



Azerbaijan: Recent Developments and U.S. Interests

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August 30, 2011

Congressional Research Service

7-5700

www.crs.gov

97-522

CRS Report for Congress

Prepared for Members and Committees of Congress

Summary

Azerbaijan is an important power in the South Caucasus by reason of its geographic location and ample energy resources, but it faces challenges to its stability, including the unresolved separatist conflict involving Nagorno Karabakh (NK). Azerbaijan enjoyed a brief period of independence in 1918-1920, after the collapse of the Tsarist Russian Empire. However, it was re-conquered by Red Army forces and thereafter incorporated into the Soviet Union. It re-gained independence when the Soviet Union collapsed at the end of 1991. Upon independence, Azerbaijan continued to be ruled for awhile by its Soviet-era leader, but in May 1992 he was overthrown and Popular Front head Abulfaz Elchibey was soon elected president. Military setbacks in suppressing separatism in the breakaway Nagorno Karabakh (NK) region contributed to Elchibey's rise to power, and in turn to his downfall. In June 1993, forces in Ganja challenged Elchibey's power, spurring Elchibey to invite Heydar Aliyev—the leader of Azerbaijan's Nakhichevan region and a former communist party head of Azerbaijan—to Baku to mediate the crisis. The Ganja forces marched on Baku, causing Elchibey to flee the city. Heydar Aliyev was elected chairman of the National Assembly of Azerbaijan, and was granted temporary presidential powers. A national referendum held in August 1993 formally stripped Elchibey of the presidency and Heydar Aliyev was elected president of Azerbaijan in October 1993. In July 1994, a ceasefire agreement was signed in the NK conflict. Heydar Aliyev served until October 2003, when under worsening health he stepped down. His son Ilkham Aliyev was elected president a few days later.

According to the Obama Administration, U.S. assistance for Azerbaijan aims to develop democratic institutions and civil society, support the growth of the non-oil sectors of the economy, strengthen the interoperability of the armed forces with NATO, increase maritime border security, and bolster the country's ability to combat terrorism, corruption, narcotics trafficking, and other transnational crime. Cumulative U.S. aid budgeted for Azerbaijan from FY1992 through FY2009 was \$909 million ("all spigot" foreign assistance). Almost one-half of the aid was humanitarian, and another one-fifth supported democratic reforms. Budgeted aid to Azerbaijan was \$28.1 million in FY2010 and an estimated \$26.9 million in FY2011, and the Administration requested \$21.4 million for FY2012 (the numbers for FY2010, FY2011, and FY2012 include funds in the Assistance to Eastern Europe, Eurasia, and Central Asia Account and other "Function 150" foreign aid, and exclude Defense and Energy Department funds).

After the terrorist attacks on the United States on September 11, 2001, Azerbaijan granted overflight rights and approved numerous landings and refueling operations at Baku's civilian airport in support of U.S. and coalition military operations in Afghanistan. More recently, the country is a major land, air, and sea conduit of the Northern Distribution Network for supplies in support of U.S. and International Security Assistance Force (ISAF) operations in Afghanistan. Azerbaijan has contributed troops for the ISAF since 2003. The country increased its contingent from 45 to 90 personnel in 2009, including medical and civil affairs specialists. From 2003-2008, about 150 Azerbaijani troops participated in the coalition stabilization force for Iraq.

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Political Background

Azerbaijan enjoyed a brief period of independence in 1918-1920, after the collapse of the Tsarist Russian Empire. However, it was re-conquered by Red Army forces and thereafter incorporated into the Soviet Union. It regained independence when the Soviet Union collapsed at the end of 1991. Upon independence, Azerbaijan continued to be ruled for awhile by its Soviet-era leader, but in May 1992 he was overthrown and Popular Front head Abulfaz Elchibey was soon elected president. Military setbacks in suppressing separatism in the breakaway Nagorno Karabakh (NK) region contributed to Elchibey's rise to power, and in turn contributed to his downfall. In June 1993, forces in Ganja challenged Elchibey's power, spurring Elchibey to invite Heydar Aliyev—the leader of Azerbaijan's Nakhichevan region and a former communist party head of Azerbaijan—to Baku to mediate the crisis. The Ganja forces marched on Baku, causing Elchibey to flee the city. Heydar Aliyev was elected chairman of the National Assembly of Azerbaijan, and was granted temporary presidential powers. A national referendum held in August 1993 formally stripped Elchibey of the presidency and Heydar Aliyev was elected president of Azerbaijan in October 1993. In July 1994, a ceasefire agreement was signed in the NK conflict (see below). Heydar Aliyev served until October 2003, when under worsening health he stepped down. His son Ilkham Aliyev was elected president a few days later.

Area and Population: Land area is 33,774 sq. mi.; about the size of Maine. The population is 8.37 million (*The World Factbook*; mid-2011 est.). Administrative subdivisions include the Nakhichevan Autonomous Republic (NAR) and the Nagorno ("Mountainous") Karabakh Autonomous Region (NK). NK's autonomy was dissolved in 1991.

Ethnicity: 91% are Azerbaijani; 2% Lezgins; 1.3% Russian; 1.3% Armenian (estimate for NK), 1.3% Talysh, and others (State Statistic Committee, 2009 census). An estimated 6 million-12 million ethnic Azerbaijanis reside in Iran.

Gross Domestic Product: \$90.8 billion; per capita GDP is about \$10,900 (*World Factbook*; 2010 est., purchasing power parity).

Leaders: *President:* Ilkham Aliyev; *Chairman of the Milli Mejlis (legislature):* Oqtay Asadov; *Prime Minister:* Artur Rasizade; *Foreign Minister:* Elmar Mammadyarov; *Defense Minister:* Safar Abiyev.

Biography: Ilkham Aliyev, born in 1961, graduated with a *kandidata* (advanced) degree from the Moscow State Institute of International Relations in 1985 and then taught history. In 1991-1994, he was in business in Moscow and Baku, then became head of the State Oil Company (SOCAR). He was elected to the legislature in 1995 and 2000. In 1999, he became deputy, then first deputy chairman, of the ruling New Azerbaijan Party. In August 2003, he was appointed prime minister, and was elected president in October 2003. He was re-elected in 2008.

The Azerbaijani constitution, approved by a popular referendum in November 1995, strengthened presidential power and established an 125-member legislature (Milli Mejlis) with a five-year term for deputies. The president appoints and removes cabinet ministers (the Milli Mejlis consents to his choice of prime minister), submits budgetary and other legislation that cannot be amended but only approved or rejected within 56 days, and appoints local officials. The U.S. State Department viewed an August 2002 constitutional referendum as flawed and as doing "very little to advance democratization."

In October 2003, Ilkham Aliyev handily won a presidential election, beating seven other candidates with about 77% of the vote. Protests alleging a rigged vote resulted in violence, and spurred reported government detentions of more than 700 opposition party "instigators." Trials reportedly resulted in several dozen prison sentences. In early 2005, the OSCE issued a report that raised concerns about credible allegations of use in the trials of evidence derived through

torture. Aliyev in March 2005 pardoned 114 prisoners, including many termed political prisoners by the OSCE.

