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Azerbaijan: The Wider Black Sea's Caspian Keystone

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With NATO's eastwards expansion and in the wake of the attacks on the United States on September 11, 2001, the wider Black Sea – Caspian region has emerged as a vital element for Europe's security. As a result, it has acquired greater visibility on the radar screens of Western decision-makers with surging, though not entirely coherent and focused, U.S. interest. Recent developments contributing to renewed interest in the region have included two more Black Sea littoral states, Bulgaria and Romania, joining NATO and the “Color Revolutions” in Eurasia. Even if the Black Sea – Caspian region is number one on the Western political agenda, the importance of this Eurasian nerve center, where so many global currents overlap, is rather obvious.

While Western decision-makers are still working on how to fit the region into their worldview, some of the countries in the region have been working on integration. These have long recognized that they form a part of Euroatlantic community. This recognition is among the reasons why Azerbaijan has taken a lead in developing the East-West energy and transportation corridor, the most ambitious and transformative initiative in the region to date. Moreover, it is a regional approach that determined Baku's strong push for multilateral energy projects, the development of GUAM and active participation in international security initiatives. Seen from Baku, there is fertile ground for a wider Black Sea – Caspian regional perspective.

A quick look at the map makes clear that securing the benefits of change and promoting positive engagement, requires deeper involvement of the South Caucasus in Euroatlantic processes and expanding ties with the countries of Central Asia. To do that successfully, the West, especially the United States, should consider not only global transformations and its own evolving outlook, but also the context of transition in which regional outlooks have developed internally in the countries concerned.

Following the instability of early 1990s, the priority was on ensuring the survival of the fledgling states caught up in the post-Cold War geopolitical struggle and to the development of national identity in these new states. Later, the much less exciting and routine challenges of institution-building and sustainable economic development took precedence. Such processes both require and lead to more confident states. Arguably, the extent of the confidence of these countries and of their success in meeting the challenges facing them depends on strategic choices made earlier.

Today, Azerbaijan has emerged as a functioning state that is able to take on leadership in the region and that is moving towards addressing some of its most pressing daily concerns. Acceptance that the future of Azerbaijan and that of the entire region lies with the Euroatlantic community is widely shared in Azerbaijani society and has been reflected in Baku's strategic decisions from early on. Those decisions enabled Azerbaijan to make the best of resources and opportunities for

strengthening its own state institutions as well as for forging regional partnerships. Recognition of being an integral part of a wider and closely interlinked region, as well as of the direct relationship between domestic and regional prosperity, has helped Baku to pursue a balanced interest-based policy. At the core of this policy is pragmatism, which importantly, has aimed at long-term rather than short-term benefits. The difference, more evident in hindsight, was not always obvious and required vision for the future. This visionary pragmatism became the trademark political logic of Azerbaijan and its late leader Heydar Aliyev.

The most visible product of this policy and, perhaps, the most significant for the Black Sea – Caspian region is the strategic Baku-Tbilisi-Ceyhan (BTC) oil pipeline, which, incidentally now carries Aliyev's name in addition to the Azerbaijani oil. This pipeline, while specifically built to avoid using the Black Sea for shipping, provides a physical, infrastructural, backbone to the East-West energy corridor and has contributed significantly to the process of integration within the Black Sea – Caspian region. It also serves as an example of successful regional cooperation between Azerbaijan, Georgia and Turkey, with American support. Moreover, it provides some useful lessons for the future.

First, regional cooperation in the Black Sea – Caspian area can work, even on projects as ambitious as the BTC, if all the parties involved recognize their shared responsibility for success. Then, of course, setting clear, achievable objectives and a determination to achieve them helps to overcome external pressures. Finally, strong and focused U.S. engagement is a key factor. This project once again underscored the strong partnership between Azerbaijan and Georgia, a vital link for integration of the South Caucasus into the Euroatlantic space and for opening a gateway to Central Asia. It also highlighted the indispensable regional role of Turkey. All of these are necessary elements of any successful Western strategy for the wider Black Sea region. Given ongoing discussions regarding the Black Sea region's future, the success of the American-Turkish alliance in building reliable partnership with Azerbaijan and Georgia and in advancing Western, in this case including Turkish, interests in the South Caucasus is notable.

