick" to go along with all "the carrots" Baku has suggested will be available if Yerevan agrees.

CONVERTING PETRO WEALTH INTO SUSTAINABLE HUMAN DEVELOPMENT

Ramil Maharramov
Economist

Azerbaijan's economy has grown at an unprecedented rate during the last decade, with real GDP increases averaging 21 percent between 2005 and 2009 alone (Fitch Ratings 2010). This spectacular growth reflects a major expansion of the oil and gas production and significant increases in public spending for both infrastructure and social needs. As a result, Azerbaijan's economy exceeded its 1991 level in 2005 and ranked fourth in the CIS in per capita income (The Economist Intelligence Unit 2010, p. 21). And it was one of the few post-Soviet states whose sovereign rating has risen to investment grade, clear testimony not only of the country's overall growth but also its prudent management of oil revenues and credit.

There was also a significant improvement in the standard of living and other social indicators. Between 2003 and 2009, the official poverty rate fell from 45 percent of the population to 11 percent, while unemployment fell from 15 percent to 6.5 percent in 2007 (Maharramov 2009). Like other countries, Azerbaijan has been affected by the global financial crisis but not nearly so severely. In 2009, for example, its economy expanded by 9.3 percent, the highest in the East European region but the least for Azerbaijan since 1999.

And Azerbaijan's future looks bright as well. With proven oil reserves of 7 billion barrels as of 2009, Azerbaijan's oil production has risen by 400 percent between 1997 and 2008 to 875,000 bbl/d. Over the course of same period the share that oil and gas production accounted for in GDP grew from 10 percent to 47 percent in 2009, a level likely to remain more or less constant until at least 2015.

Moreover, oil output is likely to rise further as new wells come online and new discoveries are made. Baku and the BP-led consortium are expected to approve a \$10 billion project expanding Azeri Light oil production from the Azeri-Chirag-Gunashli (ACG) fields to a rate of 1 million bbl/d rate until 2019. If that project does not go forward, Azerbaijan's oil production is projected to reach a peak in 2014 and then decline through 2024 (US Energy Information Administration 2009).

Azerbaijan exports most of its oil, thereby earning much needed foreign exchange and allowing it to finance capital imports and strategic economic development priorities. This plan is helped by declines in domestic consumption. In fact, domestic oil consumption fell from 203,000 bbl/d in 1992 to 128,000 bbl/d in 2008, thus allowing Azerbaijan to export 749,000 bbl/d in 2008, twice the level of 2005 and earning the country 29 billion US dollars in 2008 (US Energy Information Administration 2009).

In addition to oil, Azerbaijan also has proven natural gas reserves of 30 trillion cubic feet (Tcf). Industry analysts consider Shah-Deniz to be one of the world's largest gas field discoveries in the last 20 years, with possibly 15 trillion cubic feet of natural gas and 600 million barrels of condensate recoverable. The startup of the Shah-Deniz gas field in 2007 transformed Azerbaijan from a net gas importer into a net

gas exporter. In 2008, Azerbaijan produced 572 billion cubic feet of natural gas mainly from the ACG and Shah Deniz fields, of which 66 percent was consumed domestically. When Phase 2 of Shah Deniz is completed in 2016, its overall production capacity will reach 1 trillion Tcf. From 2016 on, ACG and Shah Deniz together are expected to be producing roughly 1.4 trillion cubic feet natural gas, much of which will be exported.

Because the oil and gas fields are nationally owned, revenues from them can be used by the government to increase public spending on both capital projects and current expenditures.

Consolidated public spending which includes both increased four times from 2.8 bln. manats to more than 12 billion manats during the 2003-2009 period, and consolidated public investments accounted for the largest share of increase in public spending. To renew much needed social and economic infrastructure, the government increased consolidated public investment expenditures 1000 percent to 4.4 billion manats in 2009. [1] Indeed, growth in non-tradable non-oil sectors such as construction, communication, trade, tourism and travel services have been largely driven by these government expenditures or by the multiplier effects of massive investments in the oil and gas sector.

