

## In the clutches of the Kremlin Azerbaijan's security policy

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The changes which have been taking place over the past few years in Azerbaijan's international environment and the growing concern about internal stability have led to President Ilham Aliyev's regime to thoroughly revise the country's security policy by establishing closer relations with Russia and opening up to co-operation with Iran. One consequence of this move was Azerbaijan's victory in the so-called Four-Day War in Nagorno-Karabakh in April this year – a symbolic success in military terms which nevertheless brought about a real political breakthrough. Baku has chosen the political rapprochement with Russia because it has no other alternative. Over the past three years, Azerbaijan has revised its risk assessment and has reached the conclusion that the West cannot guarantee its security, Turkey's policy is unpredictable, and the strengthening position of its traditional enemy, Iran, generates threats to Azerbaijan. The rapprochement with Russia is a tactical solution intended at helping maintain internal stability and to weather the unfavourable geopolitical, economic and social conditions. The co-operation with the Kremlin has brought tangible benefits: a new dynamic in the conflict over Nagorno-Karabakh (beneficial to Azerbaijan); and a strengthening of the regime's stability, which is necessary during a continuing economic slump. In strategic terms, closer relations with Russia in fact mean a withdrawal from the previous vision of Azerbaijan's foreign policy based on co-operation with the West and Turkey. The consequences of this turn towards Russia will include a further bolstering of the authoritarian regime, restricting Azerbaijan's political subjectivity and making it part of the geopolitical bloc being built by Russia in the post-Soviet area, for example, as part of the Eurasian Economic Union. The situation in Azerbaijan will also depend on the emerging anti-Western Russian-Iranian-Turkish concert of powers which Baku may also join.

### The exhausted strategy

From 1992, Azerbaijan's policy was based on co-operation with Turkey and the West (the EU and the USA) while limiting co-operation with Russia. This strategy has enabled the country to develop independently from the Kremlin. Signs of this include: Western firms' participation in the development of oil and gas fields in Azerbaijan and the construction of hydrocarbon transport routes running through Georgia and Turkey, bypassing Russia. The effects of this co-operation

also included Azerbaijan's income rising; increased military spending and a strengthening of the army; and the enrichment of the clans governing the country. The intense relations with the West<sup>1</sup> were also expected to strengthen the country in dealing with Russia and to contribute

<sup>1</sup> Western states are the main recipients of Azerbaijan's oil and gas; the UK-based firm BP holds the largest stakes in Azerbaijan's most important gas and oil fields (Shah-Deniz and Azeri-Chirag-Gunashli) which, in the opinion of the then president of Azerbaijan, Heydar Aliyev, would strengthen state security. Azerbaijan's troops also participated in NATO's missions in Kosovo, Iraq and Afghanistan.

to its efforts to regain Nagorno-Karabakh and the territories around it which had been lost to Armenia in the war in 1991–1994<sup>2</sup>.

At the same time, Azerbaijan continued what was branded as 'strategic' co-operation with Russia so as not to irritate Moscow, which was viewed as a potential threat. Since the Kremlin backed Armenia in the war over Nagorno-Karabakh, Russian-Azerbaijani relations were full of distrust and were focused above all on the mutually beneficial supplies of Russian arms and employment of Azerbaijani expatriate workers in Russia. Relations with Moscow were also characterised by the tendency to reduce rather than enhance the areas of co-operation, proof of which included the closing of the Russian radar station in Qabali in 2012 and discontinuing imports of natural gas from Russia in 2007.

### **The main assumptions of Azerbaijan's foreign policy were seriously revised in connection with the changing geopolitical situation around the Southern Caucasus.**

These assumptions of the state development strategy began eroding when it became evident that the West is weak (the first signal of this was the war in Georgia in 2008) and that Ankara's policy is unpredictable<sup>3</sup> (after its attempt to normalise relations with Armenia in 2008–2009). However, it was only in the past three years that the main assumptions of foreign policy were seriously revised in connection with the changing geopolitical situation around

the Southern Caucasus and growing pressure from Russia, which Azerbaijan would prefer to not oppose, choosing instead a policy of forced, albeit maximally constructive, co-operation.

### **The dangerous reality**

Baku's present policy is affected by both the moves being made by its previous partners (the West and Turkey) and the growing potential of the states which are traditionally perceived as a threat (Russia and Iran).

