

Commentary: Azerbaijan's President Ilham Aliyev Addresses New Messages Through His New Cabinet

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The March 11th, 2018 presidential elections in Azerbaijan confirmed the political weight and the overwhelming popular support for President Ilham Aliyev. Nevertheless, the elections' strategic aftermath has yielded remarkable changes with implications for the future prospects of the country – the appointment of a new cabinet being the most notable of these changes. The restructuring of the cabinet of ministers hails new prospects for multiple economic reforms and structural-institutional changes, with the overall aim of promoting a more attractive domestic business environment and ensuring the sustainable development of the country in the years ahead.



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Introduction

In less than two weeks following the election, President Aliyev appointed a new Prime Minister, Novruz Mammadov – the President’s former aide for foreign relations, with more than two decades of experience in day-to-day foreign policy decision making. President Aliyev thanked former Prime Minister, Artur Rasizade, who had held this position since 1996, for his long service.

Novruz Mammadov, although the head of the new cabinet, was not the only new face there. While the tenures of those responsible for the realms of defense, law enforcement, security, and economic development were extended due to their overall accomplishments, many other ministers were replaced. The ministries of agriculture, labor and social protection, education, and taxes, as well as the state committees for diaspora, architecture and city building, along with several others, are now headed by young professionals with successful records in their various previous areas of engagement. Three deputies of the prime minister, as well as the chairman of the State Committee for Refugees and IDPs, were also changed.¹

Implications

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The two most straightforward implications of the appointment of the new cabinet are, first of all, that Azerbaijan’s leader demonstrated his capacity to work with different generations of diverse competences and backgrounds; and, secondly, the new appointments, while welcomed by the society, also attested to President Aliyev’s determination in deepening the economic reforms.²

In fact, in recent years, the country has been facing a number of challenges, some linked to global trends and flows, while others are of a systemic character; and

1 Apa.az (2018), *New Composition of Cabinet of Ministers Approved - LIST*, Available at: http://apa.az/daxili_siyaset/nazirler-kabinetinin-yeni-terkibi-tesdiqlenib-2504.html (Accessed 17 June, 2018).

2 Ismailzade, F. (2018), “Azerbaijan’s New Cabinet Composition Indicates Pro-Reform Agenda,” *Central Asia and Caucasus Institute*, 11 May, available at: <http://cacianalyst.org/publications/analytical-articles/item/13514-azerbaijans-new-cabinet-composition-indicates-pro-reform-agenda.html> (accessed 17 June, 2018).

the government has long intensified its efforts towards urgent reforms. Yet, despite the government's considerable success in stabilization of the national currency and "first aid" to the local financial sector – after the gradual drop of the oil prices rocked the country's financial sector – President Aliyev, as is apparent from his pre-election statements, had not been satisfied with the reforms' speed.³

Nonetheless, the changes were not driven only by failures, as the government had demonstrated impressive results in, for example, the establishment of ASAN Service; the implementation of the one-window service system in customs; easing the tax system for entrepreneurs; or rapid growth of the tourism sector, with Azerbaijan becoming one of the favorite travel destinations for tourists from many countries.

Such successes are, however, also proof of President Aliyev's firm position on reforms. Since 2003, when President Aliyev started his first tenure as the head of state, the country's economic development, elimination of poverty, and pace of reforms have always been the objectives he focused upon and used as the measure of success. In certain respects, Azerbaijan's impressive GDP performance, along with reduction of poverty from 49 to 5 percent and unemployment to 5 percent, owe much to the determination of President Aliyev, despite negative global trends such as fluctuating oil prices. Moreover, over the past 15 years, Azerbaijan's economy and gross domestic product have grown more than threefold. More than \$230 billion have been invested in the country's economy over the past 15 years. Meanwhile, the Davos Economic Forum ranked Azerbaijan's economic competitiveness in 35th place. The head of state managed to translate "black gold" (oil) into "human capital." Furthermore, the country, for the purpose of intensification of economic diversification, has gradually increased the share of non-oil sectors in its export turnover;⁴ for instance, it has taken steps for the construction of industrial parks

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³ President.az (2018), *Speech by Ilham Aliyev at the meeting of the Cabinet of Ministers dedicated to the results of the first quarter and the upcoming tasks - Official Website of the President of Azerbaijan - Speeches*, available at: <https://president.az/articles/27821> (accessed 17 June, 2018).