Azerbaijan's non-oil sector is dominated by these non-tradable sectors and by social services. The share of these industries in the economy has steadily increased, from 59 percent in 2002 to 67 percent in 2009. On the other hand, the share of the tradable sectors such as non-oil manufacturing and agriculture declined over the same period by 12 percent. Non-tradable sectors also grew much faster over the same period, posting 15.4 percent average real growth versus 5.8 percent average real growth of tradable sectors.

The non-oil sectors of the economy have withstood the global economic and financial crisis relatively well. They even grew 3.2 percent in 2009 thanks largely to rises in agriculture, communication, transportation, travel and tourism and trade. At the same time, non-oil manufacturing and the construction sectors declined by 13.8 percent and 8.2 percent respectively, reflecting the vulnerability of these sectors to international trends.

Diversification of the economy, development of the non-oil economy, creation of enabling business and investment environment remain major strategic objectives of the government. The National Employment Strategy (2006-2015), the State Program on Sustainable Development and Poverty Reduction (2008-2015) and the medium-term economic social development program (2009-2012) focused on the creation of the supportive business environment, particularly in the non-oil sectors. As part of this, Azerbaijan has cut the number and rate of taxes since 1998. [2]

The positive changes in the business environment of the non-oil economy the government sought to create were reflected in the 2009 *Doing Business* ranking of 2009. According to the ranking (which assesses economies based on 10 indicators of business regulation, Azerbaijan was listed at the top as the most reforming country in both 2008 and 2009: It rose from 97th place to 33rd place in the global rankings over that period. Another World Bank survey in 2009 reinforced those findings. [3]

At the same time, international financial institutions project that the oil and gas sector will not be the main driver of economic growth from this year through 2014 when the Chirag field becomes operational. But these projections do not account for

Phase 2 Shah Deniz field development, which is expected to come online in 2016, the development of disputed oil fields with proven reserves in the Caspian sea, and the likely discovery of new oil and gas fields. Moreover, growth of the transit trade will also partially offset the projected decline in oil production, once Kazakhstan and possibly Turkmenistan begin using Azerbaijan as a link to Western markets (The Economist Intelligence Unit 2009). And if the government and BP led consortium approve a \$10 billion project to tap the oil reserves below the ACG fields, this will extend oil production from the ACG fields at 1 million bbl/d rate until 2019 (US Energy Information Administration 2009).

But even if no new oil fields are discovered, Azerbaijan will continue receiving large oil revenues throughout the coming decade. IMF projects that Azerbaijan's Oil Fund assets will reach 98 billion US dollars by 2015, 6.5 times of the 2009 level. At more favorable world oil prices this amount could prove to be much larger. The coming on stream of the Phase 2 Shah Deniz field in 2016 will also boost growth, export revenues and international reserves further.

Nonetheless, at some point in the future, Azerbaijan will run out of oil and gas as its reserves are relatively modest. Consequently, Azerbaijan needs to reduce its dependence on revenues from this sector and improve the country's long-term outlook by developing a viable non-oil sector, promoting balanced regional economic development, organizing effective wealth redistribution schemes, creating favorable business environment, and making massive investments in human capital development.

Failure to do so could entail serious problems. At present, non-oil exports make up only 5 percent of overall exports, and the tradable sector accounted for only 9.7 percent of GDP in 2009. If these figures do not change, the economy's capacity will be strained after 2020 and the real GDP growth will slow. At the 2009 oil prices and hydrocarbons production forecast, the Economist Intelligence Unit projects annual average real GDP growth of 3.8 percent for the period of 2009-2030 and 2.8 percent for the period of 2021-2030, much lower than the historical average in the last decade (The Economist Intelligence Unit 2009). Put in the starkest terms: a viable non-oil sector in Azerbaijan is essential for social cohesion and harmony in the country, given that it provides employment and income to 98.9 percent of the total workforce, while the oil and gas extraction industry employs only the remaining 1.1 percent. [4]

The Economist Intelligence Unit projects that Azerbaijan's population will reach 10.3 million by 2030, with the working-age population growing by 0.44 percent between 2009 and 2030. The youngest working-age cohort (15-24) currently has the highest unemployment rate among all age groups. In spite of improvements in the performance of labor markets and reported reduction in unemployment, nearly a third of the population pointed to unemployment as the country's greatest problem except for the Karabakh conflict. [5]