Successful development of regional projects shows that Azerbaijan and Georgia can deliver on their promises and, in turn, has strengthened their statehood. Symbolically, the two nations link the Caspian and Black Seas establishing a fundamental regional connection. With the pipeline reaching Ceyhan that link has now been extended to the Mediterranean. Bringing Caspian natural resources to world markets has turned the region's oil and gas producers and transit countries into an important part of European, and by extension global, energy security. It is a non-OPEC oil supply with access to a strategic port at an open sea in a NATO member state. However, Europe has yet to show leadership in engaging the region it only now begins to describe as part of its "neighborhood." Therefore, a strong U.S. presence continues to be a driving factor for Euroatlantic integration and, should a wider Black Sea area approach be employed, for integration within the region itself. As the region transforms, so should, naturally, this presence.

Most importantly, a committed long-term partnership between the United States and its allies in the region is crucial for taking the process of integration into Euroatlantic structures to the next, more operational, level. This partnership cannot be one-dimensional, no matter the priority given to a particular issue, for instance fighting terrorism. Moreover, for such partnerships to work, they need to incorporate the concerns of all the parties involved. Addressing the plurality of needs was one reason why the BTC project has succeeded. On the other hand, the infamous section 907 of the

Freedom Support Act enacted by the U.S. Congress under the pressure from the Armenian Lobby in 1992, and which prohibited direct aid to the Government of Azerbaijan, serves as a counter example. Waived by President Bush in the aftermath of September 11, 2001, in order to facilitate American cooperation in the war on terror with strategically important Azerbaijan, this piece of legislation is still formally on the books and has over the years been detrimental to strengthening bilateral ties and to advancing America's own interests in the region. Thus, should the U.S. policy be pursued in a distracted and inconsistent manner subject to domestic pressures from special interest and ethnic groups, rather than serving the objective of strengthening America's presence in the region, the United States may one day find itself lagging behind other, increasingly ambitious and focused, regional players. And this is a region where the U.S. has so far been able to count on strong pro-American sentiment

For Azerbaijan, national interests have begun to take on a more pronounced role in Baku's strategy for developing bilateral and multilateral ties. Being able to face many of its challenges itself and having mostly satisfied the typical emerging state's hunger for joining multiple multilateral institutions, Azerbaijan now applies a more mature and rigorous cost-benefit analysis to its decisions. If anything, this only strengthens the country's Euroatlantic orientation. Increased pragmatism implies a less emotional and more deliberate decisions aimed at fulfilling the necessary criteria for integration, including those in the area of institution building. Furthermore, a more comprehensive and institutional engagement is expected from its Western partners. Neither the excessively cautious Western, notably European, approach to its ever-expanding neighborhood, nor the continuous complaints about it are particularly new. Still, when accelerated processes of transition provide a unique historical opportunity for the positive advancement of mutual interests, more proactive engagement might be said to be in order.

Certainly, moving towards both EU and NATO is a natural process for the Black Sea – Caspian region, as membership is a major foreign policy objective, even if at times it has not been explicitly announced. As self-evident as the attraction of the Union and the Alliance might be, a more elaborate explanation of the benefits and obligations resulting from membership would be a helpful exercise in the aspirant countries. This would be especially useful in the context of public discussion, which inevitably intensifies throughout the South Caucasus as the Euroatlantic integration process deepens. The familiar sight of the region's countries knocking loudly on the doors of Western institutions and of the latter reluctantly acknowledging their aspirations, all the while emphasizing "enlargement fatigue" is neither encouraging nor useful. A more productive exchange of ideas can be beneficial because it will widen the public discourse and help to calibrate expectations to realities on the ground. Incidentally, given Turkey's vital regional role, the development of Ankara's ongoing dialogue with the EU has an impact on the South Caucasus. Continuously delaying Turkey's EU membership and emphasizing its "cultural difference" (popular among some European politicians) does not facilitate integration of the South Caucasus, a culturally diverse, but nonetheless, European, region.