⁴ Azertag.az (2018), *President Ilham Aliyev: 10 Percent Increase in Non-Oil Sector In Q1 Of 2018 Is Result Of Industrialization Policy*, available at: https://azertag.az/en/xeber/President_Ilham_Aliyev_10_percent_increase_in_non_oil_sector_in_Q1_of_2018_is_result_of_industrialization_policy-1151417 (accessed 17 June, 2018).

in several cities, including Neftchala, Mingechevir, Hajigabul, Masalli, and Sabirabad.⁵

State of the Process

Amidst the celebrations of the 100th anniversary of the establishment of first Azerbaijan Democratic Republic (1918–1920), President Aliyev indicated his expectations. These included the multiplication of new job places across the industrial, agricultural, and economic sectors. Moreover, the relevant government structures were assigned to boost the country’s agricultural sector and food security index, which was ranked in 57th place by Davos Economic Forum. Special attention continues to be paid to the reduction of import dependence for agricultural products, instead increasing the emphasis on export-oriented products, as well as boosting the non-oil sectors’ performance.⁶

That is to say, the newly appointed cabinet is tasked with meeting the new expectations of both President Aliyev and of the society concerning boosting the non-oil sector, agricultural and light industrial production (subsequently increasing their export volumes); improving the transport infrastructure,⁷ including the full performance of the Baku–Tbilisi–Kars railway;⁸ and achieving the smooth implementation of the Southern Gas Corridor.⁹ Yet, the scope and character of some of these strategic regional infrastructure projects bring new demands to a number of sectors – from education to communications, and from agriculture to alternative energy. One important role in particular is attached to the exploitation of synergies stemming from the country’s strategic location. Not only trends in global oil prices, but the vision of Azerbaijan as a modern, dynamic, successful, and

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5 Azernews.az (2018), *President Ilham Aliyev: 2018 Will Be Successful Year For Industrial And Agricultural Development In Azerbaijan*, available at: <https://www.azernews.az/nation/125304.htm> (accessed 17 June, 2018).

6 See “Speech by Ilham Aliyev at the meeting of the Cabinet of Ministers...”, *op.cit.*

7 See “Speech by Ilham Aliyev at the meeting of the Cabinet of Ministers...”, *op.cit.*

8 President.az (2018), *Speech by Ilham Aliyev at the opening ceremony of the Baku-Tbilisi-Kars railway, Official Website of the President of Azerbaijan - Speeches*, available at: <https://president.az/articles/25701> (accessed 17 June, 2018).

9 President.az (2018), *Speech by Ilham Aliyev at the official opening ceremony of the Southern Gas Corridor, Official Website of the President of Azerbaijan - Speeches*, available at: <https://president.az/articles/29085> (accessed 17 June, 2018).

transparent country, performing the role of a bridge between Europe and Central Asia, necessitate this change. Maximization of benefits from projects like the Baku–Tbilisi–Kars railway or construction of the new Baku International Sea Trade Port in Alat (to the South from Baku) cannot be achieved other than with successful human resource management at a national level.

By appointing the new ministers, some already with observable positive records, President Aliyev is also responding to the expectations of the vast majority of the electorate. And there are signs that President Aliyev’s message has been accepted not only inside Azerbaijan, but by the audience outside the country.

The newly-constructed Baku International Sea Trade Port is a good example. When construction of this strategic infrastructure project was initiated, synergies with the interests of current and potential partners in Central Asia and further to the east were taken into consideration, including those of China. The results, however, surpassed expectations. Immediately after the presidential elections in Azerbaijan, a delegation of the Chinese Export and Credit Insurance Corporation visited Baku and expressed interest in investing in the establishment of a joint Azerbaijani–Chinese free economic zone in the proximity of the new port. Moreover, Russian President Vladimir Putin, in a letter to President Aliyev, underlined that Azerbaijan has made great strides in the economic, social, scientific, technical, humanitarian, and other spheres, and enjoys great influence in the international arena. Furthermore, two consecutive letters from U.S. President Donald Trump, the first immediately after Ilham Aliyev’s victory in presidential elections, and the second in May for the country’s 100th anniversary, indicated Azerbaijan’s importance for the United States in defeating terrorism and improving Europe’s energy security.

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Notwithstanding some ups and downs, the country’s development during Ilham Aliyev’s presidency has been consistent, and the complex efforts to construct a national brand of a modern and dynamic nation with aspirations for regional economic and industrial leadership have been successful so far. On the other hand, as mentioned above, new horizons bring new demands. History is full of examples where lack of political will and

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strategic vision by leaders led nations to failure. In this context, Azerbaijan's development history is blessed by both the leadership and political proficiency of President Aliyev, who has hereto ensured that all legal and structural frameworks have achieved operational efficiency and has navigated the smooth running of broader processes for Azerbaijan's earlier-contemplated successes. President Aliyev's policy competences have also streamlined Azerbaijan's adaptation to the ever-changing global economic circumstances and the country's international economic recognition. Such constructive change to the system is associated with President Aliyev's readiness to use his full potential today in order to facilitate transformation of Azerbaijan's development biography to a new level of excellence in the targeted areas for the sake of future Azerbaijani generations.

Conclusion

To sum up, having been overseen by a visionary leader, the main mission for the new cabinet looking ahead remains addressing the key economic and administrative challenges and contributing to President Aliyev's mission and vision that aims to transform the country's key sectors and dependencies. It will therefore be necessary to implement more innovative policies in order to reach these goals – with developing an economic profile autonomous from the fluctuation of oil prices and applying advanced global practices for economic modernization being the most challenging policy tasks.