In the future, Azerbaijan must further improve the business environment, generate an educated workforce, build new infrastructure, and improve opportunities in all non-oil and gas sectors. In 2010 staff consultations with the IMF, Azerbaijani authorities generally agreed with the Fund's recommendations on these and other point, including improved economic planning and budgeting and improved investment in human capital via education. For Azerbaijan to succeed, government efforts will not be enough. Individual Azerbaijanis must come to believe that

investing in education will help them and their families and thus their country as well (Maharramov 2009).

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Notes

[1] IMF Article IV Country Report Statistics, May 2010.

[2] IMF Article IV Country Report Statistics, May 2010.

[3] World Bank, *Enterprise Surveys: Azerbaijan*, 2009.

US Energy Information Administration (2009) *Country Analysis Briefs*, October.

[4] The State Statistics Committee, *Labor Market Statistics*, 2008.

[5] IFES, *Survey on Public Opinion in Azerbaijan*, 2006, p. 10.

A CHRONOLOGY OF AZERBAIJAN'S FOREIGN POLICY

I. Key Government Statements on Azerbaijan's Foreign Policy

President Ilham Aliyev says that "we very much want that the OSCE Minsk Group co-chair countries using their authority and the possibility of influence will force the Armenian side to accept the renewed Madrid Principles" (<http://www.day.az/news/politics/213311.html>).

President Ilham Aliyev tells the Istanbul summit of the Conference on Cooperation and Development of Trust in Asia that "Azerbaijan seeks to play an important role in questions of regional cooperation" (<http://www.day.az/news/politics/213284.html>).

II. Key Statements by Others about Azerbaijan

The Presidential Administration releases the text of President Barak Obama to President Ilham Aliyev that Secretary of Defense Robert Gates brought with him in which the US leader says that "the United States recognizes Azerbaijan's important contributions to regional and international security" and expresses the hope that "we will be able to broaden and deepen our relationship in the months and years ahead" (<http://www.day.az/news/politics/213045.html>; http://azerbaijan.usembassy.gov/uploads/images/wSa0TrM_p94ZA6oQ2rBnjw/President_Obama_3s_Letter_to_President_Ilham_Aliyev_En.pdf).

Vladimir Dorokhin, Russian ambassador to Azerbaijan, says that "Russia better than other countries knows the genesis of the Nagorno-Karabakh problem and the positions of the sides and feels bad because this problem has remained unresolved for such a long time" (<http://www.day.az/news/politics/213736.html>).

At a joint press conference in Istanbul with Turkish Prime Minister Recep Tayyip Erdogan, Russian Prime Minister Vladimir Putin says that "any interference or pressure on one of the sides of the Nagorno-Karabakh conflict is very risky and that Russia would not want that Azerbaijan or Armenia would say that they were being pressured" (<http://www.day.az/news/politics/213201.html>).

III. A Chronology of Azerbaijan's Foreign Policy

15 June

Foreign Minister Elmar Mammadyarov visits Pakistan and meets with his counterpart Shah Mahmood Qureshi (<http://www.day.az/news/politics/214347.html>).

Ross Wilson, former US ambassador to Azerbaijan, says during a visit in Baku that he regrets there has been "no result, no agreement and not even an agreement on basic principles" for the resolution of the Karabakh conflict although he adds that "there is will on both sides, both here and in Yerevan, as well as in Moscow, Paris, and Washington" (<http://www.day.az/news/politics/214345.html>).

14 June

Foreign Minister Elmar Mammadyarov receives Ross Wilson, former US ambassador to Baku (2000-2003) and current head of the Eurasian Center at the Atlantic Council (<http://www.day.az/news/politics/214192.html>).

The Foreign Ministry says that there are no Azerbaijanis in southern Kyrgyzstan and thus there is no need for the opening of an airlink with that country (<http://www.day.az/news/politics/214205.html>).

