

COLLOQUY

On Azerbaijan's Relations with Russia

Stanislav Chernyavskiy*



* Professor Stanislav Chernyavskiy is the Director of the Center for Post-Soviet Studies at the MGIMO University of Russian Ministry of Foreign Affairs

For more than two hundred years Russia has been the key foreign actor in the South Caucasus, whose actions and policies influenced (if not shaped) the region the most. Accordingly, Moscow is one of the most important neighbors of Azerbaijan, a major economic and trade partner, and a key mediator in Armenia-Azerbaijan Nagorno-Karabakh conflict. Relations between the two countries has experienced many ups and downs since Azerbaijan restored its independence after the collapse of the Soviet Union in 1991, but they have been particularly conflict-free and cooperative during the last decade and a half.

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Caucasus International discussed the past, current status, and future of the Azerbaijan-Russia relations with Professor Stanislav Chernyavskiy, Director of the Center for Post-Soviet Studies at the MGIMO University in Russia. The colloquy sheds light on the dynamics of bilateral cooperation in various spheres such as economics, politics, and security. Before joining academy, Professor Chernyavskiy was a career diplomat who served at the USSR embassies in Canada, Belgium, Algeria, Azerbaijan, and the USSR (later Russia) Representation at the United Nations in Geneva. He has authored more than 40 scholarly publications, including the monographs on Azerbaijan such as ‘Azerbaijan’s New Way’ (2002), ‘The Azerbaijan Republic’s Foreign Policy (1988-2003)’ (2003) and ‘Azerbaijan: Choosing the Policy Course’ (2004).

CI: *After Azerbaijan re-gained independence following the collapse of the Soviet Union, relations between Azerbaijan and Russia were not always trouble-free. However, since the beginning of the 2000s, bilateral relations have become highly dynamic, and currently, encompass a wide spectrum of issues. What are the key interests and factors that drive this partnership?*

Stanislav Chernyavskiy: It is true that relations between Azerbaijan and Russia during the first years of independence were not very friendly. There was no obvious conflict, but a degree of mutual suspicion prevailed. Mutual accusations dominated bilateral relations, which frequently tended toward the emotional rather than the rational. In short, Moscow and Baku faced difficulties in adapting to the new political landscape.

However, before that, as a part of the Russian Empire and then the Soviet Union for about two centuries, Azerbaijan was an important and integral part of the Imperial Russian/Soviet economy. The country exported not only gasoline and petrochemi-

cals but also products of metallurgy, high-quality oil equipment (over 70% of all oil equipment produced in the USSR), electrical and electronic appliances and equipment and radio-engineering products, as well as a wide range of consumer goods. Agricultural products from Azerbaijan were in great demand in Russia. There were no interethnic clashes or pogroms in the Azerbaijani SSR during the Soviet time.

As USSR disintegrated, the disruption of production ties between the enterprises of Azerbaijan, Russia, and other former Soviet republics inflicted a heavy blow to Azerbaijani economy. The economy of the country also suffered as a result of the war with Armenia in Nagorno-Karabakh, which emerged in the final years of the USSR and intensified after the collapse of the Union. The conflict resulted in the termination of all economic relations with Armenia, and a drastic reduction of international transport connections. The railways stopped working, agricultural products lost their consumers, and enterprises dependent on Russian market were frozen. Soon after, the war in Chechnya began and Russia closed its borders with Azerbaijan - both onshore and offshore. The country was completely blocked from the north. Nobody in Baku had expected this move by Russia, and many of those who still strongly identified themselves as Soviet were deeply distressed.

The nationalist, anti-Russian elites of Azerbaijan insisted that Russia was exploiting Azerbaijan and that disruption of economic relations with Russia would be good for Azerbaijan's economic prosperity. It is no secret that similar ideas circulated among economists serving the new Russian government, based on the view that being freed from the "burden of Soviet republics" would enable the Russian economy to flourish. At the governmental level, bilateral relations developed unsteadily. Politically, the short-term interests of nationalist leaders shaped the interactions, while the disruption of long-term economic ties created serious difficulties for the economy both in Russia and in Azerbaijan.

The phenomenon of mercenaries emerged as an unexpected but difficult problem for the two countries. Following the collapse of the USSR, many members of the Soviet army, who fought on both sides of the border, were used as contractors. Six former Russian soldiers (who fought on the side of Armenians against Azerbaijanis) taken captive by Azerbaijanis in Nagorno-Karabakh

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In both countries, political elites were being formed, and strong lobbying groups appeared, which disregarded state interests. The war in the North Caucasus continued, while innocent civilians were being killed in Nagorno-Karabakh. In both conflicts, Baku and Moscow held opposing positions - Moscow supplied arms to Armenia, while Baku welcomed Chechen insurgents “for rest and treatment”.