What the West views as negative changes in the global balance of power is reflected in the Ukrainian and Syrian conflicts taking place in Azerbaijan's close neighbourhood. From Baku's perspective, the West has failed to show determination in protecting its interests in these conflicts, and has even contributed to a further destabilisation of the situation. At the same time, Azerbaijan fears that EU and US policy in the post-Soviet area might provoke a revolution or a revolt (as, in Baku's opinion, was the case with Ukraine in 2014, and before that in North African countries, which was labelled as the Arab Spring) and does not believe that the West is willing and able to ensure security and effective support to its allies (proof of which, from Baku's point of view, was Mikheil Saakashvili's loss of power in Georgia in 2012). The change in the socio-political values taking place in the EU and the USA (for example, the refugee crisis in the EU and the presidential election in the USA) may cause a serious internal crisis and a shake up of the existing foreign policy priorities – this also adds to the negative evaluation.

The actions taken by its ally, Turkey, under President Recep Tayyip Erdogan's rule have also been disadvantageous for Azerbaijan. Baku is concerned about Turkey's policy aimed at escalating further domestic crises (for example, with the opposition, Kurds, the movement led by the conservative religious leader Fethullah Gulen), the tendency to resort to blackmail and provoke conflicts with countries which are also po-

<sup>2</sup> Azerbaijan pinned its hopes, for example, on the successful operation of the OSCE Minsk Group established in 1992 in which Western countries predominate (its members are: Belarus, Germany, Italy, Portugal, Holland, Sweden, Finland, Azerbaijan and Armenia) and which is co-chaired by Russia, France and the USA.

<sup>3</sup> Other manifestations of this policy include support for the Muslim Brotherhood during the Arab Spring (2011), Turkey's engagement in Syria against Assad, the conflict with Kurds (2015) and shooting down the Russian bomber (2015).

tentially dangerous to Azerbaijan (for example, with Russia after shooting down the Russian military jet in November 2015) and to make sudden U-turns in international alliances (for example, the normalisation of relations between Ankara and Moscow and the political conflict with the EU and the USA). A further aspect hindering dialogue is the fact that Turkey's governing party, AKP, and President Erdogan are the opposite of the secular regime in Azerbaijan, and in fact are building a state which is the antithesis of the Kemalist idea of secularism.

### **Azerbaijan is concerned about Russia gaining strength in the post-Soviet area and Iran internationally.**

All these factors adversely affect the level of trust between Baku and Ankara, and cause concern about the future of the jointly implemented strategic projects, such as the TANAP gas pipeline, which the Turkish minister of foreign affairs suggested could be connected with the Russian Turkish Stream project after President Erdogan's visit to Moscow (9 August). However, Azerbaijan views Russia's strengthening position in the post-Soviet area as the greatest threat. This is manifested in the Caucasus for example in the growing role played by pro-Russian political groupings in Georgia, a key country for Azerbaijan's energy projects. Baku also fears the fact that the Kremlin is prepared to launch aggressive operations in other countries (Ukraine, Syria) and openly enter into conflict with the West (NATO). Azerbaijan's traditional enemy, Iran, has been strengthening its position on the international arena (and this process rapidly gained momentum following the partial lifting of sanctions in January 2016) and this is equally dangerous to the Azerbaijani regime. Even though the Caucasus is not a priority direction in Teheran's policy, the Iranian expansion in this region (for example, the

projects offered to Armenia and Georgia in the energy and transport sector<sup>4</sup>) does not allow Baku to continue its previous isolationist policy, and forces it to open up to co-operation. The Azerbaijani regime also traditionally fears possible interference by Iran and Russia with its domestic situation by using radical Shiites or Salafis, or ethnic minorities (the Talysh or Lezgian people). Russia's ability to interfere with the political processes taking place in Azerbaijan also causes concern: initially, the opposition's candidate for president in 2013 was a Russian citizen of ethnic Azerbaijani background<sup>5</sup>, while at present Moscow, at least indirectly, supports the idea of holding a referendum on amending the constitution to reinforce the position of the president in Azerbaijan<sup>6</sup>.

The country's domestic policy is influenced by the falling oil prices which generate around 90% of the income from exports and the continuing economic and social crisis provoked in part by the decrease in oil prices followed by the 50% devaluation of the manat in December 2015 (this provoked numerous spontaneous protests in January this year). Symptoms of struggle for financial assets and disloyalty among the political elite have also been observed (for example, the dismissals of the ministers in charge of communications and national security last autumn).

<sup>4</sup> Iran is interested, for example, in co-operation with Georgia in the area of Internet connections (Georgia owns a cable running along the seabed providing Internet access in the Caucasus), gas exports and electricity production. From Georgia's point of view, co-operation with Iran (especially in the gas sector) will provide a counterweight to relations with Azerbaijan (the main gas supplier). In turn, Iran and Armenia have struck a deal on increasing gas supplies from Iran to Armenia in exchange for increased electricity supplies from Armenia to Iran. Iran is also interested in a railway connection with Armenia, which sees this co-operation as an alternative to transport corridors running through Georgia. It will also allow it to reduce its dependence on Russia. Georgia and Armenia introduced a visa-free regime with Iran this year.