Economic Development Minister Shahin Mustafayev takes part in an Istanbul ministerial meeting on Turkey as a world trade bridge (<http://www.day.az/news/economy/214265.html>).

Ogtay Asadov, Milli Majlis speaker, meets with his Georgian counterpart David Bakradze on the sidelines of a conference of speakers at the European Parliament (<http://www.day.az/news/politics/214120.html>).

Fazil Mustafa, a Milli Majlis deputy, says that recent statements from Yerevan suggest that Armenian leaders have an "inadequate" understanding of reality (<http://www.day.az/news/politics/213836.html>).

Abdullah bin Muhammad bin Ibrahim al-Ash Sheikh, the speaker of the Saudi Arabian parliament, says that Riyadh has "always supported the territorial integrity of Azerbaijan" (<http://www.day.az/news/politics/214189.html>).

13 June

Elman Mammadov, a member of the Milli Majlis security and defense committee, says that Armenia is running out of time to subscribe to the renewed Madrid Principles for the resolution of the Karabakh conflict (<http://www.day.az/news/politics/213498.html>).

12 June

Foreign Minister Elmar Mammadyarov receives Fikrat Akchuran, the new UN resident coordinator for Azerbaijan (<http://www.day.az/news/politics/213999.html>).

Ali Ahmadov, deputy executive secretary of the ruling Yeni Azerbaijan Party, says that "the resolution of the Iranian problem by means capable of leading to catastrophic consequences and the escalation of tensions is unacceptable to Azerbaijan" (<http://www.day.az/news/politics/213988.html>).

The Foreign Ministry announces that Azerbaijan and India have reached agreement on cooperating in the legal sphere following three days of talks in New Delhi (<http://www.day.az/news/politics/214012.html>).

11 June

Foreign Minister Elmar Mammadyarov receives Tariq al-Hidan, deputy foreign minister of the United Arab Emirates (<http://www.day.az/news/politics/213710.html>).

Ali Ahmadov, deputy executive secretary of the ruling Yeni Azerbaijan Party, says that "we are ready to discuss proposals on changes in the election law with any international organization" (<http://www.day.az/news/politics/213864.html>).

Elman Mammadov, a member of the Milli Majlis security and defense committee, says the current situation in Armenia is "catastrophic" (<http://www.day.az/news/politics/213501.html>).

Azerbaijan military prosecutors take part in an international conference of military prosecutors in Kazan (<http://www.day.az/news/society/213821.html>).

Russian Prime Minister Vladimir Putin discusses the Karabakh conflict with his French counterpart François Fillon (<http://www.day.az/news/politics/213793.html>).

Ali Bilge Cankorel, the head of the Baku office of the OSCE, says that "the Nagorno-Karabakh conflict is an obstacle on the path to the development of democracy" (<http://www.day.az/news/politics/213770.html>).

Vladimir Dorokhin, Russian ambassador to Azerbaijan, says that "Russia better than other countries knows the genesis of the Nagorno-Karabakh problem and the positions of the sides and feels bad because this problem has remained unresolved for such a long time" (<http://www.day.az/news/politics/213736.html>).

10 June

President Ilham Aliyev confirms an agreement between Azerbaijan and Kuwait on cooperation in the areas of sports and youth policy (<http://www.day.az/news/politics/213693.html>).

President Ilham Aliyev receives Fiorello Provera, vice-chairman of the foreign affairs committee of the European Parliament (<http://www.day.az/news/politics/213622.html>).

Foreign Minister Elmar Mammadyarov speaks by telephone with his Russian counterpart Sergey Lavrov (<http://www.day.az/news/politics/213564.html>).

Deputy Foreign Minister Khalaf Khalafov signs an agreement with United Arab Emirates counterpart Tariq al-Hidan eliminating visa requirement for diplomats from the two countries (<http://www.day.az/news/politics/213588.html>).

The Foreign Ministry says that the UN Security Council resolution on Iran requires further study before Baku will comment upon it (<http://www.day.az/news/politics/213563.html>).

Maj. Gen. Ramiz Nagiyev, chief of the Azerbaijani Police Academy, discusses cooperation with his Jordanian counterparts in Amman (<http://www.day.az/news/society/213635.html>).

