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**TOPIC: Russian – Azerbaijani Relations During and After Dmitry Medvedev’s
Term in Office**

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1. Introduction

From the beginning of the 21st century and during its first decade the relations and cooperation between the Russian Federation and the Republic of Azerbaijan have reached a new level and moved from almost non-existent relations to an active cooperation in many fields.

This paper is concerned with the period in the relations of these two countries when Dmitry Medvedev was the president of Russia and the time-period after his presidency. In order to be specific, we took the period from 2008 when Medvedev was elected president and covered the period including year 2013. Although this paper was written in the middle of 2014 we mostly limited the research to year 2013 in order to have conclusive statistical data for comparative analysis of different aspects of relations. This period of relations between the two countries is currently not researched thoroughly and the scholarly articles referring to it are limited, mostly small in size and covering a certain event of the period.

The goal of this paper is to determine the characteristics of development of relations between Russia and Azerbaijan. To reach this goal we will provide the historical background of the relations between the two countries and use it as a tool for comparison to see how the relations have developed in the time-period concerned.

This paper will attempt to answer the following research question: How have the Russian-Azerbaijani relations developed during and after Dmitry Medvedev's presidential term? We will try to answer this question by looking at the development of relations between the two countries in various fields and by comparing these developments with existing historical relations before Medvedev's term in office.

In order to achieve this goal, we will start the paper by exploring the existing literature about the relations between Russia and Azerbaijan and when available we will focus on the period that is answering our research question.

After literature review, we will move onto providing the historical background to the relations between the two countries. In this chapter we will cover the period of the beginning of the 20th century and move to the period when Azerbaijan was in the Soviet Union and in that sub-chapter we will focus on the contribution Azerbaijan has made to the union and its relations with the centre of the union – Moscow. This chapter will also cover the period of the life of independent Azerbaijan after the collapse of the Soviet Union.

The next chapter will be concerned with the diplomatic relations between the two countries and will provide the historical background of existing relations and devote most of the discussion to the period of Dmitry Medvedev's term in office and how the diplomatic relations developed in this period.

The following chapter will include the question of security cooperation and will be focused on the period of Medvedev's term in office. In this chapter we will also discuss the question of Nagorno-Karabakh conflict in the Russian-Azerbaijani relations and observe if improvements have been made in this regard that benefit Azerbaijan.

The chapter about economic relations will involve the developments in trade relations between the two countries, as well as cooperation in energy sector and tourism sector. In the sub-chapter covering the energy sector we will discuss how the Russian interests in this matter have influenced the diplomatic and overall relations between the two countries.

1.1 Literature Review

It is difficult for Azerbaijan to pick a single political orientation, because a number of factors are in play and they make it tough for the country to choose one course of action. Most scholars agree that due to the complexity of the situation, Azerbaijan chose somewhat balanced foreign policy.¹

It is undebatable that world politics is governed by the interests of states. Each has its needs and requirements towards other countries, be it nearby or on the other part of the globe. Similar interests govern the relations between Russian Federation and the Republic of Azerbaijan. After the collapse of Soviet Union Azerbaijan became independent state and was facing more challenges that were of greater importance as compared to the condition when the country did not have to as a separate entity in the field of world politics because it was part of the Soviet Union.

Almost the same way, Russia had to adjust its foreign policy after the collapse of the Soviet Union but unlike other smaller states included in the union Russia retained its imperialistic views and started meddling in the internal politics of newly emerged republics who had quite a lot on their plate as it was at the time. The interests of Russia to grab a hold and control its surrounding states does not surprise anybody because as one of the biggest countries in the world she had to secure its positions as a world leader from the very beginning.

Much of the relations of Russia and Azerbaijan were based on this kind of interplay of interests from both sides.

Araz Aslanli, "Azerbaijan - Russia Relations: Is the Foreign Policy Strategy of Azerbaijan Changing?," *Turkish Policy* (2003).¹ Fariz Ismailzade, "Azerbaijan's Tough Foreign Policy Choices," *UNISCI Discussion Papers*, October 2004., 6

In order to better illustrate what we mean, we should take a closer look at what Azerbaijan has to offer to one of the major players in the world politics and what can Azerbaijan gain from having normalized relations with the aforementioned country.

For Russia Azerbaijan is a state which occupies a strategically important region in the Caucasus² and it plays a major role in Russia's claims for global power because gaining control over Azerbaijan would mean that Turkey and Iran have little chance of closing on onto the borders of Russian Federation.³ Citing Alieva⁴, Freni states the following:

“Azerbaijan is strategic not only for its status as a buffer zone between Moscow’s historic rivals, Turkey and Iran, but also for the Qabala Radar Station, the largest in the former Soviet Union, and its powerful industrial complex.”⁵

Geography is not the only important part in this regard. It is clear that Russia uses energy as a tool for increasing political influence and this influence is spread on a strong entity such as European Union. *Russia, with its own aspirations to become one of the main oil and gas producers in the world, has increasingly seen Azerbaijan as a competitor in the production of energy.*⁶ Even though Russia sees Azerbaijan as a competitor, the governments of Russia have always understood that aggression would never work so they always try to make careful steps regarding political situation. They try to weaken Azerbaijan by supporting its Armenia, another actor in the south Caucasus and even though Russia has several other reasons to support Armenia, the

² Aslanli, "Azerbaijan - Russia Relations: Is the Foreign Policy Strategy of Azerbaijan Changing?," 138

³ bid.