<sup>5</sup> The person concerned is Rustam Ibragimbekov, a well-known scriptwriter and playwright. The formal reason why he was rejected as a candidate by the Central Election Commission was the fact that he held double citizenship: Russian and Azerbaijani.

<sup>6</sup> <http://www.today.az/news/politics/153503.html>

## New calculations

Given these difficult conditions, the regime in Azerbaijan has been focusing on securing power and its own interests, using a tactic of adjusting to the changeable reality and thus minimising the risks to state security and stability.

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The most important tasks for President Aliyev include maintaining internal stability, keeping the governing clans united and consolidating public support. This, in turn, requires an active domestic and foreign policy, i.e. a neutralisation of the potential threats originating from these two directions.

As regards internal issues, the government has responded by tightening its grip on society and repressing circles which it views as being dangerous (i.e. pro-Western circles, radical Shiites raising political and social issues<sup>7</sup>, and groups linked to Fethullah Gulen<sup>8</sup>, who Ankara has accused of attempting to stage a military coup), getting rid of individuals who pose a potential threat to the regime (the tacit agreement allowing radicalised Salafis to leave for Syria). The government has also taken provisional action to improve public sentiment (for example, lifting VAT on bread and flour, and raising pensions) and to strengthen its legitimacy both through holding events for propaganda purposes (such as the Formula 1 race in June this year) and real

successes in the area of the conflict over Nagorno-Karabakh (in the Four-Day War in April). As regards international relations, Baku initially attempted to manoeuvre between the interests of the individual actors engaged in the Southern Caucasus, but in the end it drifted towards Russia. When compared to Iran, Turkey and the West, the Kremlin began to be perceived as a predictable partner interested in the stability of the co-operative regime. Relations have intensified, especially since President Vladimir Putin's visit to Baku in August 2013. They cover the economic sphere<sup>9</sup>, including the energy sector (for example, agreements were signed on gas imports from Russia in 2015; negotiations concerning Azerbaijan's purchase of up to 5 billion m<sup>3</sup> of gas annually from Gazprom are underway). As regards social issues, co-operation has been enhanced in the area of education (for example, opening a branch of the Moscow State Medical University<sup>10</sup>). Azerbaijan also continues buying weapons from Russia (in 2015, 85% of weapons imported by Azerbaijan originated from Russia<sup>11</sup>). Closer co-operation with Russia was accompanied by increasing pragmatism and the adoption of an approach focused solely on deriving maximum benefit from relations with Turkey and the West<sup>12</sup>, sticking to an anti-Western narrative in line with that of Russia<sup>13</sup>. Furthermore,

<sup>9</sup> Russia has been the main supplier of goods imported by Azerbaijan since 2013.

<sup>10</sup> This is the second time a Russian higher education facility opened a branch in Azerbaijan. The new branch was established instantly, only four months after the decree was signed by President Ilham Aliyev. Other examples include: the establishment of the Azerbaijani-Russian Association of Higher Education Facilities (the memorandum was signed in 2015).

<sup>11</sup> <http://www.eurasianet.org/node/72581>

<sup>12</sup> The decision not to sign an association agreement in 2014, forcing the OSCE mission to leave Baku in 2014, preventing the OSCE from observing the election in 2015, getting rid of independent media (e.g. RFERL), imposing restrictions on NGOs' co-operation with foreign sponsors.

<sup>13</sup> For example, the anti-Western manifesto by the head of the Presidential Administration, Ramiz Mehdiyev, full of accusations about the West. Azerbaijani politicians (including the president) condemning the EU's policy on the refugee crisis and accusing the West of using double standards.

<sup>7</sup> The pacifications of the conservative Shia town of Nardaran in November and December 2015.

<sup>8</sup> Closing the network of schools linked to Gulen in 2014 following the unsuccessful July coup in Turkey: the Caucasus University and Azerbaijan's first independent television channel ANS, which was planning to broadcast an interview with Gulen, were closed; <http://www.rferl.org/content/azerbaijan-shuts-tv-station-gulen-interview-turkey/27888826.html>

Azerbaijan is increasingly open to co-operation with Iran<sup>14</sup> and has positioned itself as a bridge between Moscow and Teheran.