9 June

President Ilham Aliyev says that "we very much want that the OSCE Minsk Group co-chair countries using their authority and the possibility of influence will force the Armenian side to accept the renewed Madrid Principles" (<http://www.day.az/news/politics/213311.html>).

Foreign Minister Elmar Mammadyarov takes part in Istanbul in a session chaired by his Turkish counterpart Ahmet Davutoglu and including the Lithuanian, Thai and Bangladeshi foreign ministers (<http://www.day.az/news/politics/213324.html>).

Ogtay Asadov, Milli Majlis speaker, receives Fiorello Provera, vice-chairman of the foreign affairs committee of the European Parliament (<http://www.day.az/news/politics/213484.html>).

Defense Minister Col. Gen. Safar Abiyev takes part in a NATO meeting in Brussels on peacekeeping operations in Kosovo and Afghanistan (<http://www.day.az/news/politics/213430.html>).

Vahdat Sultan-zade, Azerbaijani ambassador to Turkmenistan, says that relations between Baku and Ashgabat are developing well (<http://www.day.az/news/politics/213374.html>).

Lt. Col. Eldar Sabiroglu, Defense Ministry spokesman, says that "the main goal [of the military doctrine of Azerbaijan] is the creation of a conceptual document which can ensure the military-political security of Azerbaijan" (<http://www.day.az/news/politics/213391.html>).

Tahir Rzayev, a Milli Majlis deputy, says that "the powers that are in Armenia do not know what to do with the renewed Madrid Principles" (<http://www.day.az/news/politics/213181.html>).

Azay Guliyev, a Milli Majlis deputy, says that "war would have catastrophic consequences for Armenia" (<http://www.day.az/news/politics/213198.html>).

8 June

President Ilham Aliyev tells the Istanbul summit of the Conference on Cooperation and Development of Trust in Asia that "Azerbaijan seeks to play an important role in questions of regional cooperation" (<http://www.day.az/news/politics/213284.html>).

President Ilham Aliyev meets Iranian President Mahmoud Ahmadinejad in Istanbul (<http://www.day.az/news/politics/213318.html>).

President Ilham Aliyev meets Ukrainian President Viktor Yanukovich in Istanbul (<http://www.day.az/news/politics/213323.html>).

President Ilham Aliyev meets with Macedonian President Georgy Ivanov in Istanbul (<http://www.day.az/news/politics/213137.html>).

President Ilham Aliyev meets Russian Prime Minister Vladimir Putin in Istanbul (<http://www.day.az/news/politics/213316.html>).

The Milli Majlis adopts the country's new military doctrine (<http://www.day.az/news/politics/213263.html>). Ganira Pashayeva, a Milli Majlis deputy, says that "the growing authority and power of Azerbaijan are clearly evident in the [new] military doctrine" (<http://www.day.az/news/politics/213308.html>).

Industry and Energy Minister Natig Aliyev says that "the agreement [on the supply and transit of gas Baku and Ankara have signed] will still further strengthen economic cooperation between Azerbaijan and Turkey" (<http://www.day.az/news/economy/213145.html>).

Aynur Jamalgyzy, a Milli Majlis deputy, says that if the international community had given even "the most minimal just relationship" to the Karabakh conflict, that conflict would already have been solved (<http://www.day.az/news/politics/213024.html>).

The Organization for the Liberation of Karabakh wants to be represented in the Milli Majlis, its leader Akif Nagi says (<http://www.day.az/news/politics/213243.html>).

Fiorello Provera, vice-chairman of the foreign affairs committee of the European Parliament, says that the EP intends to broaden cooperation with Azerbaijan within

the framework of the Eastern Partnership
(<http://www.day.az/news/politics/213182.html>).

7 June

President Ilham Aliyev meets Turkish Prime Minister Recep Tayyip Erdogan in Istanbul (<http://www.day.az/news/politics/212967.html>).

Deputy Foreign Minister Vagif Sadykhov participates in the special session of the Organization of the Islamic Conference on the Flotilla of Freedom incident (<http://www.day.az/news/politics/213113.html>).