A presidential election was held on October 15, 2008. In early June 2008, the legislature approved changes to the electoral code. Some of the changes had been recommended by the Venice Commission, an advisory body of the Council of Europe. However, other recommendations of the Venice Commission were not considered, including those on eliminating the dominance of government representatives on election commissions.¹ The opposition Azadliq (Freedom) party bloc decided on July 20 that it would boycott the election on the grounds that the election laws were not fair, their parties faced harassment, and media were constrained.² Incumbent President Aliyev won a resounding victory, gaining nearly 89% of the vote against six other candidates. According to a report by election monitors from the OSCE, the Parliamentary Assembly of the Council of Europe (PACE), and the European Parliament (EP), the voting process was peaceful, well organized, and efficient, but there was a “lack of robust competition” and there appeared to be “significant procedural shortcomings [in vote counting] in many cases, and manipulation in some instances.”³ The next presidential election is scheduled for October 2013.

Proposed amendments to the constitution were overwhelmingly approved by citizens in a referendum held on March 18, 2009. According to a small delegation from PACE, the voting “was transparent, well organized, and held in a peaceful atmosphere.” They criticized the dearth of discussion in the media of the merits of the constitutional amendments and voiced regret that some changes to the amendments proposed by the Venice Commission were not made before they were voted on. Some opposition parties had in particular objected to an amendment lifting term limits on the presidency during a “state of war,” and had called for a boycott of the referendum.⁴

On December 23, 2009, municipal elections were held throughout the country. Opposition parties and local election monitors reported interference in the candidate registration process. A Council of Europe delegation alleged that there were shortcomings in the counting of voters in the polling stations, the legibility of ballot papers, and the reliability of the vote count.

During a July 2010 visit to Azerbaijan, Secretary Clinton stated that the country had made “tremendous progress” in democratization since it gained independence and reported that the United States was providing democratization assistance to facilitate a free and fair legislative election in November 2010.⁵ The U.S. Department of State issued a statement on November 8, 2010, just after the election, that while peaceful, the election “did not meet international standards.” The State Department remarked that the inclusion of record numbers of domestic observers and an increase in the number of female candidates were improvements over past elections, but reported that observers from the U.S. embassy witnessed “serious violations of election procedures, including ballot box stuffing.” The State Department urged that the

¹ European Commission for Democracy Through Law (Venice Commission). *Joint Interim Opinion on the Draft Amendments to the Electoral Code of the Republic of Azerbaijan*. 74th Plenary Session, March 14-15, 2008, Opinion no. 390/2006, CDL-AD(2008)003, March 18, 2008.

² Open Source Center. *Central Eurasia: Daily Report* (hereafter *CEDR*), April 24, 2008, Doc. No. CEP-950216.

³ OSCE/PACE/EP. Republic of Azerbaijan Presidential Election, 15 October 2008: Statement of Preliminary Findings and Conclusions, October 16, 2008.

⁴ *CEDR*, January 23, 2009, Doc. No. CEP-950024 and Doc. No. CEP-950276; February 23, 2009, Doc. No. CEP-950103; March 19, 2009, Doc. No. CEP-950277.

⁵ U.S. Department of State, *Hillary Rodham Clinton, Secretary of State, Joint Press Availability With Azerbaijani Foreign Minister Mammadyarov*, July 4, 2010.

Azerbaijani government “focus now on adjudicating election grievances fairly, transparently, and expeditiously [in order to ensure] accountability for officials who are suspected of interfering with the proper conduct of elections.”⁶ The next day, the Azerbaijani Foreign Ministry criticized the State Department’s assessment, viewing it as less favorable than that issued by the OSCE. The Foreign Ministry claimed that the OSCE monitoring report, while noting some shortcomings, “show[ed that] the elections have gained the people’s confidence.”⁷ On December 15, 2010, purportedly to discount some adverse Wikileaks press reports, Secretary Clinton reportedly called President Aliyev to reassure him that the United States continues to view Azerbaijan as its important strategic partner and is determined to deepen bilateral ties.

The November 2010 Milli Majlis Election

In June 2010, the Azerbaijani Milli Majlis (National Assembly) approved a bill calling for it to coordinate its yearly agenda with the presidential administration. Oppositionists criticized the law as further demonstrating that the legislature was controlled by the executive branch of government.

A constituency-based election for Azerbaijan’s 125-member Milli Majlis was held on November 7, 2010. Candidates wishing to run were required to gather 450 signatures. About 1,400 individuals were nominated by parties or by voter initiatives or self-nominations, but only about 1,100 reportedly submitted the required signature sheets and other information. Electoral officials accepted all of the prospective candidates of the ruling New Azerbaijan Party (NAP) but rejected many from other parties and blocs, so that 690 candidates appeared on the ballot (43 of these were registered after appealing initial rejections, and 52 registered candidates dropped out). These rejections seriously impacted the ability of the opposition to field candidates in more than a few constituencies. While the NAP was able to field candidates in 111 constituencies, the opposition PFP-Musavat bloc, for instance, could only field candidates in 38 constituencies. In addition to candidates nominated by parties, 387 were self-nominated “independent” candidates or were nominated by voter initiative groups, although many of these candidates in fact were members of parties. Historically, most independents who have won election have supported the NAP in the legislature.⁸

In the run-up to the election, three major developments appeared to assure that the ruling NAP would retain or increase its dominance in the legislature: (1) media, assembly, and campaign laws and practices greatly restricted the ability of opposition parties to publicize their concerns and counter claims of the ruling party; (2) the numerous opposition parties failed to unite and instead ran as party blocs and as individual parties; and (3) rising incomes for most of the population may have predisposed a large measure of support for the ruling party, despite some stresses caused by the global economic downturn. According to the OSCE and some NGOs, restrictions on an open campaign environment and a free and fair vote included reducing the number of campaign days to about three weeks; eliminating an electoral provision permitting individuals to run by submitting a financial deposit; doing away with public financing of elections; denying the holding of

⁶ U.S. Department of State, *Press Statement: Parliamentary Elections in Azerbaijan*, November 8, 2010.

⁷ *Azerbaijan Press Agency*, November 10, 2010.

⁸ One local non-governmental organization (NGO) reported that there were myriad efforts by local officials and others to pressure citizens not to endorse the candidacy of oppositionists and to force prospective opposition candidates to drop out of the race. *Parliamentary Elections in the Republic Of Azerbaijan: Report on the Stage of Candidate Nomination and Registration*, Democracy Learning Public Union, October 22, 2010.

campaign rallies except in far-flung, officially approved locations; filing of defamation lawsuits and carrying out other harassing measures against journalists; providing dominant representation to the ruling NAP on electoral commissions and expert electoral appeal panels; and allowing opaque military voting. As a result of these restrictions, there were no public debates between candidates and virtually no television coverage of opposition candidates except for four minutes of time permitted for candidates to set forth their platforms.

Perhaps a factor in the election, on October 13, 2010, the ruling NAP asserted that the merger of Musavat Party and the Azerbaijan Popular Front “was made on an order from [the West] and aims at misleading public opinion.” The NAP also claimed that Isa Gambar, the head of the Musavat Party, was a traitor to the country because he had signed a declaration at an NGO conference in Potsdam, Germany, with Aram Manukyan, chairman of the Armenian National Movement, on the peaceful settlement of the NK conflict. Ali Ahmadov, the deputy chairman of NAP, reportedly stated that Musavat “cannot count on the Azerbaijani people [in an election] and rely on Armenians.” Gambar argued that the declaration, which was also signed by the head of Georgia’s Republican Party, David Usupashvili, did not harm Azerbaijan’s security.⁹

According to the Central Electoral Commission, about 50% of 4.9 million registered voters turned out, and most voted for members of the NAP. The NAP increased its number of seats in the Majlis from 61 in 2005 to 74 in 2010.¹⁰ The number of nominal independents also increased from 37 in 2005 to 39 in 2010. Nine minor parties won 12 seats, down from 20 in 2005. One opposition party candidate—İgbal Agazade of the Umid (Hope) Party—won a seat in the new Majlis. The Popular Front-Musavat bloc, which had won six seats in 2005 (as individual parties), won no seats in 2010. All winning parties except the Umid Party signed a statement proffered by the NAP declaring that the campaign and election represented progress in democratization. According to one report, about two-thirds of the deputies of the outgoing Majlis were reelected. Many of the reelected and new members are officials or are related to current officials, according to this report.¹¹

OSCE election monitors reported that the election was peaceful but “was not sufficient to constitute meaningful progress in the democratic development of the country.” They stated that

fundamental freedoms of peaceful assembly and expression were limited and a vibrant political discourse facilitated by free and independent media was almost impossible. A deficient candidate registration process, a restrictive political environment, unbalanced and biased media coverage, disparity in access to resources to mount an effective campaign, misuse of administrative resources as well as interference by local authorities in favor of candidates from the ruling party created an uneven playing field for candidates.

