



AZERBAIJAN

Background

Azerbaijan gained its independence from the Russian Empire in 1918 and enjoyed a short period as the Democratic Republic of Azerbaijan until it was conquered and incorporated into the USSR again in 1923. Azerbaijan regained its independence nearly 70 years later, in October 1991, and was briefly governed by Abulfaz Elchibey – the leader of the Popular Front, Azerbaijan’s national liberation movement. However, in June 1993 – only

one year after Elchibey took office – rebel army commanders discontented with Elchibey’s administration, particularly his policies towards the ongoing conflict in Nagorno Karabakh, launched an attack on the capital city of Baku. Elchibey fled and Heydar Aliyev, a former KGB general and head of the Azeri Communist Party, was instated as president by the National Council. General elections in October 1993 granted him a five-year term, and Aliyev retained the presidency in 1998 through reelection. Ilham Aliyev, Heydar’s son, took his father’s post in October 2003 following elections that fell far short of international standards and included cases of voter intimidation and counting irregularities. The November 2005 parliamentary elections were likewise considered highly flawed by international observers.

Despite the flawed elections, Azerbaijan has become considerably important to U.S. interests due to its strategic geographical position (the country serves as a bridge between Western Europe, Eurasia and the Middle East) and its rich energy resources. Congressional budget documents refer to Azerbaijan as, “a vital link in the Trans-Caspian energy corridor.” In 1994, Azerbaijan signed a major oil contract with the Western Oil Consortium, which marked a major breakthrough in Azerbaijan’s integration into



the world economy, and also marked a significant change in the post-Soviet power balance in the Caucasus region. The Shahdeniz gas field (discovered in 1999) is expected to diversify the regional gas supply that currently comes predominately from Russia, and a Baku-Tbilisi-Erzurum gas pipeline which is currently under construction. The development of its domestic gas industry, in addition to the completion of the Baku-Tbilisi-Ceyhan oil pipeline in May 2005, has further strengthened the economic independence of Azerbaijan.

U.S. interest in Azerbaijan's energy resources led President George W. Bush to invite President Ilham Aliyev to the White House in April 2006, in a dramatic departure from the administration's previous admonishment of the country for its lack of substantial democratic reforms, and despite the fact that the U.S. State Department's 2006 report on human rights practices classified Azerbaijan's human rights record as poor and stated that the government continued to commit human rights abuses against its citizens. Additionally, the report said, security forces continued to act with relative impunity, and deaths in police custody occurred as a result of beating and torture. Moreover, corruption remains endemic at every level of government, specifically within the law enforcement and judicial sectors, and the executive branch continues to dominate the political system, which is marked by a lack of checks and balances and a merely nominal division of power. Although the prison infrastructure has improved somewhat, conditions in Azeri prisons remain life-threatening and harsh.

Although freedom of assembly was restored for the first time since 2003, it was systematically restricted around the time of the November 2005 parliamentary elections, and worsened during 2006, along with freedom of the press and political participation. Politically-motivated arrests and kidnappings of journalists occurred during the year, and those arrested faced long pre-trial detentions and torture used to force confessions. All organizations – including political parties, religious groups, and NGOs – are required to register with the Ministry of Justice, and while many are able to do so without incident, certain NGOs were unable to register, and others that were registered were intimidated by the government. In the run-up to the November 2005 parliamentary elections, Aliyev issued two presidential decrees stressing the importance of these elections complying with international election standards; the decrees notwithstanding, monitors still reported “major irregularities and fraud” during the elections. The 2005 parliamentary elections were slightly improved, but still fell well below international standards.

Arbitrary arrest is common and there are credible reports of torture being used on detainees. The mass media and civil society do not enjoy freedom of speech or the press and there are documented cases of harassment of and violence against journalists. The U.S. State Department noted in its 2006 report on terrorism that Azerbaijan has had “some success” in pursuing members of the “international mujaheddin” operating in the Caucasus. Azerbaijan has convicted two separate groups calling themselves “al-Qaeda Caucasus,” that were accused of plotting attacks within Azerbaijan – the first group was convicted in February 2005 and the second in April 2006. However, Azerbaijan's lax border security allows for continued human trafficking, as well as money and weapons destined for terrorist groups.

A fragile “no-war, no-peace” state still holds in the Nagorno Karabakh conflict, and the U.S. State Department reported that, in 2005, fighting in Nagorno Karabakh was occurring with “increasing frequency,” compared to other years. The conflict in Nagorno Karabakh began in 1988 when the majority ethnic Armenian region voted to secede from Azerbaijan. The tensions that developed between the secessionist region and Azerbaijan ignited an armed conflict, during which 30,000 people were killed and hundreds of thousands of Azeris and Armenians were forcefully relocated. Although Russia brokered a cease-fire in 1994 that ended major hostilities, sporadic violence in the region has

continued for over a decade. At the outbreak of the conflict, the Organization for Security and Cooperation in Europe (OSCE) created the Minsk Group to work towards a resolution to the Nagorno Karabakh conflict, but all proposals created by the Minsk Group have so far been rejected by one or both parties to the conflict. Armenian President Robert Kocharyan¹ and Azeri President Ilham Aliyev met in Minsk on Nov. 28, 2006, for the latest OSCE-sponsored discussion on Nagorno Karabakh, but the two have not yet arrived at a resolution to the conflict. Although the separatist government of Nagorno Karabakh adopted its own constitution on Dec. 10, 2006, the international community has largely ignored this development, and the OSCE chairman called the constitutional referendum “counter-productive to the ongoing conflict settlement process.”