⁴ Leila Alieva, "Reshaping Eurasia: Foreign Policy Strategies and Leadership Assets in Post-Soviet South Caucasus," *Berkely Program in Soviet and PostSoviet Studies* (2000)., 8

⁵ Salvatore Freni, "Azerbaijan-Russia Relations: An Analysis of Russian Hegemony," (2011)., 8

⁶ Murat Gül, "Russia and Azerbaijan: Relations after 1989," *Alternatives - Turkish Journal of International Relations* 7, no. 2 & 3 (2008)., 55 see Freni, "Azerbaijan-Russia Relations: An Analysis of Russian Hegemony.", 9

weakening of Azerbaijan is one of them. Russia often takes steps to prevent any possibility of Azerbaijan becoming a source of energy for Europe.

This opinion is supported by Araz Aslanli⁷, when he states that Russia attempts “To prevent or at least limit the alternative source of hydrocarbon supplies to key markets in order to increase dependence of customers on Russian energy supplies.”

In addition to this, there are also security issues and Russia tries to limit the chance of USA or any other global player to establish military deployments in the Caucasus. Russia sees it as an important move to protect Russia’s coastal areas on the Caspian and Black seas.⁸ This has been proved many times recently when Russia made drastic moves in order to secure her positions on the Black Sea by occupying Crimea. They knew it would cause the international community to react very aggressively on this, but they still made this move because they see it as a guarantor of security if they take control of the seas bordering the country from south-west.

*“The psychological factor of history encouraged a special bond and the assumption that the republics would always seek close relations with the Kremlin. The need to preserve security derives from the issues of Russia’s own territorial integrity in the North Caucasus. The Caucasus, including both the North and South, can be seen as a region of security interdependency.”*⁹

By creating such “Controlled Instability” in the separatist regions all around its neighbourhood, Russia is attempting to create a control mechanism with which it will be controlling both sides of each conflict. It can be concluded from this, that it is in

⁷ Aslanli, "Azerbaijan - Russia Relations: Is the Foreign Policy Strategy of Azerbaijan Changing?.", 138

⁸ Ibid.

⁹ Kavus Abushov, "Policing the near Abroad: Russian Foreign Policy in the South Caucasus," *Australian Journal of International Affairs* (2009)., 192 see Freni, "Azerbaijan-Russia Relations: An Analysis of Russian Hegemony.", 8

Russia's interests if these conflicts will remain active and not be resolved. By weakening the states and causing domestic instability, it forces their leaders to come to Russia asking for aid, allowing Moscow to create an environment that benefits its own interests.¹⁰ The conflict of Nagorno-Karabakh is similar to many others in the region and outside of it that as we have already mentioned Russia is "controlling". Since Azerbaijan has witnessed a number of times that Russia often helps Armenia in its dispute over Nagorno-Karabakh with Azerbaijan, the governments of Azerbaijan have lead a careful policy towards Russia in order to get some of this favour. If it does not work and Azerbaijan does not get the support it seeks, then at least she will reduce the risks of having its enemy being financed by such great power like Russia.

It is natural for a big country like Russia to have claims for being a global power and this is noticeable on the world arena of politics. As Araz Aslanli¹¹ indicates, it is a psychological factor of the imperial past and [Russia] wants to become a global power. This unites all the interests of Russia that we have listed above and explains why it is spending so much effort in having good relations with Azerbaijan and also tries to gain control over it.

Relations with Russia are determined by an interplay of two elements, which are the attempts by Moscow to keep its existing influence over Azerbaijan and second, the issue of Nagorno-Karabakh conflict. Considering the common past in the Soviet Union, Azerbaijanis perceive Russia's actions to be a little suspicious, because they see them as neo-imperialist attempts to resurrect the Russian empire.¹² Even though such risks are implied, Azerbaijan's foreign policy is still direct towards normalizing relations with Russia, because a small country like this naturally can benefit from the global player

¹⁰ Alieva, "Reshaping Eurasia: Foreign Policy Strategies and Leadership Assets in Post-Soviet South Caucasus." see Freni, "Azerbaijan-Russia Relations: An Analysis of Russian Hegemony.", 8

¹¹ Aslanli, "Azerbaijan - Russia Relations: Is the Foreign Policy Strategy of Azerbaijan Changing?.", 138

¹² Freni, "Azerbaijan-Russia Relations: An Analysis of Russian Hegemony.", 9

like Russian Federation. The main focus while conducting such foreign policy is for Azerbaijan to gain support in resolving a long-standing conflict in Nagorno-Karabakh.

Azerbaijan found itself in a web of complex international political game and its foreign policy depends on many aspects. As an energy producing country it has a lot to offer to the world in return but it does not have the luxury to offend any of the global players and that is why it has to choose more neutral foreign policy.

Murat Gül¹³ supports this claim in his article “Russia and Azerbaijan: Relations after 1989”:

“Russia’s interests in and its policies regarding the near abroad have been evolving. Developments in domestic politics and changes in the foreign policy goals of Russia have influenced Russia’s interests and policies with respect to Azerbaijan. Similarly, developments in the domestic politics and changes in the foreign policy preferences of Azerbaijan have greatly influenced relations between the two countries.”

This can be considered the major determinant of the overall politics between Russia and Azerbaijan. It is also important to mention that Azerbaijan cannot shift its policy drastically as it is visible in the policies of its neighbouring countries Georgia and Armenia. While Georgia shifted its foreign policy towards EU and west and Armenia chose to ally with Russia, this is not a viable option for Azerbaijan, because it has much to gain from other global players as well. On the other hand EU is also interested in having good relations with Azerbaijan in order to gain energy independence from Russia and USA needs a place in the region to increase its military presence.