The OSCE monitors assessed voting procedures negatively in 11% of 1,247 polling stations visited, but among these were “serious violations and important procedural shortcomings,” including ballot-box stuffing, the appearance of seemingly identical signatures on voter lists, and the lack of inking of fingers to help prevent multiple voting. The vote count was assessed

⁹ CEDR, October 18, 2010, Doc. No. CEP-950077; October 14, 2010, Doc. No. CEP-950086; *Azerbaijan Press Agency*, October 13, 2010. On the Friedrich Naumann Foundation for Freedom, which sponsored the conference at which the parties signed the declaration of cooperation, see “Declaration of ELDR Member Parties in the South Caucasus,” at http://www.freiheit.org/webcom/show_article.php?wc_c=617&wc_id=17117&wc_p=1.

¹⁰ The NAP won 56 seats on November 6, 2005, and 5 more seats in repeat elections held on May 13, 2006.

¹¹ CEDR, November 8, 2010, Doc. No. CEP-950216.

negatively in over 30% of 152 polling stations visited. In one case, the monitors received a filled-out precinct results sheet before the election that closely matched what the precinct reported after the race. The court of appeals and the Supreme Court rejected all complaints by opposition candidates about the election.¹² The Election Monitoring and Democracy Studies Center, a local NGO, alleged that their monitors witnessed ballot-box stuffing in over one-fourth of polling places it covered.¹³

Ramiz Mehdiyev, the head of the presidential administration, hailed the election as a “triumph of democracy,” as viewed by most international observers, but stated that “the position of OSCE [election monitors] was of “a subjective nature.... To a certain extent, these [were] ideas voiced on the basis of certain directives.”¹⁴

Opposition Musavat Party head Isa Gambar alleged that only about 15% of voters had turned out and that massive vote fraud had occurred, while other members of his party speculated that the results were at least partly due to lack of party work at the local level outside of Baku.¹⁵

Addressing the newly elected NAP deputies just before the convocation of the Milli Majlis on November 29, 2010, President and NAP head Aliyev hailed the election as “held in a fully transparent and democratic manner,” and stated that “the Milli Majlis has a very important role and function in the contemporary development of Azerbaijan.... The parliamentary election shows once again that our citizens wish to see deserved representatives.... I hope that during next five years the Milli Majlis and certainly, its leading force, the New Azerbaijan Party, will contribute to the future development of our country.”¹⁶ President Aliyev reappointed all of the members who held top posts in the previous legislature, including Oqtay Asadov, who was reappointed speaker. The three Reform bloc deputies (including the heads of the Great Creation and Justice parties and the United Popular Front of Azerbaijan) announced that they would form an Reform “opposition” faction in the legislature.

Recent Protests

In November 2010, the Education Ministry banned the wearing of the hijab in public schools, triggering several protests. At a protest at the Education Ministry in Baku on December 10, the demonstrators reportedly were forcibly dispersed and dozens were detained. On January 2, 2011, the head of the banned Islamic Party denounced the ban and called for an end to the “despotic regime,” triggering his arrest and the roundup of five other party members on charges of inciting a coup.

¹² OSCE, Office for Democratic Institutions and Human Rights, *International Election Observation, Republic of Azerbaijan, Parliamentary Elections, 7 November 2010, Statement of Preliminary Findings and Conclusions*, November 8, 2010; *Republic Of Azerbaijan Parliamentary Elections, 7 November 2010, Final Report*, January 25, 2011.

¹³ *Preliminary Statement on the Results of the Monitoring of the 7 November 2010 Elections to the Milli Majlis (Parliament) of the Republic of Azerbaijan*, Election Monitoring and Democracy Studies Center, November 8, 2010. See also the report of the Democracy Learning Public Union, a local NGO, *Parliamentary Elections in the Republic Of Azerbaijan: Report on the Stage of Candidate Nomination and Registration*, October 22, 2010.

¹⁴ *CEDR*, November 17, 2010, Doc. No. CEP-950.

¹⁵ *CEDR*, November 23, 2010, Doc. No. CEP-950130; *Azerbaijan Press Agency*, November 24, 2010.

¹⁶ President of Azerbaijan, *Ilkham Aliyev Met With MPs of the Ruling Party Elected to the Milli Majlis*, November 29, 2010.

Youth activist Cabbar Savalan, a member of the opposition People's Front Party, was arrested in February 2011, after leaving a party meeting, on charges of opium possession. He had participated in an opposition protest the month previously and had published articles on the Internet critical of the government. Doctors for the prosecution could find no signs of drug use, but stated that they could not preclude the possibility of past drug use. He was sentenced in May 2011 to 2.5 years in prison.

An Internet-launched "great people's day" protest was planned for March 11, 2011, reportedly supported by thousands of Internet users. Organizers of the protest stated that the date was set to commemorate the date a month previously that Egyptian President Hosni Mubarek had been ousted. In the days leading up to March 11, up to a dozen or more Internet users reportedly were detained, and some allegedly were held secretly. One organizer, Bakhtiyar Hajiyev, a Harvard-educated resident of Ganja, was arrested on March 4, 2011 on charges of draft evasion, and was sentenced in May 2011 to two years in prison. Several dozen people were arrested on March 11, and some received prison sentences of a few days. The next day, the Musavat Party held a protest at Baku's Fountain Square that reportedly involved several hundred people, but many were prevented from entering the square and several activists were detained in advance or arrested the day of the protest.

In the run-up to the Internet-launched protest, authorities reportedly deployed military troops in Baku and teachers at universities and secondary schools reportedly were ordered to lecture their students not to attend protests or otherwise become involved in "anti-Azerbaijani" actions. On March 9, 2011, the Interior Ministry claimed that the protests were fomented by "radical oppositionists" financed by foreign countries aiming to trigger further "color revolutions" in Soviet successor states. Various Azerbaijani officials stated that it would be unpatriotic to protest while Azerbaijan is at war with Armenia and that heavy Internet users were mentally ill. Baku State University allegedly forbade students from leaving the campus on March 11. Reacting to Internet intimations that another protest might be held on March 14, the university closed and deployed police to the campus. This protest did not materialize. On March 18, youth branches of the Popular Front Party, the Hope Party, the Civic Solidarity Party, Democratic Party, Musavat, and various youth groups issued a statement calling on the security services to halt arrests of opposition youth and other activists. The next day, authorities arrested some officials of the Baku branch of Moscow Open University on grounds of fomenting dissent.