U.S. Military Assistance Prior to Sept. 11, 2001

Beginning in 1992, the United States instituted arms sanctions against Azerbaijan, citing human rights concerns and Azerbaijan’s blockade of Armenia, which was imposed as part of the ongoing conflict over Nagorno Karabakh. From 1995 until 2000, Azerbaijan did not report any conventional arms imports from the United States to the UN Conventional Arms Register and the only form of military assistance that Azerbaijan received prior to Sept. 11, 2001, was \$38,000 in Direct Commercial Sales (DCS) deliveries in fiscal year (FY) 1996 (although \$541,000 had been licensed in 1996). In 1997, Azerbaijan was granted \$6,000 worth of DCS, but no weapons were ever delivered as part of this licensing. Between FY 90 and FY 01, Azerbaijan did not receive any International Military Education and Training (IMET) funds, Foreign Military Financing (FMF) or Excess Defense Articles (EDA).

U.S. Military Assistance Since Sept. 11, 2001

Following Sept. 11, 2001, Azerbaijan was one of six countries (along with Armenia) that had U.S. sanctions against it immediately removed in the aftermath of the attacks, in order to facilitate cooperation in the global war on terror.² The arms sanctions were lifted despite the fact that the Nagorno Karabakh conflict was still unresolved – the original rationale for imposing sanctions. Azerbaijan has extended overflight, landing and refueling rights, along with law enforcement cooperation and information sharing to U.S. authorities in support of Operation Enduring Freedom. Since 2003, over 900 Azeri soldiers have served in Iraq and, since 2002, an entire Azeri platoon has served in Afghanistan. Because of this cooperation, and because of its own domestic struggles to eradicate terrorist networks, the U.S. State Department considers Azerbaijan to be a “front-line state” in the “war on terrorism.”

Although Azerbaijan had not received any military assistance from the United States since becoming an independent state, Azerbaijan received over \$27 million in military assistance in the five years immediately following Sept. 11 (FY 02-FY 06). During these five years, FMF assistance peaked at

¹ Armenian President Robert Kocharyan is originally from Nagorno Karabakh and served as the region’s president from 1994 until 1997. After becoming President of Armenia in 1998, he announced that, due to his origin, he would represent the interests of Karabakh Armenians during the negotiations. However, the positions adopted by Armenia and those of the Nagorno Karabakh authorities have not always coincided, and these discrepancies have periodically obstructed the negotiation process. As Nagorno Karabakh’s right to participate in the negotiations was legally confirmed in the 1994 CSCE Budapest Summit Declaration, the government of Nagorno Karabakh has suggested that its own representatives should rejoin the negotiating process, in order to work more effectively towards a resolution to the conflict.

² The other countries are: Armenia, India, Pakistan, Tajikistan, and Serbia and Montenegro.

almost \$8 million in FY 05 and IMET funding peaked at over \$1 million in FY 04. Roughly \$1.9 million in IMET and almost \$9 million in FMF have been requested for FY 07 and 08. The FY 08 foreign operations budget requests for Azerbaijan represent decreases from FY 06 levels for all accounts except for FMF.

Government-to-government military sales and commercial military sales steadily increased in the five years after Sept. 11. FMS to Azerbaijan resumed in FY 02, with \$53,000 in sales, and FMS peaked in FY 06, with more than \$10 million in sales. DCS resumed in FY 04, with licenses for commercial military sales totaling \$17,000. DCS have only increased since then, with total licenses valued at \$257,000 in FY 06, and with \$900,000 estimated in FY 07, and nearly \$3 million projected for FY 08.

Additionally, Azerbaijan will receive both Global Peacekeeping Operations Initiatives (GPOI) funds and Coalition Solidarity Fund (CSF) appropriations, allocated under the Peacekeeping Operations account (PKO), to further assist in the training and supplying of Azeri troops supporting operations in Iraq and Afghanistan. Azerbaijan received \$808,000 in Anti-Terrorism Assistance (ATA) through the Non-proliferation, Anti-terrorism, Demining, and Related Activities (NADR) account in FY 05, and is slated to receive over \$1.3 million more in FY 06 and FY 07. Azerbaijan is also a beneficiary of the Regional Defense Counterterrorism Fellowship Program (CTFP) through which it received an additional \$175,000 in military training in FY 06 and \$100,000 in FY 07.

| U.S. Military Assistance and Sales to Azerbaijan, FY 90 - FY 08 | | | | | |
|--|-------------|--------------|-------------|--------------|------------|
| | IMET | FMF | DCS | FMS | EDA |
| 1990 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1991 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1992 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1993 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1994 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1995 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1996 | \$0 | \$0 | \$38,000 | \$0 | \$0 |
| 1997 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1998 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1999 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2000 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2001 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1990-2001 | \$0 | \$0 | \$38,000 | \$0 | \$0 |
| 1997-2001 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2002 | \$377,000 | \$4,000,000 | \$0 | \$0 | \$0 |
| 2003 | \$878,000 | \$5,000,000 | \$0 | \$53,000 | \$0 |
| 2004 | \$1,082,000 | \$2,485,000 | \$17,000 | \$2,027,000 | \$0 |
| 2005 | \$879,000 | \$7,936,000 | \$72,000 | \$1,703,000 | \$0 |
| 2006 | \$823,000 | \$3,960,000 | \$257,000 | \$10,135,000 | \$0 |
| 2002-2006 | \$4,039,000 | \$23,381,000 | \$346,000 | \$13,918,000 | \$0 |
| 2007 | \$885,000 | \$4,500,000 | \$911,000 | \$5,460,000 | \$0 |
| 2008 | \$1,000,000 | \$4,300,000 | \$2,838,000 | \$4,500,000 | \$0 |

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