¹³ Gül, "Russia and Azerbaijan: Relations after 1989.", 54

“Russia has strategic interests in the North Caucasus in general: keeping the region in its sphere of influence, and avoiding the penetration into the region from other big powers, especially the United States. The sensitivity about this issue is related to Russia’s perceived global status and prestige.”¹⁴

As it becomes clear from Gül’s remark, USA is not the only actor that is looking for positioning its military forces on this territory and Russia has similar interests too. If Russia will not manage to build military bases in Azerbaijan then their goal becomes to at least prevent USA from reaching this goal.

We have said a lot about Russia’s military interests in Azerbaijan. This is mainly because Russia is a bigger force and they have major role in these relations. As national interest, Azerbaijan is also considering its security and the goal of the government is to ensure safety of its population. As we have mentioned above many times, Azerbaijan always takes careful steps in this regard, since the overall policy of the government is to balance the interests of global players and gain as much as possible from them. Balancing the foreign policy means giving their share of interests to other political actors and this turns into an exchange of services for mutual benefit.

One more factor that influences the relations between Russia and Azerbaijan is the domestic political developments in Azerbaijan, along with the foreign policy preferences of the Azerbaijani governments. Inquiring about the political history of Republic of Azerbaijan and looking at the policy priorities of national governments and their debates over foreign policy issues, helps in showing Azerbaijan’s changing attributes toward its relation to the Russian Federation. While the nationalist

¹⁴ Ibid.

government of Elchibey rejected association with Russia, the more rationalist Aliyev pursued a balanced policy of collaboration with Russia.¹⁵

When we look at the timeline of the Russian-Azerbaijani relations we see that after the collapse of Soviet Union Russia showed interest to gain economic control over Azerbaijan by trying to introduce Russian companies in oil and generally energy sector but it did not play out well for Russia. After taking power in 1992, the Azerbaijan Popular Front, led by Ebulfez Elchibey, the government was more concentrated on gaining independence. The beginning of Azerbaijan as independent state is well summarized in the following paragraph:

“Elchibey officially visited Russia and numerous agreements between the two parties were signed, tensions continued. There was anti-Russia propaganda in Azerbaijan and no shares were allocated to Russian companies in petroleum agreements, which greatly disturbed Russia. Companies of Western origin became active in Azerbaijan and this ran contrary to the consolidation of Russian interests. Furthermore, during Elchibey’s rule, certain policies were adopted to discharge Russian troops from the region. As a consequence, a coup occurred in June 1993, and Elchibey was toppled.”¹⁶

AS it becomes clear from Aslanli’s comments, the relations between Russia and Azerbaijan did not start well from the very beginning and it took a lot of work and cooperation to the following governments to normalize these relations.

The reason why Elchibey’s government was strictly pro-western is that they took power after the first president of independent Azerbaijan Ayaz Mutallibov tried but did not succeed in gaining support from Russia, especially in the Nagorno-Karabakh conflict. Mutallibov even entered the country into the Commonwealth of Independent

¹⁵ Ibid., 55

¹⁶ Aslanli, "Azerbaijan - Russia Relations: Is the Foreign Policy Strategy of Azerbaijan Changing?.", 139

States (CIS) in December of 1991, believing that it would aid the country's position in the Nagorno-Karabakh conflict.¹⁷

Azerbaijan did not get the support they needed and politicians started to look at CIS with suspicion. This is why Elchibey's government decided to withdraw from the commonwealth.

Even though the country was trying to gain independence from the Kremlin, Baku and Moscow entered into a friendship treaty in October 1992. According to this treaty the countries were promising mutual assistance for either party in the case of foreign aggression.¹⁸

Scholars agree that after Heydar Aliyev became president, the rhetoric from Baku became softer.¹⁹ By attempting to normalize relations with Russia, H. Aliyev tried to act more actively. In the summer of 1993, Aliyev, with the intention of ceasing Armenia's invasion (with the assistance of Russia) of Azerbaijani territory, and reclaiming the occupied territories, visited Russia.²⁰ Aliyev even tried to show his willingness to participate in CIS, which was later approved by the Azerbaijani Parliament.

Even though such steps were taken, Azerbaijan did not get the support it expected. Though the tone of Heydar Aliyev's speeches and acts reflected a pro-Russian attitude, Armenia's occupation continued. Moreover, Azerbaijan lost a great chunk of its territory within the first six months of Aliyev's Presidency.²¹

¹⁷ Freni, "Azerbaijan-Russia Relations: An Analysis of Russian Hegemony.", 12

¹⁸ Ibid.

¹⁹ Aslanli, "Azerbaijan - Russia Relations: Is the Foreign Policy Strategy of Azerbaijan Changing?."; Freni, "Azerbaijan-Russia Relations: An Analysis of Russian Hegemony."; Gül, "Russia and Azerbaijan: Relations after 1989."

²⁰ Aslanli, "Azerbaijan - Russia Relations: Is the Foreign Policy Strategy of Azerbaijan Changing?.", 140

²¹ Ibid.

It was not until late 1990s that Russia took actual steps towards normalizing relations with Azerbaijan. After a 3 year long economic embargo was finally lifted in 1996.