Accusing foreign-based NGOs of fomenting dissent, on March 7, 2011, the Justice Ministry sent the U.S.-based National Democratic Institute a letter referencing permissible actions of NGOs in the country. The Cabinet of Ministers subsequently issued a new regulation requiring foreign NGOs applying for registration in Azerbaijan to swear to uphold "national spiritual values and not [to] carry out political or religious propaganda." They also are forbidden to carry out activities in NK.¹⁷

On March 25-26, 2011, opposition newspaper *Azadliq* reporter Seymur Haziyevev reportedly was abducted and beaten by unknown assailants. Haziyevev alleged that they warned him not to print critical articles about the president.

¹⁷ "NDI: National Democratic Institute Has Not Been Asked to Close in Azerbaijan," APA News Service, March 11, 2011; *CEDR*, March 24, 2011, Doc. No. CEP950161.

Ahead of an April 2, 2011, unauthorized protest planned by the Public Chamber—a coalition of opposition political parties and NGOs, including the Popular Front and Musavat parties—against corruption and government abuses and for democracy, the government detained several opposition activists. Among them was human rights advocate Vidadi Iskandarov, who was sentenced to three years in prison in late August 2011 on charges of forcing someone to vote in the 2010 legislative election. A television station allegedly owned by the Aliyev family alleged that Ali Karimli, head of the opposition Popular Front Party and a prominent member of the Public Chamber, was meeting with the banned Azerbaijani Islamic Party and with “pro-Iranian Shiite religious organizations, ... members of Hezbollah, Wahhabis who fought in Dagestan and Chechnya, groups close to the Taleban, members of the Nurcu sect and other” radical religious groups to plan the April 2 protest. Reportedly, those attempting to protest on April 2, 2011, were forcibly dispersed and dozens were arrested, but it took hours to quell the protest. The U.S. Embassy in Baku raised concerns about the government actions.¹⁸ Among those receiving sentences, in late August 2011, six individuals—mainly Popular Front and Musavat party members—received sentences of 1.5-3 years for disturbing public order and resisting arrest.

On April 3, 2011, another *Azadliq* reporter, Ramin Deko, reportedly was abducted and told not to participate in Internet social sites and to stop criticizing the president, and the next day he was physically assaulted.

Commenting on the protests, on April 15, 2011, President Aliyev stated that since the turmoil of the early 1990s, the “Azerbaijani nation” has not supported the political elements leading the protests. He averred that “Azerbaijan is so powerful, [its] socio-political stability is so strong ... [the] Azerbaijani nation said ‘no’ to those who try to hinder our activity, damage successful development of Azerbaijan and who are sometimes ordered by foreign forces.”¹⁹

The Public Chamber announced that it planned another protest in Baku on April 17, 2011. Authorities denied the group permission for the requested venue. Police control was tightened before the planned protest and dozens who attempted to protest were detained.

In early May 2011, a protest against the ban on wearing the hijab in public schools by 150 or more people at the Education Ministry was forcibly suppressed. Reportedly, 65 were detained, with the government claiming that the protest was led by “radical” Muslims and resulted in property damage and injuries to 26 policemen. In late May 2011, reportedly 150 women wearing hijab held a march in Baku.

Human Rights

According to the U.S. State Department’s *Country Reports on Human Rights Practices for 2010*, there were credible reports that security forces beat detainees to extract confessions. Human rights monitors reported that 169 persons were tortured in custody by security forces and that at least seven of these persons subsequently died. Arbitrary arrests and detentions by security forces were common. On March 17, President Aliyev issued a pardon for 62 prisoners, including the editor in chief of *Azadliq* newspaper, Ganimat Zahid, who had been convicted on charges many human rights advocates considered politically motivated. Credible reports indicated that judges

¹⁸ CEDR, March 29, 2011, Doc. No. CEP-950156; U.S. Embassy in Baku, Azerbaijan, *U.S. Embassy Statement on April 2 Protests*.

¹⁹ *APA News Agency*, April 16, 2011.

and prosecutors took instruction from the presidential administration and the Justice Ministry. The judiciary remained corrupt and there continued to be credible allegations that judges routinely accepted bribes. The right to a public trial was often violated, as was the presumption of innocence in criminal cases, the right to know the charges or the details of the verdict, the right to review evidence, the right of defendants to confront witnesses and present evidence at trial, the right to a court-approved attorney for indigent defendants, and the right of appeal for defendants and prosecutors. There was no trial by jury.

Human rights groups alleged that there were several dozen political prisoners. The government released 11-14 individuals considered to be political prisoners, including six journalists and two bloggers and youth activists. In April 2010, the European Court of Human Rights ruled that journalist Eynulla Fatullayev had been wrongly imprisoned and should be immediately released (he was released by the government in May 2011). It was widely believed that authorities monitored telephone and Internet communications. There was widespread corruption in the civil service, police, government ministries, and the highest levels of government, according to the State Department.

Media independence remained a problem, according to the State Department. There were several nation-wide state-owned newspapers and numerous newspapers owned by officials. Other newspapers were linked to political parties. Both state-owned and privately-owned broadcast media adhered to a pro-government line. The government banned Voice of America, Radio Free Europe/Radio Liberty, and the BBC from broadcasting on national FM frequencies and national television. Although pro-opposition journalists openly criticized government officials, most independent journalists and editors practiced some degree of self-censorship. Dozens of libel lawsuits were also used to intimidate journalists.

The government severely restricted freedom of assembly, according to the State Department. The government routinely refused requests to hold rallies and broke up several unsanctioned demonstrations. Non-governmental organizations faced new restrictions, including a requirement that they report all grants they receive, and some unregistered pro-democracy and human rights groups continued to be denied registration. While the government criticized and intimidated some human rights groups and activists, others were able to continue to investigate and publish their findings without government restrictions.

According to the State Department's 2011 *Trafficking in Persons Report*, Azerbaijan continued to be a source, transit, and destination country for forced labor and sex trafficking, and the government has not made sufficient progress in investigating, prosecuting, or convicting labor trafficking offenses or in identifying victims of forced labor. Since 2008, the State Department has placed Azerbaijan on its Tier 2 Watch List for countries that do not fully comply with the minimum standards for the elimination of trafficking. According to the State Department's 2010 *International Religious Freedom Report*, most religious groups met without government interference, but the government continued to restrict religious freedom in some cases. The government harassed and detained members of Islamic and "nontraditional" religious groups, including several raids on Jehovah's Witnesses and evangelical Protestant groups and discrimination against worshippers.²⁰

²⁰ U.S. Department of State, *Country Reports on Human Rights Practices for 2010*, April 8, 2011; *Trafficking in Persons Report 2011*, June 27, 2011; *International Religious Freedom Report 2010*, November 17, 2010.

Economic Conditions

The collapse of the Soviet Union and the NK conflict in the early 1990s contributed to the decline of Azerbaijan's GDP by over 60% by 1995. Beginning in the late 1990s, rising oil and gas exports (and rising world prices for oil) fueled GDP growth in Azerbaijan. The global economic downturn and decline in oil prices contributed to lower, but still positive, GDP growth in 2008 (about 11%), 2009 (9.3%), and 2010 (5%). The Economist Intelligence Unit estimates that GDP will grow 2.9% in 2011. Budget revenues have fallen off in 2009-2011, including as a result of tax cuts introduced by President Aliyev to stimulate the economy. Some of the budget shortfall has been alleviated by withdrawals from the State Oil Fund, which has permitted stepped-up government spending for social programs and continued infrastructure projects. Up to one-fourth of the population lives and works abroad because of high levels of unemployment in Azerbaijan. Income inequality is substantial, but the World Bank has reported that poverty levels have decreased substantially in recent years.²¹

GDP expanded by 0.9% in the first half of 2011, according to data from Azerbaijan's State Statistics Committee. The EIU reports that the non-energy sector expanded by 7.2%, whereas oil and gas production and exports contracted. The primary contribution by the non-energy sector to GDP growth represented a fundamental shift in economic dynamics, according to EIU, since the energy sector had driven past economic growth. However, the energy sector still contributes nearly one-half of GDP. Growth in the non-energy sector included manufacturing, agriculture, and services, including hotel, restaurant, and telecommunication services. Growth in energy production is expected to remain sluggish until the Chirag offshore field comes on stream, scheduled for late 2013. In 2016-2017, oil production will be further boosted when the second phase of the Shah Deniz offshore fields are scheduled to come on stream.