Aydyn Mirzazade, a Milli Majlis deputy, says that basing of foreign troops on the territory of Azerbaijan can take place only in extraordinary circumstances (<http://www.day.az/news/politics/213074.html>).

Turkish Prime Minister Recep Tayyip Erdogan says that Baku's position on Israeli actions against the Flotilla of Freedom "completely satisfies" Ankara (<http://www.day.az/news/politics/213114.html>).

Russian Foreign Minister Sergey Lavrov discusses the Karabakh conflict with his French counterpart Bernard Kouchner (<http://www.day.az/news/politics/213123.html>).

Turkish Foreign Minister Ahmet Davutoglu says that "Azerbaijan and Turkey are united by indestructible fraternal ties" (<http://www.day.az/news/politics/213033.html>).

Azerbaijan and Turkey sign an agreement on gas deliveries (<http://www.day.az/news/economy/213077.html>).

Fifteen organizations of Azerbaijanis living in Sweden create the Congress of Azerbaijanis of Sweden (<http://www.day.az/news/society/213084.html>).

6 June

President Ilham Aliyev receives US Secretary of Defense Robert Gates, who hands over to the Azerbaijani leader a letter from President Barak Obama (<http://www.day.az/news/politics/212950.html>).

Foreign Minister Elmar Mammadyarov expresses concern about breaks in the negotiating process on the Karabakh conflict (<http://www.day.az/news/politics/212924.html>). He says that political leaders "must not allow" that to happen (<http://www.day.az/news/politics/212877.html>).

Novruz Mammadov, head of the international relations department of the Presidential Administration, says that US President Barak Obama's decision to appoint Matthew Bryza as ambassador to Azerbaijan is "the correct choice" because Bryza "knows the region well" and has experience with Karabakh negotiations (<http://www.day.az/news/politics/212919.html>).

A delegation of Milli Majlis deputies attending the NATO Parliamentary Assembly meet with the president of that body, John Tanner (<http://www.day.az/news/politics/212927.html>).

5 June

Foreign Minister Elmar Mammadyarov tells the Venice Commission about the steps Azerbaijan has taken to guarantee human rights (<http://www.day.az/news/politics/212889.html>).

Arif Mammadov, the permanent representative of Azerbaijan to the Council of Europe, says that the proposal to reestablish the subcommittee on the resolution of the Nagorno-Karabakh conflict will help promote a solution (<http://www.day.az/news/politics/212897.html>).

Samad Seyidov, the head of the Azerbaijani delegation to the Parliamentary Assembly of the Council of Europe, says that "Armenia is feeling weakness" because of its policies (<http://www.day.az/news/politics/212896.html>).

Thorbjørn Jagland, the secretary general of the Council of Europe, says that "Azerbaijan is going in the correct direction in the establishment of human rights" (<http://www.day.az/news/politics/212866.html>).

Belarusian Foreign Minister Sergey Martynov says that the visit of President Aleksander Lukashenka shows that Minsk is ready to develop joint production facilities in Azerbaijan as well as to take other steps toward deeper cooperation between the two countries (<http://www.day.az/news/politics/212900.html>).

Werner Hoyer, minister of state at the German foreign office, says that Berlin does not recognize either the Nagorno-Karabakh regime or "parliamentary elections" organized by it as legitimate (<http://www.day.az/news/politics/212868.html>).

Vladimir Dorokhin, Russian ambassador to Azerbaijan, says that Moscow "wants to have the maximum possible friendly relations with Azerbaijan" (<http://www.day.az/news/politics/212886.html>).

Hulusi Kılıç, Turkish ambassador to Azerbaijan, attends the opening of a memorial in Shamakha of the Grave of the Unknown Turkish Soldier (<http://www.day.az/news/society/212856.html>).

4 June

President Ilham Aliyev receives Belarusian leader Alexander Lukashenka and tells him that "relations between Azerbaijan and Belarus are developing in a very dynamic fashion" (<http://www.day.az/news/politics/212416.html>).