As was the case for East-Central Europe, NATO has been and will, in all likelihood, continue to be the leading Western multilateral institution in the Black Sea – Caspian region. This is because NATO generally moves faster than the EU and because the Alliance seems better equipped to address the region's most pressing issues, security and institution building. Moreover, Bulgaria and Romania have joined Turkey as Black Sea NATO members. This has brought the Alliance even closer to the South Caucasus and should strengthen bridges between the member-states and partner

countries. The Individual Partnership Action Plans (IPAPs) and the experience accumulated through the Partnership for Peace program (PfP) have established a strong basis for further integration. For all of these elements to come together and to take the existing cooperation to the next level, NATO should see the relevance of the region for its strategic future and its regional allies should see the benefits of deeper cooperation. Highlighting the benefits, even the most obvious ones, is important as closeness to NATO does come at a certain price. Needless to say, Azerbaijan's much larger neighbors, Russia and Iran, are less than thrilled to see the development of the NATO-Azerbaijan partnership. Geographical location, influence over unresolved regional conflicts and a simple difference in size are reasons why Azerbaijan and Georgia tend to feel the irritation of their neighbors rather strongly.

A cooperative strategy between NATO and its regional allies should be crafted so as to consider the interests of all concerned. These interests should be elaborated in Brussels or a regional capital exclusively, but rather as a result of intensive two way exchange. All parties have various sets of political and military priorities and much is yet to be done in the area of harmonization and interoperability, most importantly, in the field of defense and security sector reform. Incidentally, more active NATO contributions to defense reform, even without a clear membership prospect, would benefit the region and, not least, Russia itself. It would also help to channel existing resources in a more efficient manner while strengthening overall security.

At the same time, the toughest challenges for Azerbaijan and Georgia are their conflicts with Armenia and Abkhazia and South Ossetia, respectively. Avoiding those is tantamount to denying that the elephant is in the room. Furthermore, these unresolved conflicts threaten regional security as a whole and preclude the launch of many potentially beneficial multilateral projects. This constitutes a further reason why unresolved regional conflicts warrant greater NATO attention.

Increasingly, Azerbaijan is considered a security provider for the region. The emergence of regional providers rather than consumers of security is an important development, given the predominance of what Svante Cornell described as the "security deficit"¹. Only a viable regional format, inclusive of a strong Azerbaijan-Georgia bond, intimately integrated with NATO, can address this "deficit" and enhance the Caspian contribution to global energy security via the East –West energy corridor. A stable and secure South Caucasus is a key to ensuring access to the vast energy resources of the East Caspian. In this process, Azerbaijan is, according to one U.S. diplomat, the "keystone" country². This also goes for the ongoing Baku-Tbilisi-Erzurum gas pipeline project and a variety of future projects, including potential trans-Caspian arrangements. Kazakhstan's decision to channel some of its reserves in a Western direction via Baku is a good beginning.

Azerbaijan has also managed to continuously improve relations with Russia, without having to make concessions on sovereignty or in other areas of strategic national interest, such as the ownership of energy infrastructure. In part, this is a result of Moscow's recognition that Azerbaijan is an independent regional partner and of Baku's understanding that Russia has some legitimate interests in the region and its avoidance of direct confrontation with its Northern neighbor. In fact, stronger states along Russia's Southern rim contributes to its security, a notion, which is yet to fully

¹ Svante Cornell "Nato's role in South Caucasus Regional Security" in *TURKISH POLICY QUARTERLY*, VOLUME 3, NO. 2 Summer 2004

² Ambassador Stanley Escudero , speech on the occasion of the 4th of July reception at the US Embassy in Baku, 1998.

take hold in post-Soviet Eurasia. Ironically, the BTC, a project Moscow opposed earlier, may well offer a possible export route for Russia's oil.