Slower GDP growth in Azerbaijan over the next few years owing to faltering energy production will probably lead the government to continue to draw on the assets of the State Oil Fund to reduce budget deficits. Higher energy and food prices, combined with the continuation of higher government spending, contributed to consumer inflation reaching 5.7% in 2010. In 2011, food prices have continued to rise, linked to a regional drought and higher global prices. Energy prices also have risen, resulting in consumer inflation averaging 7.9% for the first half of 2011, although there are signs of moderation for the rest of the year. In early 2011, Italy remained the largest destination for Azerbaijani exports, mainly oil, followed by Germany, France, and the United States. Azerbaijan's main import partners were Russia, Turkey, Germany, and Ukraine. EU countries accounted for 47% of Azerbaijan's total trade turnover in 2010, while Soviet successor states accounted for 17.6% of total trade.²²

Energy

The U.S. Energy Department in December 2010 reported estimates of 7 billion barrels of proven oil reserves, and estimates of 30 trillion cubic feet of proven natural gas reserves in Azerbaijan. U.S. companies are shareholders in three international production-sharing consortiums that have

²¹ The World Bank, *Azerbaijan: Country Brief 2009*, at <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/ECAEXT/AZERBAIJANEXTN/0,,contentMDK:20174399~menuPK:301921~pagePK:141137~piPK:141127~theSitePK:301914,00.html#econ>.

²² Economist Intelligence Unit. *Country Report: Azerbaijan*, August 2011.

been formed to exploit Azerbaijan's Caspian Sea oil and gas fields, including the Azerbaijan International Operating Company or AIOC, led by British Petroleum (developing the Azeri, Chirag, and Gunashli fields). The United States backed the construction of a large (1 million barrels per day capacity) oil pipeline from Azerbaijan through Georgia to Turkey's Ceyhan seaport on the Mediterranean (the Baku-Tbilisi-Ceyhan or BTC pipeline) as part of Azerbaijan's economic development, and because this route neither allows Russia to gain undue control over Azerbaijan's resources nor forces Azerbaijan to seek export routes through Iran. The pipeline started delivering oil to Ceyhan in mid-2006. A gas pipeline from Azerbaijan's offshore Shah Deniz field to Turkey was completed in March 2007. In mid-November 2007, Greece and Turkey inaugurated a gas pipeline connecting the two countries that permits some Azerbaijani gas to flow to an EU member-state. An extension is planned to be built to Italy to complete this Interconnector Turkey-Greece-Italy (ITGI) pipeline project. A competing proposed pipeline is the Trans-Adriatic Pipeline (TAP), which would transport gas from Greece to Albania, then across the Adriatic Sea to Italy.

At a meeting in May 2009 in Prague, the EU, Azerbaijan, Georgia, Turkey, and Egypt signed a declaration on a "Southern [energy] Corridor" to bolster east-west energy transport. It calls for cooperation among supplier, transit, and consumer countries in building the proposed Nabucco gas pipeline from Turkey to Austria, finishing the Italian section of the ITGI pipeline, and other projects. The Obama Administration supports the "Southern Corridor" program. In a speech in June 2011, Richard Morningstar, the State Department's Special Envoy for Eurasian Energy, stated that the supply of gas from Phase II of the offshore Shah Deniz fields, expected to come on-line in 2017, "is absolutely essential to the development of the Southern Corridor." He reported that "three separate pipeline consortia—the Nabucco, ITGI and TAP groups—are laying the financial, technical and organizational groundwork to compete for the right to ship Shah Deniz gas.... We understand that the Shah Deniz consortium expects to make a pipeline route decision by the end of the year, and ... we are ... confident that a commercially viable Southern Corridor will be realized."²³

To diversify its export routes, Azerbaijan's State Oil Company (SOCAR) and Russia's Gazprom gas firm agreed in July 2009 that SOCAR would send 1.7 billion cubic feet of gas per year to Russia beginning in 2010 and more in subsequent years. The gas is transported by a 140-mile gas pipeline from Baku to Russia's Dagestan Republic that was used until 2007 to supply Azerbaijan with up to 282.5 billion cubic feet of gas per year. SOCAR indicated that the volume of gas transported to Russia could increase in future years. Azerbaijan also supplies some gas to northern Iran. Azerbaijan is not projected to have enough gas to fill the Nabucco pipeline, so other gas suppliers such as Turkmenistan are needed.

Foreign Policy and Defense

President Ilkham Aliyev has emphasized good relations with the neighboring states of Georgia and Turkey, but relations with these and other countries have often been guided by their stance regarding the NK conflict. Azerbaijan has viewed Turkey as a major ally to balance Russian and Iranian influence, and Armenia's ties with Russia. Relations with Turkmenistan are strained by competing claims over offshore oil and gas fields (see below). Azerbaijan is a member of the

²³ U.S. Embassy in Baku, Azerbaijan, Office of Public Affairs, *Media Advisory: Ambassador Richard L. Morningstar, Special Envoy for Eurasian Energy, Speech to Plenary Session of Caspian Oil and Gas Conference*, June 8, 2011.

OSCE, Black Sea Economic Cooperation group, Council of Europe (COE), Economic Cooperation Organization, and Organization of the Islamic Conference. In May 2011, Azerbaijan joined the Non-Aligned Movement, although it does not claim neutrality and its National Security Concept posits Euro-Atlantic integration as a “strategic goal.”

Ethnic consciousness among some “Southern Azerbaijanis” in Iran has grown, which Iran has countered through increasingly repressive actions. Azerbaijani elites fear Iranian-supported Islamic fundamentalism and question the degree of Iran’s support for an independent Azerbaijan.

Frictions in Azerbaijani-Russian relations have included Azerbaijan’s allegations of a Russian “tilt” toward Armenia in NK peace talks. In 1997, Russia admitted that large amounts of Russian weaponry had been quietly transferred to Armenia, and in 2000 and 2005-2007, Russia transferred heavy weaponry from Georgia to Armenia, fueling Azerbaijan’s view that Russia supports Armenia in the NK conflict. Azerbaijani-Russian relations appeared to improve in 2002 when the two states agreed on a ten-year Russian lease for the Soviet-era Gabala early warning radar station in Azerbaijan and reached accord on delineating Caspian Sea borders. Perhaps seeking Russian support for his new rule, Ilkham Aliyev in March 2004 reaffirmed the 1997 Azerbaijani-Russian Friendship Treaty. After the August 2008 Russia-Georgia conflict, Azerbaijan appeared to move toward better relations with Russia. During Russian President Medvedev’s late June 2009 visit to Baku, Azerbaijan agreed to send small amounts of gas to Russia (see below). Azerbaijan’s relations with Russia appeared even closer in 2010 as a reaction against the Turkish initiative to improve relations with Armenia and U.S. Administration backing for this effort.