The first visit to Azerbaijan by a Russian president came on 9 January 2001 by President Putin. The two-day visit was planned to take place in 2000 but was delayed due to several reasons. However, a large delegation led by President Putin finally visited Baku on 9 January 2001.²²

There were several important agreements that were signed during that visit. These were the following:

- *The Status and Benefiting Principles of Gebele Radio Location Station (Gebele RLS, or in Russian Derial RLS);*
- *Long term economic cooperation agreement between Russian Federation and Azerbaijan Republic until the year 2010;*
- *The common declaration of the President of the Russian Federation, President Vladimir Vladimirovic Putin and President of the Republic of Azerbaijan, Heydar Aliyev.*²³

Even though the relations seemed to normalize between the two countries, Azerbaijan was still unable to get the support it needed to resolve the Nagorno-Karabakh conflict. Even after the presidents of both countries were changed nothing really changed policy-wise. Dmitry Medvedev became president of Russia and Ilham Alyiev the President of Azerbaijan, but scholars and researchers agree that the policies remained almost the same, the relations were somewhat peaceful and normal but there

²² Ibid., 141

²³ Ibid., 142

still remained occasional tensions between the two countries.²⁴ The main issues were tension was most noticeable were energy agreements, espionage accusations, claims of Azerbaijani aid to Chechnya and actions against the Azerbaijan citizens residing in Russia.²⁵

As this paper is dedicated to discussing the period of Dmitry Medvedev's presidency and the Russia's relations with Azerbaijan during and after this period, we will discuss in a more detailed way the events that took place during this time a little later in this paper.

We have to mention at this stage of our discussion that there is not abundance of materials on the period referred here, and much of the conclusions we will draw will be based on the raw statistical data and the events that took place during this period.

1.2 Scope and Objective

This thesis focuses on relations between Russian Federation and the Republic of Azerbaijan during the presidency of Dmitry Medvedev in Russia in the years 2008 – 2012 and also after his presidency to the nearest past. This paper will include as much of the recent activities in the field of relations between Russia and Azerbaijan as possible.

In this paper we will try to draw a clear picture of the historical background on which the Russian-Azerbaijani relations are based. This will let us illustrate what has changed since the beginning of the relations and what was the situation when Dmitry

²⁴ Ibid.; Freni, "Azerbaijan-Russia Relations: An Analysis of Russian Hegemony."

²⁵ Aslanli, "Azerbaijan - Russia Relations: Is the Foreign Policy Strategy of Azerbaijan Changing?," 143

Medvedev became president. It will also help us understand what was different before Medvedev's term in office and what changed after his presidency.

In the same way, we will try to draw a good picture of what kind of diplomatic relations were present in the separate and common past of Russia and Azerbaijan and try to understand if the diplomatic relations between these two countries were developed or not during Medvedev's term in office.

Quite big part of this paper will be dedicated to understanding if there were any considerable and successful steps taken towards cooperation in the field of security and if this affected the long-lasting conflict in Nagorno-Karabakh. This thesis will cover the subject of the conflict and try to illustrate how the ongoing conflict affects the foreign policy of Azerbaijan. Based on the data and information provided about this conflict, we will try to analyse and make conclusions about what kind of benefits Azerbaijan received from Russia during Dmitry Medvedev's presidency if there were any such.

Considering the fact that Russian-Azerbaijani relations did not start of well after Azerbaijan became an independent state, we will try to analyse if economic relations were advanced during Medvedev's presidency and afterwards.

In this regard, we will provide raw data about trade, construction, energy and tourism sectors and by comparing the data from the period of Medvedev's presidency with the data of the earlier times we will be able to see if there have been any advances in the field of economic cooperation between Russia and Azerbaijan.

The overall objective of this thesis is to illustrate the changes that took place in Russian-Azerbaijani relations during and after Medvedev's term in office as compared to the state of relations that the independent state of Azerbaijan had with Russia from the early 1990s until Medvedev became president.

1.3 Research Method

For this thesis we will use a mixture of qualitative and quantitative research methods and we will provide facts from history as well as raw data from statistical departments of each country. Using this data we will be able to compare and draw conclusions on the changes that took place in the two different periods of recent history.

As part of the research and data collection, library resources such as books and academic journals were used. Similarly, internet resources such as online journals, newspaper articles and different websites were used for data collection.

In order to gather information and raw data on the development of economic cooperation between the two countries information was gathered from state entities that provide statistical data as well as from national and international trade organizations and business councils.

The above mentioned information and data was collected and analysed to draw conclusions about the subject matter of this thesis.

1.4 Structure of the Thesis

This thesis is organized in six chapters covering all major aspects of cooperation that might exist between any two states and therefore it is relevant in this case as well.

The first chapter is introductory part which includes a general introduction to the thesis. In addition to this, it includes quite extensive literature review that covers the

topics of cooperation and history of the two countries in consideration. It offers the current views of other scholars in terms of relations between Russian Federation and the Republic of Azerbaijan. It attempts to summarize what current trends are in the literature available on this topic and sets forth the general outline of the fields that are supposed to be discussed in this paper.

The first chapter, the introductory part also includes outlining sub-chapters about the scope and objective of the paper as well as the structure of it. The scope and objective sub-chapter introduces the goals that are to be reached with the discussions introduced in this thesis and defines the frame in which these discussions will be led.

The second chapter will be concerned mainly by providing a historical background to the topic under research which will be used both for comparison and the basis for the thesis. When we say comparison, we mean to have the historical background of the relations between two countries described so we have the ability to illustrate what has changed in the period of Medvedev's term in office and afterwards.

The chapter about historical background also aims at creating the basic picture of the beginning of relations between Russia and Azerbaijan. It will show how it started, how it developed and to what point it reached before Dmitry Medvedev became president.