Foreign Minister Elmar Mammadyarov meets with the co-chairs of the OSCE Minsk Group in Brussels (<http://www.day.az/news/politics/213030.html>).

Foreign Minister Elmar Mammadyarov says that "the Belarusian market in energy transit is interesting for Azerbaijan" (<http://www.day.az/news/politics/212649.html>).

Emin Eyubov, Azerbaijan's permanent representative to the European Union, publishes an article in the British journal *The Parliament* describing cooperation between the EU and Azerbaijan (<http://www.day.az/news/politics/212612.html>).

Ogtay Asadov, Milli Majlis speaker, meets with Russian Duma speaker Boris Gryzlov, who tells him that "the position of Russia" on the Karabakh conflict is "unchanged: Russia recognizes and respects the territorial integrity of Azerbaijan" (<http://www.day.az/news/politics/212738.html>).

Ganira Pashayeva, a Milli Majlis deputy, calls on the United Nations and other international organizations to put pressure on Armenia to resolve the Karabakh conflict (<http://www.day.az/news/politics/212776.html>).

Eldar Ibrahimov, a Milli Majlis deputy, says that "if Armenia does not show a constructive approach, the alternative variant will be a military resolution of the conflict" (<http://www.day.az/news/politics/212719.html>).

Gultakin Hajibayli, a Milli Majlis deputy, says that individuals who illegally visit the occupied territories must be kept from entering Azerbaijan (<http://www.day.az/news/politics/212016.html>).

Musa Guliyev, a Milli Majlis deputy, says that the OSCE Minsk Group should dissolve itself because it constantly talks about progress but has not produced any (<http://www.day.az/news/politics/212287.html>).

Leyla Aliyeva, head of the Moscow office of the Heydar Aliyev Foundation, says that "Azerbaijan can become a bridge between civilizations" (<http://www.day.az/news/politics/212777.html>).

Mammadbaqir Bahrami, Iran's ambassador to Azerbaijan, says that "on the Karabakh question, Iran has always stood alongside Azerbaijan" (<http://www.day.az/news/politics/212684.html>).

Ali Bilge Cankorel, head of the OSCE's Baku office, meets with Azerbaijani officials to discuss the upcoming parliamentary elections (<http://www.day.az/news/politics/212774.html>).

3 June

Ogtay Asadov, the Milli Majlis speaker, tells Russian Federation Council head Sergey Mironov that "Russia is the only neighboring country" with which Baku does not have problems, including border issues (<http://www.day.az/news/politics/212552.html>).

Agshin Mehtiyev, Azerbaijan's permanent representative to the United Nations, tells a UNICEF conference that Armenian officials have not been telling the truth to that international organization about Yerevan's policies in the occupied territories (<http://www.day.az/news/politics/212782.html>).

Ganira Pashayeva, a Milli Majlis deputy, tells the 10th Doha Forum in Qatar, that "Azerbaijani refugees expect still greater efforts from the European Parliament toward the resolution of the Karabakh problem" (<http://www.day.az/news/politics/212593.html>).

Eldar Ibragimov, a Milli Majlis deputy, says that Israeli actions against the Flotilla of Peace could end with a break in relations "not only between Turkey and Israel but between Israel and Azerbaijan" (<http://www.day.az/news/politics/212583.html>).

Hungary's Foreign Ministry says that Budapest does not recognize as legitimate "the parliamentary elections" recently held in occupied Nagorno-Karabakh (<http://www.day.az/news/politics/212493.html>).

2 June

President Ilham Aliyev receives Werner Gruber, a leader of the European Bank of Reconstruction and Development (<http://www.day.az/news/politics/212353.html>).

Foreign Minister Elmar Mammadyarov receives Richard Morningstar, Special Envoy of the US Secretary of State for Eurasian Energy (<http://www.day.az/news/politics/212318.html>).

The Foreign Ministry says that Armenian Foreign Minister Edvard Nalbandyan's recent statements about the Karabakh talks reflect "the highest level of cynicism" (<http://www.day.az/news/politics/212350.html>).

Ganira Pashayeva, a Milli Majlis deputy, tells the Doha Forum in Qatar that "Armenia, by continuing its occupation policy, is causing great harm to regional cooperation" (<http://www.day.az/news/politics/212396.html>).