According to former Armenian Foreign Minister Vartan Oskanyan, Article 4 of the Commonwealth of Independent States’ Collective Security Treaty (signatories including Russia, Armenia, Belarus, and all the Central Asian states except Turkmenistan) pertains to aggression from outside the commonwealth, so does not pertain to the NK conflict (since Azerbaijan is a member of the commonwealth).²⁴ After the CST Organization agreed to form large rapid response forces in February 2009, however, some policymakers in Armenia claimed the forces could be a deterrent to possible Azerbaijani aggression.²⁵ Some policymakers in Azerbaijan likewise viewed the formation of the forces as a threat.²⁶ The Secretary-General of the Collective Security Treaty Organization (CSTO), Nikolai Bordyuzha, has proclaimed that the CSTO would never intervene in the NK conflict, but also has stressed that Armenia and Russia have close bilateral military ties.²⁷ In May 2011, Armenian Defense Minister Seiran Oganian reportedly asserted that Armenia would expect CSTO members to support Armenia in case of aggression against NK, which elicited a protest from the Azerbaijani presidential office.²⁸ The agreement signed in August 2010 that extends the lease on Russia’s military facilities in Armenia pledges Russia to defend Armenia’s security, which appeared to be interpreted by Armenian President Sargsyan to include a possible Azerbaijani attack on NK.

²⁴ CRS interview, October 26, 2006.

²⁵ *CEDR*, February 5, 2009, Doc. No. CEP-950302.

²⁶ *CEDR*, February 8, 2009, Doc. No. CEP-950079. The head of Azerbaijan’s presidential foreign relations department, Novruz Mammadov, however, stated that he did not view the creation of the forces as a threat, because Azerbaijan has good relations with all the CSTO members except Armenia. *CEDR*, February 5, 2009, Doc. No. CEP-950290.

²⁷ *CEDR*, March 20, 2009, Doc. No. CEP-950105; June 1, 2009, Doc. No. CEP-358003.

²⁸ Joshua Kucera, “Armenia, the CSTO and Collective Security,” *The Bug Pit*, Eurasianet, May 23, 2011.

In September 2008, Turkey's President Abdullah Gül visited Armenia, ostensibly to see a soccer game, and this thaw contributed to the two countries reaching agreement in April 2009 on a "road map" for normalizing ties, including the establishment of full diplomatic relations and the opening of borders. After further negotiations, Turkish Foreign Minister Ahmet Davutoglu and Armenian Foreign Minister Edvard Nalbandian initialed two protocols "On Establishing Diplomatic Relations," and "On Development of Bilateral Relations" on August 31, 2009, and formally signed them on October 10, 2009. Azerbaijan strongly criticized Turkey for moving toward normalizing relations with Armenia without formally linking such a move to a peace settlement of the NK conflict. This criticism quickly elicited pledges by Turkey's leaders that the Turkish legislature would not approve the protocols until there was progress in settling the NK conflict. On April 22, 2010, the ruling Armenian party coalition issued a statement that "considering the Turkish side's refusal to fulfill the requirement to ratify the accord without preconditions in a reasonable time, making the continuation of the ratification process in the national parliament pointless, we consider it necessary to suspend this process."²⁹

The United States reportedly actively supported Switzerland in mediating the talks that led to the signing of the protocols. On April 14, 2010, President Aliyev warned that the Obama Administration's backing of the protocols threatened U.S. interests in Azerbaijan, stating that "how can we defend and support the interests of someone who is acting against our interests?"³⁰ The next day, Azerbaijani presidential administration official Ali Hasanov asserted that "we are not happy with the activities the United States demonstrates within the Minsk Group towards the settlement of the Armenian-Azerbaijani conflict over NK.... If the United States continues to demonstrate a biased position on the NK issue, Azerbaijan may reconsider its strategic partnership ties with the United States."³¹ The U.S. State Department responded that the United States remains evenhanded in its mediation efforts. A few days later, Azerbaijan cancelled a military exercise scheduled with the United States for May 2010.

Azerbaijani armed forces consist of 66,940 army, air force, air defense, and navy troops. There also are about 5,000 border guards and more than 10,000 Interior (police) Ministry troops. The military budget was about \$1.5 billion in 2009 and \$1.6 billion in 2010.³² The legislature approved a \$3.3 billion military budget for 2011 (16.5% of the budget). Under a 10-year lease agreement, about 1,400-1,500 Russian troops are deployed at Gabala (Qabala). In late July 2011, Russian Defense Minister Anatoliy Serdyukov visited Azerbaijan to discuss extending the Gabala lease. Russia-Azerbaijan military cooperation includes training in Russian academies. Azerbaijan reportedly received foreign-made weapons of uncertain origin and armed volunteers from various Islamic nations to assist its early 1990s struggle to retain NK. In 1994, Azerbaijan joined NATO's Partnership for Peace (PFP) and began an Individual Partnership Action Plan (IPAP) in 2005, but President Aliyev has not stated that the country seeks to join NATO. Some Azerbaijani troops have participated in NATO peacekeeping in Kosovo since 1997 and operations in Afghanistan since 2003 (see below). The bulk of Azerbaijani weapons reportedly come from Russia, Ukraine, and Belarus, although some NATO-compatible communications and other equipment have been received.³³ In a June 2011 military parade, Azerbaijan showed S-300 air defense missiles supplied

²⁹ "Armenia Suspends Normalization of Ties with Turkey," *BBC News*, April 22, 2010.

³⁰ Open Source Center, "Azerbaijan Rebukes US Stance on Turkey-Armenia Relations," *OSC Feature*, May 20, 2010, Doc. No. FEA-5172.

³¹ *CEDR*, April 16, 2010, Doc. No. CEP-950076; April 15, 2010, Doc. No. CEP-950119.

³² *The Military Balance*, International Institute of Strategic Studies, March 7, 2011.

³³ Shahin Abbasov, "Azerbaijan Mum About Israeli Spy Plane, Satellite Projects," *Eurasia Insight*, August 17, 2009.

by Russia (following reports in mid-2010 that Russia would sell the S-300s to Baku, Armenia announced that it already had them).

The NK Conflict

In 1988, NK petitioned to become part of Armenia, sparking ethnic conflict. In December 1991, an NK referendum (boycotted by local Azerbaijanis) approved NK's independence and a Supreme Soviet was elected, which in January 1992 futilely appealed for world recognition. The conflict over the status of NK resulted in about 30,000 casualties and over 1 million Azerbaijani and Armenian refugees and displaced persons.³⁴ The U.S. Department of State reports that "ethnic Armenian separatists, with Armenia's support ... control most of the NK region of the country and seven surrounding Azerbaijani territories. The government did not exercise any control over developments in those territories."³⁵ The non-governmental International Crisis Group (ICG) estimates that this area of control constitutes about 13%-14% of Azerbaijan's land area, while the Central Intelligence Agency estimates about 16%.³⁶ A ceasefire agreement was signed in July 1994 and the sides pledged to work toward a peace settlement. The "Minsk Group" of concerned member-states of the Organization for Security and Cooperation in Europe (OSCE) facilitates peace talks. The United States, France, and Russia co-chair the Minsk Group.