The third chapter describes the diplomatic relations of the two countries in question and much like the previous chapter it refers to the development of such relations throughout recent history as well as a little earlier such as the beginning of the 20th century. The chapter also includes a massive period of time in the 20th century when Azerbaijan was part of Soviet Union and diplomatic relations could not have existed between the two countries at an official level due to obvious reasons but there were national interests on both sides notwithstanding the fact that they were in the same

union and this chapter deals with describing the situation back then. It could not have been ignored in the chapter describing diplomatic relations, just because it takes up 70 years of history of the two countries and this period of time also created a basis of the relations that started on an official level after Azerbaijan gained independence from the Soviet Union.

Most importantly, the third chapter refers to the period of time after Soviet Union collapsed and a lot of republics were created around modern day Russia. Azerbaijan was one of them and Russia's foreign policy towards all of the newly emerged republics has been mostly the same. Azerbaijan was no exception and this chapter tries to illustrate how the diplomatic relations between the two countries started and how it continued until and after the period that is under the focus of this thesis.

The fourth chapter deals with cooperation in the field of security which Azerbaijan has been trying to reach but with little success. Azerbaijan has always sought to cooperate in terms of security issues with Russia in order to balance the cooperation Armenia has from Russia. Based on the topic of ongoing conflict in Nagorno-Karabakh this chapter analyses the current situation in this region and tries to illustrate the level of military cooperation between the two countries.

The fifth chapter is dedicated to outlining the ongoing cooperation between Azerbaijan and Russia in the field of economy. This is the field from which both countries get benefits and it is interesting to see if it has been developing over the course of recent history. The focus of the discussion will be the period of Medvedev's term in office and the relations that existed prior to that, will be used as a tool for comparison to see if the relations developed or deteriorated.

Considering the problems that existed in trade relations in the 1990s we consider it important to dedicate one sub-chapter to the topic of trade relations. It is our goal to

research this topic and see if time has brought changes and if the trade relations improved with Russia during the presidency of Dmitry Medvedev and after that.

The relations in energy sector are also of great importance because it has a lot of political implications that goes beyond the borders of the two countries and reaches out to the world politics. As a result of the balanced foreign policy that Azerbaijan is leading, the country has agreed to provide European Union with alternative energy source. This is not in the interests of Russia as it will lose the monopoly on the European energy market and it is strictly opposing the idea. So the sub-chapter about energy sector and Azerbaijan's relations with Russia will be given due consideration in this thesis.

In the field of economy, a separate discussion will address the topic of construction sector in Azerbaijan. Since there is a construction boom especially in the capital of Azerbaijan, Baku, it is of great interest to see if Russian state-owned or private companies are active in the field because owning property in another state can be determining big part of relations between countries

Finally the chapter about economy will discuss the topic of tourism sector and will try to analyse if the changes in relations between Russia and Azerbaijan affect in any way the development of tourism sector. The topic will be focusing on the tourist flow between these two countries and the trends of its growth over time. This will help us understand if normalizing relations between Russia and Azerbaijan help grow the tourism industry and increase the flow of tourists between the two countries.

The last chapter is a conclusion part where we summarize all the information discussed in the thesis and draw conclusions as to what has changed during Medvedev's presidency and state the current tendency of development of relations between Russian Federation and the Republic of Azerbaija

2. Historical Background

In this chapter we will look at the history of Azerbaijan in the beginning of the 20th century which is the time when the national identity of Azerbaijan was formed. We will see what historical events took place that led to seeking independence from the Russian Empire.

We will also examine what were the relations with the Russian empire during this time and how it continued after the World War I when Russian empire collapsed. We will discuss how the first Azerbaijan Democratic Republic was created and even though it did not last long it still became grounds for national awaking and the Republic that was founded a century later.

The first sub-chapter: “Russian – Azerbaijani Relations in the Beginning of the 20th Century” refers to the period of time prior to occupation by Soviet Union.

The second sub-chapter: “The Role of Azerbaijan in the formation of the Soviet Union during Soviet Era” discusses the role that Azerbaijan played in the Soviet Union during the seven decades that Soviet Union existed. In this period Azerbaijan could not act as a separate political entity but it is still interesting to look at what was going on in the relations between Moscow and Baku.

The third sub-chapter: “Russian – Azerbaijani Relations after the collapse of the Soviet Union” is the part which interests us most, because it refers to the period of time that is the major topic of discussion of this thesis. In this chapter we will discuss what events took place after the collapse of Soviet Union and how relations of the Republic of Azerbaijan developed with the Russian Federation. In this chapter we will also

describe basic outline of the historic events that took place during Dmitry Medvedev's term in office which will serve as a background for our future detailed discussion of this period.

2.1 Russian – Azerbaijani Relations in the Beginning of the 20th Century

In 1813 the Treaty of Gulistan was signed between Russia and Qajar Persia. It was after necessary for Persia to sign it, because they were defeated by Russia. According to this treaty, Persia was acknowledging the loss of Dagestan, Georgia and most of Azerbaijan territory to Russia.²⁶

After a decade from this war, there was another Russo-Persian war in the years 1826-28 which was again lost by Iran and it resulted in losing even more territories to Russia. Persia had to give up all their Caucasian territories in 1828 according to another treaty that benefited the victorious Russian Empire. This treaty by which Persia handed all of its Caucasian territories to Russia was called the Treaty of Turkmenchay. It was according to this treaty that most of Azerbaijani borders were defined.²⁷

Two provinces were established on the territory of modern day Azerbaijan: Elisavetpol (Ganja) in the west and Shamakha in the east. The tsars of Russian Empire were not paying a lot of attention to the newly occupied provinces and not much can be

²⁶ S. Y. Süleymanova and C. M. Cəfərov, *Azərbaycan Tarixi - Xix – Xxi Əsrin Əvvəli* (Bakı: «Bakı Universiteti» nəşriyyatı, 2010).