Yevda Abramov, a Milli Majlis deputy of Jewish origin, says that his "position in connection with the recent events which have taken place between Israel and Turkey coincides with the positions of the Azerbaijani foreign ministry and Presidential Administration" (<http://www.day.az/news/politics/212357.html>).

Sabir Rustamkhanly, a Milli Majlis deputy, says that "if the OSCE Minsk Group pushes the powers that be of Armenia to the wall, a well-known scenario will play out," one that will repeat what Yerevan has done in the past (<http://www.day.az/news/politics/212177.html>).

Three Milli Majlis deputies attend the 35th Plenary Session of the General Assembly of the Parliamentary Assembly of the Organization of Black Sea Economic Cooperation (<http://www.day.az/news/politics/212242.html>).

The sixth session of the Azerbaijani-Belarusian intergovernmental commission on trade and economic cooperation takes place (<http://www.day.az/news/economy/212405.html>).

Lavon Lotem, Israel's ambassador to Azerbaijan, says that the presence of two Azerbaijani citizens among those arrested on the Flotilla of Freedom boats will not have any influence on relations between Israel and Azerbaijan (<http://www.day.az/news/politics/212282.html>).

Richard Morningstar, Special Envoy of the US Secretary of State for Eurasian Energy, says that "without Azerbaijani gas, the realization of the Southern Corridor project is impossible" (<http://www.day.az/news/economy/212288.html>).

1 June

President Ilham Aliyev tells that Baku Conference on Oil and Gas in the Caspian Region that "Azerbaijan is a very favorable and attractive country for investment" (<http://www.day.az/news/politics/212133.html>).

President Ilham Aliyev receives Richard Morningstar, Special Envoy of the US Secretary of State for Eurasian Energy (<http://www.day.az/news/politics/212175.html>).

British Prime Minister David Cameron says in a message to the Baku Conference on Oil and Gas in the Caspian Region that "the Azerbaijani economy is one of the most rapidly developing economies of the world" (<http://www.day.az/news/economy/212273.html>).

Novruz Mammadov, the head of the external relations department of the Presidential Administration, says that "the process of resolving the Nagorno-Karabakh conflict has intensified" (<http://www.day.az/news/politics/212207.html>).

Novruz Mammadov, the head of the external relations department of the Presidential Administration, says that the Israeli attack on the humanitarian flotilla must be investigated and "a just assessment given" (<http://www.day.az/news/politics/212200.html>).

Bahar Muradova, the vice speaker of the Milli Majlis, expresses the hope that problems between Turkey and Israel will be resolved peacefully (<http://www.day.az/news/politics/212117.html>).

The Muslim Spiritual Directorate of the Caucasus calls on Israel to take "corresponding measures in connection with the use of force by Israeli military units against volunteers from the 'Flotilla of Freedom'" (<http://www.day.az/news/politics/212161.html>).

Azerbaijani parliamentarians meet with their Belarusian counterparts and note "the high level of cooperation between the two countries" (<http://www.day.az/news/politics/212123.html>).

Ganira Pashayeva, a Milli Majlis deputy, meets with various foreign leaders at the 10th Doha Forum in Qatar (<http://www.day.az/news/politics/212137.html>).

US Secretary of State Hillary Clinton, in a message to the Baku Conference on Oil and Gas in the Caspian Region, says that "Azerbaijan is developing as an important and reliable supplier of energy resources to the world market" (<http://www.day.az/news/economy/212094.html>).

California Governor Arnold Schwarzenegger says that "we highly value the contribution of Americans of Azerbaijani origins to our 'Golden State'" (<http://www.day.az/news/politics/212069.html>).

Yusuf Yazar, Turkey's deputy energy and natural resources minister, says that Baku's oil and gas policies are a reflection of Azerbaijan's level of development (<http://www.day.az/news/economy/212277.html>).

The United Nations Alliance of Civilizations program supports the idea of holding the first congress of that program's youth movement in Baku (<http://www.day.az/news/politics/212099.html>).

Note to Readers

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