On November 29, 2007, then-Under Secretary of State Nicholas Burns, Russian Foreign Minister Sergey Lavrov, and French Foreign Minister Bernard Kouchner presented the Foreign Ministers of Armenia and Azerbaijan with a draft text—*Basic Principles for the Peaceful Settlement of the Nagorno-Karabakh Conflict*—for transmission to their presidents. These officials urged the two sides to accept the *Basic Principles* (also termed the Madrid proposals, after the location where the draft text was presented) that had resulted from three years of talks and to begin "a new phase of talks" on a comprehensive peace settlement.³⁷

In the wake of the Russia-Georgia conflict in early August 2008, Armenian President Sarkisyan asserted that "the tragic events in [Georgia's breakaway South Ossetia region] confirm that every attempt in the South Caucasus to look for a military answer in the struggle for the right to self-determination has far-reaching military and geopolitical consequences."³⁸

The presidents of the United States, France, and Russia publicized an updated version of the *Basic Principles* in July 2009 and June 2010 that call for the return of the territories surrounding NK to Azerbaijani control; an interim status for NK providing guarantees for security and self-governance; a corridor linking Armenia to NK; future determination of the final legal status of NK through a legally binding expression of will; the right of all internally displaced persons and refugees to return to their former places of residence; and international security guarantees that would include a peacekeeping operation.³⁹

³⁴ The casualty estimate is from the U.S. Department of State, *Background Note: Azerbaijan*, May 2008.

³⁵ U.S. Department of State, *Country Reports on Human Rights Practices for 2010*, April 8, 2011.

³⁶ ICG, *Nagorno-Karabakh: Viewing the Conflict from the Ground*, September 14, 2005. CIA, *The World Factbook*, <http://www.cia.gov>.

³⁷ U.S. Department of State, Office of the Spokesman, Media Note: Support for Basic Principles for Peaceful Settlement of the Nagorno-Karabakh Conflict, November 29, 2007.

³⁸ Open Source Center, *Europe: Daily Report*, August 27, 2008, Doc. No. EUP-085016.

³⁹ The White House, *Joint Statement on the Nagorno-Karabakh Conflict by U.S. President Obama, Russian President* (continued...)

The co-chairs presented “renovated” Madrid principles to President Aliyev in Baku in December 2009 and to President Sarkisyan in Yerevan in January 2010. President Medvedev hosted Aliyev and Sargisyan in Sochi, Russia, in late January 2010, and the two sides reportedly agreed on many parts of a preamble to an agreement. In mid-February 2010, Azerbaijani Foreign Minister Mamedyarov announced that Baku accepted many of the elements of the “renovated” Madrid principles presented in late 2009. The Minsk Group co-chairs met with Armenian Foreign Minister Eduard Nalbandian in Brussels in May 2010, and with Azerbaijani Foreign Minister Elmar Mamedyarov in June 2010.⁴⁰

In December 2010, a declaration by the Minsk Group co-chairing countries and the presidents of Armenia and Azerbaijan was signed during the Astana Summit of the OSCE that pledged the parties to a peaceful settlement of the conflict. However, the presidents of Armenia and Azerbaijan gave speeches criticizing each other’s commitment to negotiations and refused to meet at the conclave.

On June 24, 2011, Presidents Sargisyan and Aliyev met in the Russian city of Kazan, and issued a joint statement that agreement had been reached on some issues and that further talks would be held. A couple of weeks later, President Medvedev, reportedly disappointed that there was scant progress at the talks, sent letters to the two leaders calling for suggestions on how to move the talks forward.

Meeting with visiting Turkish Prime Minister Recep Tayyip Erdogan in late July 2011, President Aliyev stated that Armenians “think they have resolved the [NK] issue. They are wrong. NK is Azerbaijani land, remains Azerbaijani land, and Azerbaijan will restore its sovereignty over NK either by peace or by war.”⁴¹

During Aliyev’s summit with Medvedev in Sochi, Russia, in early August 2011, President Medvedev called for “an absolutely frank conversation with you about our future steps” to resolve the NK conflict. Aliyev called for the “settlement of the conflict, so that all displaced persons can return to their homes and peace, tranquility and cooperation are restored in the region.” Azerbaijani analyst Khikmet Khadzizade has alleged that President Medvedev warned Aliyev against military action against NK at this meeting.⁴²

U.S. Relations

In a speech in June 2011, U.S. Ambassador to Azerbaijan Matthew Bryza stated that the United States’ strategic partnership with Azerbaijan grew out of commercial cooperation in the early 1990s in developing the country’s energy resources, and that

our strategic engagement with Azerbaijan over the past 17 years has expanded beyond energy and into broader security issues as well as internal reform.... If, working together, we

(...continued)

Medvedev, and French President Sarkozy at the L’Aquila Summit of the Eight, July 10, 2009.

⁴⁰ *Azeri Press Agency*, May 14, 2010.

⁴¹ *CEDR*, July 27, 2011, Doc. No. CEP-950121.

⁴² The Kremlin, President of the Russian Federation, *Meeting with President of Azerbaijan Ilham Aliyev, 9 August 2011*, August 9, 2011; *CEDR*, August 25, 2011, Doc. No. CEP-6010.

succeed in advancing all three sets of interests, Azerbaijan can emerge as a center of stability in a vital region.... A secular, democratic, and prosperous Azerbaijan that is at peace with its neighbors and increasingly integrated into global markets can provide powerful inspiration to reformers in Azerbaijan's immediate neighborhood and well beyond.⁴³

Azerbaijani officials have voiced concerns about U.S. policy in recent months. Azerbaijan strongly opposed the U.S.-backed attempt by Armenia and Turkey in 2009-2010 to normalize their relations (see below), and President Aliyev reportedly felt slighted when he was not invited to the April 2010 U.S. nuclear security summit, even though the two other regional leaders were invited and held meetings with President Obama. To improve U.S.-Azerbaijan relations, then-Secretary of Defense Robert Gates visited Azerbaijan in June 2010 and Secretary of State Hillary Clinton visited in July 2010, and President Obama met with President Aliyev on the sidelines of the U.N. General Assembly in September 2010. On December 15, 2010, purportedly to discount some adverse Wikileaks press reports, Secretary Clinton reportedly called President Aliyev to reassure him that the United States continues to view Azerbaijan as its important strategic partner and is determined to deepen bilateral ties.

On May 12, 2010, Deputy Assistant Secretary of State Tina Kaidanow visited Azerbaijan and averred that "the United States considers Azerbaijan an essential partner. Our interests overlap in many areas, from collaborating on strengthening energy security via Southern Corridor gas and oil projects to our work together countering terrorism and extremism." Under Secretary of Defense for Policy Michele Flournoy likewise stressed during a visit to Azerbaijan in April 2010 that "the United States seeks a strong and dynamic partnership between our two nations as we face a range of global challenges which neither of us can tackle alone. We are strong friends and are committed to working together with the Azerbaijani government and people to support the development of a secure, democratic, and prosperous state."⁴⁴

Despite these positive statements about bilateral relations, Azerbaijani officials voiced concerns about U.S. policy in recent months. Azerbaijan strongly opposed the U.S.-backed normalization of relations between Armenia and Turkey (see below), and President Aliyev reportedly felt slighted when he was not invited to the April 2010 U.S. nuclear security summit, even though the two other regional leaders were invited and held meetings with President Obama.⁴⁵

Relations appeared to improve in 2011 with the recess appointment of Ambassador to Azerbaijan Matthew Bryza, after more than a year without an ambassador. In July 2011, Secretary of State Hillary Clinton visited Azerbaijan, and in September 2011, President Obama met with President Aliyev on the sidelines of the U.N. General Assembly Autumn opening session. However, perhaps reflecting tensions associated with U.S. criticism of human rights developments, in April 2011 Azerbaijan canceled participation in the U.S.-Azerbaijani military exercise Regional

⁴³ U.S. Embassy in Baku, Azerbaijan, Office of Public Affairs, *Media Advisory: Ambassador Matthew Bryza, Speech to Plenary Session for Caspian Oil and Gas Show 2011*, June 8, 2011.