²⁷ Ibid.

said about relations between the rulers of Russian Empire and provinces which now constitute modern-day Azerbaijan.²⁸

The relations in all fields intensified when it was discovered how to use petroleum for providing energy in the 1870s and as a result of intensified migration from Russian Empire, Iran and many other places, the population of Baku increased from 10,000 to roughly 250,000 by 1900. Baku grew in size and prospered economically.²⁹

Although by the end of the 19th century a prolonged economic depression started, because oil boom was over and civil unrest in Baku became an ordinary matter. The workers were protesting against unemployment and hardship they had to live in. Due to this economic depression a lot of social and political changes took place in this period.³⁰

In this period The Russian Social Democratic Labour Party (RSDWP) was very active not only in Baku but throughout the whole region as well as entire Russia. The party split into Bolshevik and Menshevik factions in the year 1903. Both Bolsheviks and Mensheviks had powerful rivals in the independent labour movement and these were the Balakhany and Bibi-Eibat Workers Organization. This group was founded in 1904 by brothers Lev and Ilya Shchendrikov and their primary goal was to help the local proletariat in their battle against hardship and unemployment.³¹

The tensions broke out in a general strike in July 1903, and then in another one in December 1904. The 1904 strike was called by the Shchendrikovs and joined by the RSDWP and the Armenian organizations. This was the largest demonstration of unrest

²⁸ Yaqub Mahmudov, *Azərbaycan: Qısa Dövlətçilik Tarixi* (Bakı: Təhsil, 2005).

²⁹ Mahmud İsmayılov and Nigar Maksvell, *Azərbaycan Tarixi - 1900-1920-Ci illər*, vol. V CİLD (Bakı: Elm, 2008).

³⁰ Süleymanova and Cəfərov, *Azərbaycan Tarixi - Xix – Xxi Əsrin Əvvəli*.

³¹ Tadeusz Swietochowski, *Russian Azerbaijan, 1905-1920 - the Shaping of National Identity in a Muslim Community* (London: Cambridge University Press, 2004).

among Baku workers to this date and ended in an impressive victory for them. As a result of these demonstrations the first labour contract was signed in Russia.³²

After the above mentioned protests took place, the Baku proletariat was called again to the streets for protesting and this time it was caused by the news of the massacre of the St. Petersburg workers on "Bloody Sunday," January 9, 1905. This was the date that marked the beginning of the Russian Revolution. As a result of this revolution the tsardom experienced great shock and it never recovered from the damages it suffered in the years 1905-1907.³³

Protest strikes and demonstrations against the massacre spread from Baku throughout Transcaucasia and it became impossible for the government to control it. In early February Baku was put under martial law. Then, in a major overhaul of the regional administration Tsar Nicholas II decreed the restoration of the viceroyalty of the Caucasus, entrusting this office to Count Illarion Ivanovich Vorontsov-Dashkov. He was charged with the mission "to establish without delay peace and order in the Caucasus."³⁴

In 1911, the Musavat Party was formed based on the ideology advocated by Mammed Amin Rasulzade. After the tsarist regime was overthrown in Russia the party expanded. In 1917, following the Russian Revolution the local population of Azerbaijan was granted rights to rule itself, but on the other hand, it also resulted in intensifying conflict between Azeri and Armenian ethnicities.³⁵

³² Ibid.

³³ Ibid.

³⁴ Ibid., 38

³⁵ İsmayilov and Maksvell, *Azərbaycan Tarixi - 1900-1920-Ci İllər*, V CİLD.

Russian Empire collapsed in 1917 and an independent republic was proclaimed in Ganja on May 28, 1918. Prior to that an attempt to establish a federal Transcaucasian Republic with Armenia and Georgia failed.³⁶

Upon the dissolution of the Transcaucasian Federation the Muslim representation in the defunct Seim constituted itself into the Azerbaijani National Council and on May 28, 1918 proclaimed that a new nation was born. The proclamation, which was to be referred to later on as the National Charter, read as follows:

1. Azerbaijan is a fully sovereign state; it consists of the southern and eastern parts of Transcaucasia under the authority of the Azerbaijani people.

2. It is resolved that the form of government of the independent Azerbaijani state is a democratic republic.

3. The Azerbaijani Democratic Republic is determined to establish friendly relations with all, especially with the neighbouring nations and states.

4. The Azerbaijani Democratic Republic guarantees to all its citizens within its borders full civil and political rights, regardless of ethnic origin, religion, class, profession, or sex.

5. The Azerbaijani Democratic Republic encourages the free development of all nationalities inhabiting its territory.

6. Until the Azerbaijani Constituent Assembly is convened, the supreme authority over Azerbaijan is vested in a universally elected

³⁶ Ibid.

*National Council and the provisional government responsible to this Council.*³⁷

This was the first Democratic Republic established in Islamic World. The first parliament of Azerbaijan opened on December 5, 1918. British administration initially did not recognize the Republic but still cooperated with it. By 1919 the situation in Azerbaijan was considerably stabilized and British forces left the country in August 1919. By early 1920 Bolshevik forces won in Russian Civil War and they were becoming a growing threat to young republic, which also engaged in a conflict with Armenia over the Karabakh.³⁸

After this, with the help of Azeri dissidents in the Republican government, the Red Army invaded Azerbaijan on April 28, 1920. The Azeris did not surrender their brief independence of 1918–20 easily. 20,000 people died resisting the Russian Red Army. As the Bolshevik ideology was gaining support in Azerbaijan, it became even easier for the Red Army to successfully conquer the territory. The same day, on the 28th of April the Soviet government was formed under Nariman Narimanov.³⁹

This was the final chapter of Azerbaijan as a democratic republic and a new era started with the involuntary joining to the Soviet Union which lasted for about seven decades. As part of Soviet Union Azerbaijan could not act as a separate political entity but it is interesting to look at its role in the union. It is important to see how Russia influenced the country in all fields and what it gained and what it lost from this cooperation.