An important consideration for a Black Sea –Caspian strategy is that Russia's profile in the region is growing. Apparently, no longer seriously aspiring to be a global competitor to the West, Moscow has focused on reasserting its influence throughout the "near abroad", a rather telling choice of verbal designation. What is more important about Moscow's policies is not its occasional emotional outbursts against Georgia, Ukraine and the now fully integrated Baltic States, but its successful approach of courting once alienated neighbors and its new relationship with Ankara. If the very transatlantic pillars of Europe find *Gazprom's* charm irresistible, then a softer, economy-driven and calculated Russian policy can be a natural winner in Eurasia. A more pragmatic Russia is certainly a welcome player in the region, that is if its newly found role of friendly equal partner is sustainable and if its drive to control the region's energy transportation infrastructure truly reflects purely economic considerations. At the end, the true test of Russia's role, just as for other partners, is whether it contributes to helping address the main challenges facing the region. As mentioned earlier, regional conflicts still top the agenda. This is especially important because Moscow has a strong and very direct influence over most of the separatist groups in the area.

The 18-year long and to date unresolved Armenia-Azerbaijan conflict remains the most emotional issue for Azerbaijanis, who incorporated the pain of occupation and large-scale displacement as an element of their new national identity. The Armenia-Azerbaijan conflict, along with the ones that plague Georgia and Moldova, still represent a major threat to regional security and prevent the wider region from fulfilling its promise. Simmering remnants of a collapsing empire and geopolitical games, these conflicts have much less clear ownership now and, without a more focused international effort to resolve them, will continue poisoning the waters of the Black and Caspian Seas and with them the future of the entire neighborhood. The conflict has a strong impact on how the Azerbaijan formulates its foreign policy. As long as it remains unresolved, Baku will increasingly view its relations with other countries through its prism. Most likely, this will also influence the Azerbaijani approach to the wider Black Sea region's integration.

Perhaps, the region's Western partners should make resolving conflicts wrongly designated as "frozen" a greater priority both as they devise regional policy and as they discuss outstanding issues with Moscow. So far, when the Troika of the OSCE Mink Group co-mediators, France, Russia and the USA, express their satisfaction with the high level of cooperation among themselves, it has been against the background of little or no progress in the peace process. As important as the cooperation among the co-mediators is, it should not overshadow the main mandate of the group, the facilitation of a peaceful settlement of conflict in accordance with fundamental principles of international law. In this respect, the most recent intensification of the mediation efforts, spearheaded by the American co-chair Matthew J. Bryza, is a welcome development.

In order to be successful, the momentum for integration and security should come from within the region. By moving towards a peaceful settlement, the South Caucasus will also move in the direction of development. Furthermore, with Armenia still outside most regional initiatives as a result of its ongoing aggression against Azerbaijan and some, arguably, ill-advised strategic choices, a peace agreement could also facilitate Armenia's integration with the rest of the region. To end its detrimental isolation, Yerevan will need to change its excessively confrontational view of the neighborhood and cease the clearly unsustainable occupation of Azerbaijani territories.

Presently, the intransigence of Armenia's leadership, which only reinforces the country's alienation from its neighbors, raises serious questions regarding its vision for the future of the South Caucasus and its acceptance of the need for sustainable independent statehood as opposed to one driven by ethnic considerations.

Yet, the recent United Nations resolution "On the situation on the occupied territories of Azerbaijan", while expressing concern with large scale fires and calling for a mitigation of damage to the environment, also notes the readiness of both Armenia and Azerbaijan to cooperate. Perhaps, this could serve as an opportunity to test the prospects of cooperation in addressing common challenges. On the other hand, lack of any progress towards a settlement would only solidify the dangerous trend of growing tensions in the region. Therefore, Western efforts to end Armenia's loneliness should focus on resolving the conflict. Moreover, calling on Azerbaijan to develop relations with Armenia while the occupation continues is simply unrealistic. Pressuring Turkey into unilaterally opening its Armenian border, contrary to assumptions, would only remove a peaceful, economic incentive for Yerevan's progress towards a settlement and further limit Baku's options.