### A breakthrough in Nagorno-Karabakh?

The new dynamic, advantageous to Azerbaijan, in the area of the conflict over Nagorno-Karabakh is a consequence of the closer co-operation with Russia. In addition to that, it is also a kind of consummation of this trend. During the so-called 'Four-Day War' (3–5 April 2016), Azerbaijan, most likely acting with Russia's consent<sup>15</sup>, managed to regain minimal strips of territories previously controlled by Armenia. This success, while symbolic in a territorial sense, was of key significance for an Azerbaijan plunged in a political<sup>16</sup> and social<sup>17</sup> crisis. It caused widespread euphoria and a consolidation of the public around the government. It also strengthened President Aliyev's legitimacy, removed the trauma of the defeat in the war of 1991–1994, and distracted public attention away from the economic slump (a 3% drop in GDP year-on-year, and an inflation rate reaching 10.6% between January and July). The escalation in April was nevertheless a lo-

gical consequence of the tension which had been intensifying over the past few years on the frontline, Azerbaijan's consistent armament policy (financed by oil exports to the West), military reform conducted by the new minister Zakir Hasanov (he took the post in autumn 2013) and the rhetoric of war used by the government continuously for years.

**The Four-Day War marked the beginning of a new game around Nagorno-Karabakh. It was initiated by Russia and better serves the interests of Azerbaijan than those of Armenia.**

In the wider context, the Four-Day War marked the beginning of the game around Nagorno-Karabakh which was initiated by Russia and better serves the interests of Azerbaijan than those of Armenia. From Moscow's perspective, its dominance over Armenia in the areas of politics, security and the economy is so strong that it can disregard the interests of both the Armenian political elites and the public<sup>18</sup>. However, the Russian initiative for a peaceful resolution to the crisis (the so-called 'Lavrov Plan')<sup>19</sup> provoked a sudden and unexpected public resistance among the Armenian public and a political conflict between Yerevan and Moscow. It also led to a crisis between the government and the public in Armenia which will be difficult to overcome<sup>20</sup>.

<sup>14</sup> Relations with Iran have improved since Hasan Rouhani became president. The development of co-operation has been manifested in enhancing the legislative base, improving the availability of border checkpoints, intensified political dialogue (Aliyev's two visits to Iran since 2014, Rouhani's visit to Baku in August) and joint infrastructural projects (railroads) which Azerbaijan is ready to finance. Azerbaijan's determination to build a railway connection to Iran results from its desire to derail a similar project offered by Iran to Armenia.

<sup>15</sup> Indirect proof of this include: the immediate reaction from Russia to the resumption of clashes, Moscow's reactions limited to toned down appeals to both parties to refrain from using violence, the unexpected publication by Russian sources of information on a ceasefire, statements from Russian politicians (including Prime Minister Dmitry Medvedev) concerning a Russian-Azerbaijani strategic partnership immediately after the conflict, the ostentatiously warm atmosphere of the talks with the Russian minister of foreign affairs, Sergey Lavrov, in Baku (7 April).

<sup>16</sup> For more information, see: <http://www.osw.waw.pl/en/publikacje/analyses/2015-10-28/azerbaijan-a-major-purge-ahead-parliamentary-election>

<sup>17</sup> For more information, see: <http://www.osw.waw.pl/en/publikacje/analyses/2016-01-20/azerbaijan-rage-people>

<sup>18</sup> This approach is illustrated perfectly by the fact that, during his visit to Moscow in September 2013, President Serzh Sargsyan was forced to withdraw from the plan for Armenia to sign the association agreement with the EU at the Vilnius summit.

<sup>19</sup> The so-called 'Lavrov Plan' has never been revealed, but it can be assumed on the basis of comments from participants of the talks publicised by the media that it envisages Armenia handing back the five territories adjacent to Nagorno-Karabakh, postponing the issue of determining the status of Nagorno-Karabakh, and the deployment of international (in fact dominated by Russia) peacekeeping forces.

<sup>20</sup> For more information, see: <http://www.osw.waw.pl/en/publikacje/analyses/2016-07-27/threat-chaos-armenia>

Armenia's stance contrasts with that of Azerbaijan since the latter is showing off its optimal relations with Russia<sup>21</sup>, positively evaluates Russian efforts and has adopted a wait-and-see stance until the negotiations end. Paradoxically,

**The governing regime currently sees co-operation with Russia as the best way to protect itself from the risk of possible domestic destabilisation and from Iran's expansionist policy.**

Armenia's unwillingness to accept Russian proposals makes it unnecessary for Azerbaijan to articulate its objection against the deployment of Russian peacekeeping forces in the conflict area, which would be disadvantageous to both parties. A solution of this kind would make Armenia and Azerbaijan even more dependent on Russia, would strengthen Russia against Iran (which is launching an expansion in the Caucasus) and Turkey, and would also allow Moscow to demonstrate its effectiveness in conflict management. This would also be another stage in the reconstruction of Russia's dominance in the post-Soviet area and in subordinating the Caucasus.