³⁷ Swietochowski, *Russian Azerbaijan, 1905-1920 - the Shaping of National Identity in a Muslim Community*.

³⁸ İsmayilov and Maksvell, *Azərbaycan Tarixi - 1900-1920-Ci illər*, V CİLD.

³⁹ Ibid.

2.2 The Role of Azerbaijan in the formation of the Soviet Union during Soviet Era

As we have mentioned in the previous sub-chapter, the Azerbaijan SSR was established on the 28th of April, 1920. It was an end of Azerbaijan Democratic Republic and a beginning of Azerbaijan SSR inside the Soviet Union. Establishment of Azerbaijan SSR happened after the government surrendered to local Bolsheviks led by Mirza Davud and Nariman Narimanov as well as to the invasion of Bolshevik 11th Red Army.⁴⁰

On the 13th of October, 1921, the Soviet Republics of Russia, Georgia, Armenia and Azerbaijan signed an agreement with Turkey. This agreement is known by the name of Treaty of Kars, according to which previously independent Nakhchivan SSR became an autonomous ASSR within Azerbaijan.⁴¹

From the very beginning of Soviet Union, Transcaucasian Socialist Federative Soviet Republic (TSFSR) was created which included Azerbaijan, Armenia and Georgia. It existed as a single Republic included in the Soviet Union and lasted for about 14 years and was later dismantled because the leaders were finding it difficult to agree on certain issues. After it being dismantled, each country became republic of the Soviet Union directly.⁴²

The main focus of the Soviet government seating in Moscow was to utilize the Azerbaijani oil fields. In 1921, in order to help the Azeri oil industry, the Supreme Council of the National Economy put Azerbaijan's needs ahead of other states' needs

⁴⁰ Audrey L. Altstadt, *The Azerbaijani Turks - Power and Identity under Russian Rule* (Stanford: Hoover Institution Press, 1992).

⁴¹ *Azərbaycan Tarixi*, (Bakı: Azərbaycan Respublikası Prezidentinin İşlər İdarəsi, 2011).

⁴² *Azerbaijan, a Country Study*, (Kessinger Publishing, LLC, 1994).

and provided it with everything necessary to make Azeri oil industry profitable as soon as possible. As a result of these efforts new oilfields were discovered.⁴³

After investing in Azerbaijani oil fields, the industry started to grow and within 10 years, the oil industry of Azerbaijan SSR was supplying over 60% of the total Soviet oil production.

In order to fully understand the role of Azerbaijan in the economy of the Soviet Union from the very beginning, it is enough to state the fact that at the end of the second five-year plan (1933–1937) Azerbaijan appeared at 3rd place in the Soviet Union by its capital investment size.⁴⁴

The capacity of oil production in Baku played an important role in the life of Soviet Union especially during the World War II. After Germany attacked previously its ally, Soviet Union, Baku became one of the major targets for Germany. Before that, when Soviet Union was still an ally of the Nazi Germany during the years 1939-1941, France and Great Britain were considering to bomb Azeri oil fields to weaken their common enemy, but this was never utilized.⁴⁵

During the World War II, in the first year of Soviet-German war, Azerbaijan produced a record-high amount of oil – 25.4 million tons. This was made possible, because the workers on oil fields volunteered to work extra hours and without vacation during the war. This was a huge support to the Soviet Union in terms of energy it needed to fight off the invading army of Germany.⁴⁶

For a brief moment, it seemed possible and there was a chance to unite Iranian Azerbaijan with the Soviet Azerbaijan. After the Soviet occupation of the Iranian

⁴³ Ibid.

⁴⁴ *The Azerbaijani Turks - Power and Identity under Russian Rule.*

⁴⁵ Ibid.

⁴⁶ *Prezident Kitabxanası.*

Azerbaijan in the summer of 1941 Pan-Azerbaijani nationalism was revived in a way. During the Soviet occupation Azerbaijani literary language was being promoted in these regions. Soviet government was supporting this idea and in 1945 an autonomous “Azerbaijan People’s Government” was set up at Tabriz under Jafar Pishevari, the leader of the Azerbaijani Democratic Party. With these events taking place, the chance of uniting the two sides of Azerbaijan became more realistic and possible, but it soon turned into one of the first conflicts of the Cold War and after the pressure from the West the Soviet Army was withdrawn.⁴⁷

In terms of development of Azerbaijan and relations with Moscow, real changes took place after the World War II. After the 1950s, policies of de-Stalinization and improvement were being implemented which led to better education and welfare conditions for most of Azerbaijan.

Alongside this, it was a period of rapid urbanization and industrialization. During this period of change, a new anti-Islamic drive and return to a policy of Russification, under the policy of sblizheniye (reapprochment), was instituted. This was an attempt to merge all the peoples of the USSR into a new and unified Soviet nation.⁴⁸

In the 1960s, the oil fields of Azerbaijan were losing their importance and position in the economy of Soviet Union. The reason for this was that all the oil resources that were on land were already used and there were not cost-efficient ways of extracting oil from the sea. As a result of this change, Azerbaijan had one of the lowest rate of growth in economic output in Soviet republics.⁴⁹

In order to resolve these economic issues, the government in Moscow appointed Heidar Aliyev as the first secretary of the Communist Party of Azerbaijan in 1969.