Until Heydar Aliyev assumed the position of acting President of Azerbaijan in summer 1993, Russian-Azerbaijan relations were so problematic that it was simply impossible to talk about any kind of partnership or collaboration. Both states were in opposition to each other, and mutual accusations and recriminations flowed ceaselessly. The collapse of the Soviet Union and transition of the former socialist republics into market economies resulted in major competition in the production and transportation of hydrocarbon products, traditional sources of hard currency. Competition for the development of the Caspian oil reserves intensified. The fierce dispute about the legal division of Caspian and the new pipeline projects by-passing Russia further exacerbated the situation. In addition to the political tensions with the Russian nomenklatura that came to power under the banner of democracy, economic disputes also emerged between Azerbaijan and Russia, with regard to the forced privatization of a number of Azerbaijani facilities on Russian territory also played a role. It should be noted that at that time Russia did not have a specific strategy for building good neighborly relations with Azerbaijan; moreover, a number of steps taken by Russia were not friendly and carefully planned.

Against this emotional background, Russian-Azerbaijani relations experienced certain development during the presidency of Boris Yeltsin. The first official visit by Russian president Vladimir Putin to Azerbaijan in January 2001 marked a milestone for Russian-Azerbaijani relations. Friendly contact established between the leaders of the two countries smoothed over many of the sore points, resolving problems that had previously seemed insurmountable. This mutual understanding developed into a friendly, trusting collaboration between Ilham Aliyev and Putin. Azerbaijan’s systematic, strategically verified approach to relations with Russia eliminated the most serious conflicts.

In terms of the factors that make Russia and Azerbaijan important partners for one another, the following is evident. First, this relationship is built between two successful states, meaning that both partners have stable state systems ensuring the fulfillment of their commitments within the framework of relevant legislation. This partnership is especially important considering the common frontier between the countries. Second, the relationship between Azerbaijan and Russia, with all its ups and downs, has always remained polite. They never drifted into anti-Azerbaijan or anti-Russian propaganda, which meant that the channels for dialogue always remained open. Thirdly, relations between Azerbaijan and Russia are first and foremost built upon mutually beneficial pragmatic dialogues on economic issues. This enables a high level of mutual understanding on political issues, including between the two leaders. Economic cooperation, even with the elements of market competition, is very important for the development of bilateral relations across the whole post-Soviet space.

CI: How would you assess the current dynamics of bilateral cooperation between Azerbaijan and Russia in the areas of the economy, politics, and security?

Stanislav Chernyavskiy: Economic cooperation is evident - today Russia ranks third place in terms of Azerbaijan's commodity turnover. It holds first place for imports, as one of Azerbaijan's key economic partners. Russian business invested more than \$3 billion in Azerbaijan's economy, while Azerbaijan's investments in Russia's economy exceed \$1 billion.

Increasing turnover is especially noticeable in the sphere of agriculture. The volume of agricultural products imported from Azerbaijan to Russia increased significantly over the course of recent years. During nine months in 2016, the volume of vegetable and fruits imported from Azerbaijan reached \$217 million, almost 24% more than for the same period in 2015. Such a rise of exports certainly contributed to the 2.6% growth of the agricultural sector in Azerbaijan in 2016.

The Azerbaijan market is also interesting for Russian farmers - mainly for exports of Russian grain crops and products. In terms of gross volume, Azerbaijan is among the top five importers of Russian grain. There are joint projects being implemented in the food production sphere; for instance, fruit and vegetable processing and tea fac-

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tories are being built in the Krasnodar region. The Azerbaijani company Benkons Group is planning to open juice factory in Tatarstan, with the production capacity of more than 50,000 tons annually. Products are geared towards both the Russian market and for export to Asian countries. We have also achieved noticeable development in the transport sector. The joint project between Russia, Iran, and Azerbaijan - North-South - is the most important among the transportation cooperation projects.

CI: What can you say about the future prospects for the Russia-Azerbaijan-Iran trilateral format and the North-South transport corridor? What advantages might trilateral collaboration offer for the three countries and the region as a whole?

Stanislav Chernyavskiy: The summit of the Azerbaijani, Russian, and Iranian presidents in August 2016 in Baku was of fundamental importance in political terms. Perspectives on the construction of the North-South transport route were discussed; this route would connect the railway systems of Russia, Azerbaijan, and Iran. This would create an economic corridor connecting the countries of Northern, Central and Western Europe with India and the Persian Gulf region. Obviously, this opens huge economic possibilities both for the initial participants and the transit countries. A significant part of the 7200-km route will pass through the territory of Azerbaijan. Based on current estimates, after the completion of this project and its full exploitation, Azerbaijan will earn approximately \$2.5 billion per year in transit fees.

Trilateral cooperation between Baku, Moscow, and Ankara on key regional problems can bring positive results, as any multilateral format is aimed at improving the general stability and predictability of international relations. At the same time, serious disagreements between Turkey and Russia, in particular regarding Syria, limit the prospects for this cooperation.