At the same time, Azerbaijan's growing international profile acquired a new dimension with its election to the chair of the Organization of the Islamic Conference (OIC)³. This not only serves to enhance the international image of Baku, but by virtue of a moderate, pro-Western country leading the OIC, also creates new bridges for intercultural as well as intra-Muslim dialogue. Characteristically, speaking at an OIC ministerial event in Baku, President Ilham Aliyev stressed the need for stronger resolve among Islamic countries in fighting terrorism. Azerbaijan's leadership of the OIC is just one example of diversity in the Black Sea – Caspian region, as well as of the extent of its complexity and of its enormous promise.

One such complexity for Azerbaijan is being a Western-oriented country with a majority Muslim population next door to Iran. This challenge results from Tehran's ideological stance, clearly not shared in Baku, and from its long-standing sensitivity over the large numbers of ethnic Azerbaijanis living in Northern Iran. Mass protests throughout Northern Iran in the spring of 2006 led to clashes between ethnic Azerbaijanis and the Iranian security forces. Although neither Azerbaijan, nor, apparently, any of the other "usual suspects", including Israel, Turkey and the U.S., supported the ethnic Azerbaijani protesters, these events only contribute to mutual suspicion between Tehran and its ethnic Azerbaijani citizens. They also point to another challenge in the neighborhood of the Black Sea – Caspian region.

Baku's efforts to have normal, neighborly relations with Iran are further complicated by the latter's controversial vision of international affairs. As disagreement over Tehran's nuclear program grows, this global issue is increasingly likely to leave a regional footprint. Some Iranian politicians have already threatened retaliation against America's regional allies, should the U.S. resort to force in dealing with Iran. This creates for the entire region, especially Azerbaijan, a strong opponent of nuclear proliferation, the difficult conundrum of the danger of a potentially nuclear Iran versus the devastating consequences of any instability resulting from an open confrontation along its Southern borders. These, too, are important considerations to be included in the formulation of a wider regional strategy and in constructing a sustainable security architecture.

³ More information: <http://www.oic-oci.org/>.

In terms of the wider Black Sea –Caspian region, divergent perceptions have a significant impact on how the future of the area is viewed. Discussions on regional issues reveal a variety of stereotypes, often ideological in nature, which need to be addressed in order for the region to move towards becoming an integral group in global affairs. America’s engagement remains crucial for the region, but poses imposes a challenge because the wider Black Sea area is not exactly Washington’s top priority and because in the political culture of the short attention span, short-term and uncomplicated stories are a much easier sell. On the other hand, a misinterpretation of American objectives in the region by others, not without “helpful” and “friendly” propaganda, is also a much easier fit for existing stereotypes than the results of in depth analysis of underlying and, admittedly confusing, political processes in Washington.

When what seemed like a wave of “color revolutions” appeared in the wider region, it was easy to draw quick conclusions and parallels. For an outside observer, these events with all their human drama, outpouring of public support, “right” rhetoric and rich symbolism indicated a dramatic change. Naturally, as time passes, more attention is drawn to the specifics and important distinguishing features of, what are apparently, very different political processes. Arguably, the fundamental challenge of institution building and the establishment of viable states still underlies many regional processes of transformation.

In Georgia, the accumulation of tension by 2003 left no option other than a revolutionary change, which in turn led to a breakthrough in the political sphere. Importantly, this change was supported by a public consensus, which then translated into over 95 percent support for President Mikheil Saakashvili in the elections. Importantly, post-Rose Revolution Georgia continued pursuing its role in regional integration and moved to further solidify its partnership with Azerbaijan.