Whatever the outcome of the negotiations, Armenia is clearly on the defensive during the talks and is coming under pressure from the Kremlin; this situation perfectly suits the regime in Baku. Azerbaijan also views the continuing crisis in Armenia as an advantage; this is further escalated by such factors as Azerbaijan's ostentatiously good relations with Russia. Baku may treat the intensification of the domestic crisis in Armenia as an opportunity to launch an offensive and regain those territories adja-

cent to Nagorno-Karabakh which are the subject of the negotiations using the *fait accompli* method (this scenario will become more appealing should there be an escalation of economic problems in Azerbaijan). However, this option would require consent from Russia, which would use the war to impose the solutions it has been pushing both parties far (above all, the engagement of Russian peacekeeping forces). The current dynamic of the situation is positively evaluated by Baku; therefore Aliyev's regime is most likely to adopt a wait-and-see tactic in the coming months until the talks end. It will also continue to ostentatiously develop relations with Russia in order to put pressure on Armenia.

### **Possible developments – stick with the stronger**

As seen by Azerbaijan, the situation around Nagorno-Karabakh remains unstable, and this carries the risk of destabilisation provoked by external factors. In turn, the dynamics of the developments in the country are dangerous because there is no chance for an increase in oil prices and a positive stimulus to the economy. Given this situation, Azerbaijan will try to enhance co-operation with the countries it perceived until recently as dangerous, above all with Russia and to a lesser extent Iran. Co-operation with Russia, from the point of view of the governing regime, is at present the best way to protect itself from the risk of a possible domestic destabilisation and from Iran's expansionist policy. In turn, opening up to co-operation with both of these countries is a way to neutralise the threats posed by the Russian-Iranian rapprochement. One example of this policy was the unprecedented summit of the presidents of Iran and Russia held in Baku on President Ilham Aliyev's initiative<sup>22</sup> (on 9 Au-

<sup>21</sup> The new quality of relations between Azerbaijan and Russia is well illustrated by the frequency of mutual visits. An Iranian-Azerbaijani-Russian summit on the presidential level was held in Baku, Azerbaijan's defence minister, Zakir Hasanov visited Moscow, and his Russian counterpart, Sergey Shoygu paid a return visit to Baku – and all this happened during just one week in August (9–16).

<sup>22</sup> Iran made air bases available in its territory to Russian bomber aircraft engaged in the military operation in Syria a few days after this meeting.

gust). This tactic adopted by the regime brings at least temporary benefits, as proven by the dynamics of the talks on the conflict over Nagorno-Karabakh, which are now favourable to Azerbaijan.

In turn, co-operation with Turkey covers the economic and financial spheres (implementation of the already initiated projects) ; and this is true to an even larger extent with the West (access to loans and assistance in the reform process). Turkey remains Azerbaijan's most important partner but it is losing significance to Russia and to a lesser extent to Iran. This means in fact a reversal of the previous development strategy based on co-operation with the West and Turkey. At the same time, Azerbaijan is becoming more and more hostage to the development of relations with Russia, Iran, Turkey and the West, and its room for political manoeuvre is shrinking.

On the regional level, the most serious threats to the regime are linked to the conflict over Nagorno-Karabakh, i.e. to the risk that Armenia may wage a preventive war as a remedy to its continuing crisis. It is also possible that Baku has made a miscalculation concerning the possibility of a diplomatic resolution or military victory

in the conflict. In the geopolitical context, the greatest risk is posed by possible tensions in the Russia-Iran-Turkey triangle or in the relations these countries have with the West, and the possibility that Azerbaijan will end up being the place where this tension is discharged (as is now the case with Syria). In each of these scenarios Azerbaijan is more an object than a subject of the game, and it will have no other choice than to keep manoeuvring and adjusting itself to stronger, dangerous players. This offers fewer options to President Aliyev's regime to play on the West's desire to secure its own interests, for example in the energy sector, and reduces its room for manoeuvre in foreign policy. In exchange, the regime gains the possibility to maintain political stability at home. The consequences of this policy may include Azerbaijan drifting towards the emerging bloc of countries at conflict with the West (Russia, Turkey and Iran) and concessions in the energy sector (for example, as regards the implementation of the TANAP gas pipeline). This policy strengthens the authoritarian political system, reduces the possibility of the modernisation of the state, and will in the longer term exacerbate socio-political problems.

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