The trilateral format allows development in several directions. The first and most important is the development and transportation of energy resources. The development of transport communications in the Caspian coastal region and on Caspian is equally important. And, finally, the development and protection of the biological resources of the Caspian Sea, and preventing them from being plundered via “grey schemes” remains an important task.

The rapprochement between the three countries might speed up the signing of an Agreement on the delimitation of the Caspian shelf. Discussions of this issue have been ongoing for many years. The positions of Moscow and Baku are closely aligned on many points. The leaders of both countries support the delimitation of the Caspian Sea bottom along the modified median line in order to guarantee sovereign rights for the use of subsurface resources, with the aqueous space remaining in common

use, agreed on norms of fishing and protection of the environment. The position of Iran is quite different, however. Official Tehran supports the delimitation of the Caspian shelf equally between all coastal states. Despite this divergence, Moscow, Baku, and Tehran agree that the military forces of non-Caspian states should not be allowed in the Caspian basin.

CI: Recently, the Turkish Minister of Foreign Affairs, M. Çavuşoğlu, raised the issue of Turkey-Russia-Azerbaijan trilateral cooperation. During his visit to Moscow, the President of Turkey Recep Tayyip Erdoğan also talked about the possibility of such cooperation. Considering the role of Azerbaijan in the reconciliation between Russia and Turkey, what can you say about the prospects for this trilateral cooperation?

Stanislav Chernyavskiy: Trilateral cooperation between Baku, Moscow, and Ankara on key regional problems can bring positive results, as any multilateral format is aimed at improving the general stability and predictability of international relations. At the same time, serious disagreements between Turkey and Russia, in particular regarding Syria, limit the prospects for this cooperation.

Disagreements between Turkey and Iran also play a negative role, in general. Turkey is a member of NATO and in opposition to Tehran. In fact, Iranian and Turkish soldiers are firing at one another in Syria. Turkey does not have diplomatic relations with Armenia; Ankara fully supports Azerbaijan on the Nagorno-Karabakh issue; and the Iranian government is against the Madrid Principles as a way to resolve the Armenian-Azerbaijani conflict, as according to this document, international peacekeeping forces should be located in Nagorno-Karabakh. Tehran sees this as an attempt to besiege Iran and insists that only regional forces should be permitted to guard the peace in Nagorno-Karabakh (i.e. Russia, Iran, Turkey, Azerbaijan, Armenia, Georgia). At the same time, the Islamic Republic of Iran has repeatedly offered to mediate, trying to demonstrate to Turkey that they are equally interested in resolving the conflict.

All these being said, one must not exclude cooperation between these three countries, and this could happen, for instance in the spheres of economy or energy. However, any more substantial steps will draw protest from the Armenian side, an important partner for Russia, as well as can produce a negative reaction by Washington. This would harm Moscow, Baku, and especially Turkey as a NATO member. Therefore, until now the possibility

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of formation of such hypothetical alignment remain in verbal statements and does not transform into written documents or practical actions.

CI: *Unfortunately, the resolution process of Armenia-Azerbaijan Nagorno-Karabakh conflict is at a deep deadlock. Clashes on the front line are frequent, and experts are warning that we may see the resumption of full-scale hostilities. This puts the security of both the South Caucasus and its neighbors at risk. What measures, to your mind, could Russia offer to break the deadlock, considering that Moscow has serious interests in the region and is a key participant in the peace process?*

Stanislav Chernyavskiy: I consider that a compromise on the Nagorno-Karabakh problem can be achieved on the basis of decisions taken in 2011 at the meeting between the presidents of Russia, Armenia, and Azerbaijan in Kazan. Russia will continue playing the leading role in the process of political reconciliation. Russia, more than other members of the OSCE Minsk Group, is interested in the establishment of permanent peace in the region and the development of economic cooperation in the South Caucasus. The reaction of the US and France to Moscow's initiatives will most likely be friendly/neutral. Neither Washington, nor Paris will be actively engaged in this problem: in the US, after the recent presidential election, a campaign is being gradually waged aimed at the impeachment [of the President], whilst the newly elected French president is dealing with the change of political balance in the course of the forthcoming parliamentary elections. At the same time, Russia has the opportunity to put forward alternatives for Baku and Yerevan, based on the results of the Kazan meeting. According to those decisions, all Armenian controlled territories surrounding Nagorno-Karabakh must be handed over to Azerbaijan in exchange for the lifting of the blockade of Armenia imposed by Baku and Ankara.

Returning to the key subject of our conversation, I would like to stress that Russia and Azerbaijan are united by the common historical fortunes of their people, and invaluable political, economic and spiritual potential. Reality has shown that Russia and Azerbaijan need one another. Relations between two sovereign states - Russia and Azerbaijan - have acquired a pragmatic, business-like and mutually beneficial character, considering first of all the national interests of each country.

**Interview was conducted by Azad Garibov,
Editor-In-Chief of the Caucasus International**