In Azerbaijan, Ilham Aliyev’s presidency marked both the emergence of a young and dynamic political elite and a smooth transition of power to a new generation of leaders. Here, overwhelming public support was on the side of evolutionary change. This was because over the years, Azerbaijan, for a variety of reasons, has established mechanisms for addressing issues of public concern. A simplified external view of the Azerbaijani political landscape misses subtle nuances in the country’s politics and has mistakenly tried explain complex development in reductionist terms. Thus, few outside observers noted that Azerbaijan successfully implemented a prime-ministerial model of succession, with Ilham Aliyev managing to build a wide-ranging support base across what many had presumed to be political dividing lines, building on positive aspects of the track record of previous years. Significantly, Azerbaijani institutions had developed enough for evolutionary development to be the preferred option for society. Elections are, of course, only a part of the democratic process. Moments of public solidarity, however strong emotions may be, are too. In the long-term, what really matters is that leaders deliver on their promises and meet the citizens’ expectations in advancing political, economic and social reforms. Matching progress in strengthening state institutions with promoting vibrant civil society and economic prosperity of the population is not an easy task and by far not unique to the Black Sea – Caspian region. This rather universal yardstick will, in the end, be used to measure how successful the countries of the region are.

The citizens of Azerbaijan and Georgia expressed their choices, in a less dramatic manner in Azerbaijan than in Georgia. Yet, while this has been clear for people and the respective leaders in Baku and Tbilisi, this was not always accepted by observers further afield. It took some time, for

instance, for some in Western capitals to understand the realities on the ground in Azerbaijan. Nobody can afford to slow the intensification of relations at a time of rapid change in the region. Nor can the region afford the weakening of the strongest and the most effective regional bond in the Caucasus, the one between Azerbaijan and Georgia, for the sake of short-term political expediency. After all, Azerbaijan and Georgia form the backbone of the East – West energy corridor and their partnership has withstood very different types of pressures coming from different directions.

Even as Georgia is more outspoken about its quest for membership both in NATO and the EU, a reflection of Tbilisi's difficulties with Russia and of its apparent confidence in strong Western backing, its role within the wider region should not be underestimated. The three countries of the South Caucasus, naturally, may have different priorities and attach different degrees of urgency to each of them. Still, if Euroatlantic integration of the wider region is the priority, strengthening the vital Azerbaijani-Georgian partnership, among other things by encouraging both to move jointly closer to NATO, is of great importance. On the other hand, at least in terms of NATO relations and as much as bringing all of the South Caucasian states on-board is desirable, linking Azerbaijan's progress with that of Armenia, still more of a reluctant than a pro-active participant in the region's Euroatlantic processes, will be counter-productive. While a closer integration of Armenia's neighbors with NATO would serve as an incentive for the former to intensify its own Euroatlantic discourse, Azerbaijan's Euroatlantic aspirations should not be dependent on the pace of transformation in political thinking of the traditionally pro-Moscow Armenian political leadership. Otherwise, a *de facto* right of veto would be granted to external forces with strong influence in Armenia. This, given that Azerbaijan is the most populous nation, the economic leader and the strategic hub of the South Caucasus may have a detrimental impact on the wider region as a whole.

Recently, awareness of Azerbaijan's regional role has been growing. During the April 2006 visit of President Ilham Aliyev to Washington, DC, U.S. President George W. Bush began the joint meeting with the press by describing Azerbaijan as an "ally". The visit was only one sign of an intensification of U.S. – Azerbaijan dialogue. Hopefully, this momentum will translate into an even greater American engagement with Azerbaijan as well as other Caspian countries and to the further enhancement of the partnership between Azerbaijan and the United States.

Clearly, the Euroatlantic community cannot expand endlessly. Yet, just as clear is that the South Caucasus is more than just a "European neighborhood". In this changing world, global challenges are often global opportunities missed earlier. Expanding the East – West corridor to intensify exchanges with Central Asia through the Black Sea – Caspian link is one such historic opportunity. The benefits can be abundant, ranging from energy projects to security cooperation to human and cultural exchange. This can be achieved with stronger political will and a vision for the future. Working with their willing and cooperative regional partners, the Western countries can reach many of their own objectives and solidify recent Euroatlantic advances. As a matter of fact, it is hard to imagine any viable alternative.