⁴⁴ U.S. Embassy in Baku, Azerbaijan, *State Department Envoy Exchanges Views with Azerbaijani Leaders*, May 12, 2010; *U.S. Defense Official Highly Values U.S.-Azerbaijan Partnership*, April 17, 2010.

⁴⁵ Alexander Jackson, "Behind the U.S.-Azerbaijan Row," *Caucasus Update*, May 6, 2010. National Security Council official Laura Holgate explained that Azerbaijan was not invited to the nuclear security summit because "we were intending to get a representative collection of countries. We couldn't invite every single country that has any nuclear connectivity and so we were looking for countries that represented regional diversity where we had states that had weapons, states that don't have weapons, states with large nuclear programs, states with small nuclear programs." The White House. Office of the Press Secretary. *Press Briefing on the President's Bilateral Meetings and the Upcoming Nuclear Security Summit*, April 11, 2010.

Response, planned for May 2011 (Azerbaijan had similarly canceled a 2010 military exercise for reasons also subject to speculation of being linked to the status of bilateral ties). However, Azerbaijani Deputy Foreign Minister Araz Azimov and Assistant Secretary of State Andrew Shapiro met in Baku in June 2011 for the 12th session of the U.S.-Azerbaijan security dialogue. Also, Azerbaijan participated in Romania in early August 2011 with U.S. forces in Black Sea Rotational Force military exercises, and then in San Antonio, TX, in training for infantry officers.⁴⁶

According to the Obama Administration's *Congressional Budget Justification for Foreign Operations*, U.S. assistance for Azerbaijan aims to develop democratic institutions and civil society, support the growth of the non-oil sectors of the economy, strengthen the interoperability of the armed forces with NATO, increase maritime border security, and bolster the country's ability to combat terrorism, corruption, narcotics trafficking, and other transnational crime.⁴⁷ Cumulative U.S. aid budgeted for Azerbaijan from FY1992 through FY2009 was \$909 million ("all spigot" foreign assistance). Almost one-half of the aid was humanitarian, and another one-fifth supported democratic reforms. Budgeted aid to Azerbaijan was \$28.1 million in FY2010 and an estimated \$26.9 million in FY2011, and the Administration requested \$21.4 million for FY2012 (the numbers for FY2010, FY2011, and FY2012 include Assistance for Eastern Europe, Eurasia, and Central Asia Account and other foreign aid, and exclude Defense and Energy Department funds).

In FY2012, the Administration plans to devote the largest share of assistance to democratization, followed by support for economic growth, and for peace and security. In the realm of democratization, the United States will provide aid to NGOs to help them represent citizen interests, will support journalism and access to the Internet, will strengthen legal defense for democracy advocates, and will support regulatory reforms to protect civil society and independent media. Economic aid will focus on bolstering agricultural income and exports, sharing best practices on banking supervision, and technical assistance to increase competitiveness, the investment climate, and foreign trade. Peace and security assistance will focus on supporting Azerbaijan's participation in U.S. and NATO operations in Afghanistan, developing maritime and airspace security, and modernizing the military. In addition to these programs, the United States plans to continue to provide some aid for internally displaced and other vulnerable populations.⁴⁸

Since FY2004, Azerbaijan has been designated as a candidate country for enhanced U.S. development aid from the Millennium Challenge Corporation, but it has not been selected as eligible for aid because of low scores on measures of political rights, civil liberties, control of corruption, government effectiveness, the rule of law, accountability, and various social indicators.

Congressional concerns about the ongoing NK conflict led in 1992 to Section 907 of the FREEDOM Support Act (P.L. 102-511) that prohibited most U.S. government-to-government assistance to Azerbaijan until the President determined that Azerbaijan had made "demonstrable

⁴⁶ U.S. Embassy in Baku, Azerbaijan, Office of Public Affairs, *Media Advisory: Azerbaijani, U.S. Troops Train Side-by-Side in Romania*, August 3, 2011.

⁴⁷ U.S. Department of State, *Congressional Budget Justification for Foreign Operations, Annex: Regional Perspectives, FY2012*, April 8, 2011.

⁴⁸ U.S. Department of State. *Congressional Budget Justification for Foreign Operations*.

steps to cease all blockades and other offensive uses of force against Armenia and Nagorno-Karabakh.” Congress eased many Section 907 restrictions on a year-by-year basis until the terrorist attacks on the United States in September 2001, after which it approved an annually renewable presidential waiver (P.L. 107-115). The conference managers stated that the waiver was conditional on Azerbaijan’s cooperation with the United States in combating terrorism and directed that aid provided under the waiver not undermine the peace process. Congress has called for equal funding each year for Foreign Military Financing and International Military Education and Training for Armenia and Azerbaijan. Other congressional initiatives have included the creation of a South Caucasus funding category in FY1998 to encourage an NK peace settlement, provide for reconstruction, and facilitate regional economic integration. Congress also has called for humanitarian aid to NK, which has amounted to \$30.8 million expended from FY1998 through FY2008. Congress passed “The Silk Road Strategy Act” in FY2000 (as part of consolidated appropriations, P.L. 106-113) calling for enhanced policy and aid to support conflict amelioration, humanitarian needs, democracy, economic development, transport and communications, and border controls in the South Caucasus and Central Asia.

Contributions to Counter-Terrorism

After the terrorist attacks on the United States on September 11, 2001, Azerbaijan “granted blanket overflight clearance, engaged in information sharing and law-enforcement cooperation, and approved numerous landings and refueling operations at Baku’s civilian airport in support of U.S. and Coalition military operations” in Afghanistan.⁴⁹ Azerbaijan has contributed troops to the International Security Assistance Force (ISAF) in Afghanistan since 2003. It increased its contingent from 45 to 90 personnel in 2009, including medical and civil affairs specialists. From 2003-2008, about 150 Azerbaijani troops participated in the coalition stabilization force for Iraq. During her April 2010 visit to Azerbaijan, Under Secretary of Defense Flournoy voiced deep appreciation for

Azerbaijan’s critical contributions to the international effort in Afghanistan, to countering violent extremism, and to regional and global security. Azerbaijan’s strategic location at the crossroads of Eurasia has made it a vital partner of the United States.... Azerbaijan is a key node in the global air and ground network that resupplies [the International Security Assistance Force] and Afghan security personnel.⁵⁰

Azerbaijan and Kyrgyzstan reportedly are the main overflight, refueling, and landing routes for U.S. and coalition troops bound for Afghanistan, and Azerbaijan also is a major land, air, and sea transport route for military fuel, food, and construction supplies. The Azerbaijani route is one of several routes through Russia, the South Caucasus, and Central Asia to Afghanistan—together termed the Northern Distribution Network (NDN)—that supplement supply routes through Pakistan. According to U.S. Ambassador to Azerbaijan Matthew Bryza, about one-half of the supplies transiting the NDN pass through Azerbaijan. On July 5, 2011, an Azerbaijani tanker aircraft en route from Baku to the U.S.-NATO Bagram Air Base in Afghanistan was shot down by the Taliban, killing nine crew members.

⁴⁹ U.S. Department of State. *Country Reports on Terrorism 2008*, April 30, 2009.

⁵⁰ Embassy of the United States, Baku, Azerbaijan. *U.S. Defense Official Highly Values U.S.-Azerbaijan Partnership*, April 17, 2010.

Figure 1. Map of Azerbaijan and Region



Source: CRS

Notes: Administrative borders of the former Nagorno Karabakh Autonomous Region

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