⁴⁷ *Library of Congress Country Studies.*

⁴⁸ *Prezident Kitabxanası.*

⁴⁹ *The Azerbaijani Turks - Power and Identity under Russian Rule.*

Aliyev managed to temporarily improve economic conditions of the country mainly by promoting alternative industries to the declining oil industry, such as cotton.⁵⁰

He also directly influenced the republic's ruling elite and after the changes he made it consisted mainly of ethnic Azerbaijanis. In 1982 Aliyev was made a member of the Communist Party's Politburo in Moscow. In 1987, when Perestroika started, Soviet leader Mikhail Gorbachev forced him to retire, because he was opposing his reform policies.⁵¹

In the late 1980s the unrest was increasing in the Caucasus. In this case, we are referring to the disputes over the Nagorno-Karabakh issue.

During this period, national ideology was gaining more and more importance among the population of Azerbaijan as well as in other parts of Soviet Union and Communist Party was losing its image as a guarantor of national rights for all. As a result of this change, independent political organizations began to emerge, out of which the most popular in Azerbaijan was the Popular Front of Azerbaijan (PFA). This party already gained enough support to be able to take power from the Communist Party, but was soon split in two between conservative-Islamic wing and a moderate wing. After these internal disagreements, the anti-Armenian violence started in Baku and it was soon followed by intervention by Soviet troops.⁵²

In the attempt to restore order in Baku, the Red Army killed at least 132 demonstrators on the 20th January 1990. Following these events, Azerbaijan adopted its declaration of independence on the 30th of August, 1991. Soon after this, the Soviet Union was dismantled on the 25th of December 1991. After these events, the state of

⁵⁰ *Prezident Kitabxanası.*

⁵¹ *Library of Congress Country Studies.*

⁵² *Ibid.*

Azerbaijan SSR formally ceased to exist on the 12th of November 1995. The basis for this was the adoption of the new constitution by popular referendum.⁵³

By this time Azerbaijan was part of the Commonwealth of Independent States and the relations with the Russian Federation had entered a new stage of development.

We will discuss these developments more thoroughly in the next chapter that deals with the period after the Soviet Union collapsed.

2.3 Russian – Azerbaijani Relations after the collapse of the Soviet Union

After the Soviet Union collapsed, parties and political figures became more active in Azerbaijan. Mutallibov and his supporters had the same demands for independence as did the Azerbaijani Popular Front, but they still remained each other's political opponents. In 1991, Mutallibov was elected president, but APF claimed that election process was corrupt. Azerbaijani nationalists were opposing all links with Russia and Armenia, but Mutallibov still entered the country in the Commonwealth of Independent States. However after a year the country left CIS and remained an observer, but it resumed full membership in late 1993.⁵⁴ This shows that Russian Federation was attempting not to lose ties with former Soviet republics and managed to retain political control over Azerbaijan through CIS.

In 1993, Abulfaz Elchibey won five-candidate electoral contest but he served as a president for only one year. He was forced to flee Baku in mid-June 1993. Heydar

⁵³ *Prezident Kitabxanası.*

⁵⁴ *Library of Congress Country Studies.*

Aliyev took advantage of the chaos and took power and an election in 1993 confirmed him as president.⁵⁵

From the beginning of his presidency Aliyev was trying to improve relations with Russia and Iran which resulted in cooling the relations with Turkey. Aliyev's goal was to gain support of Russia to aid the country in the Nagorno-Karabakh conflict, but Russia was involved in direct negotiations with Armenia and Azerbaijan was not very successful in gaining their support.⁵⁶

The Federal Research Division summarizes Aliyev's aspirations and the interest in normalizing relations with Russia in the following chapter:

In messages and interviews early in his administration, Aliyev asserted that his new government would not alter Azerbaijan's domestic and foreign policies, and that his country would seek good relations with all countries, especially its neighbors, including Russia. He criticized the uneven relations that existed between Azerbaijan and Russia during the Elchibey regime. At the same time, Aliyev stressed that he viewed Azerbaijan as an independent state that should never again be "someone's vassal or colony".⁵⁷

However, the presence of Russian forces in Azerbaijan became problematic for the country when Russian troops were alleged to have assisted Armenians in an attack that killed hundreds of civilians in the town of Khodzaly in February 1992. Following these events components of a 62,000-member Russian force began to withdraw from Azerbaijan.

⁵⁵ Ibid.

⁵⁶ Ibid.

⁵⁷ Ibid., 107

Since Azerbaijan gained independence from Soviet Union the country started to pursue its own policies in all the fields and a lot of events took place in the last two decades. It would take us a lot farther from our topic if we discuss all of them here, so we will try to summarize all the events in a broader picture.

Anar Valiyev divides the last two decades of independent Azerbaijan in three major parts.

The first stage of relations with Russia covers the period of Boris Yeltsin's presidency when relations between the two countries were close to hostile and the reasons for this were different. There were a lot of issues on which Russia was losing control in the region and on the other hand Azerbaijan was not satisfied with Russia's open support to Armenia over the Nagorno-Karabakh conflict. Russia's goal was mostly to satisfy their interests but had little to offer to Azerbaijan and because of this relations between the two countries during this period cannot be characterized positively. Russia was pressuring Azerbaijani government to join the Collective Security Treaty Organization and stop any possible cooperation with NATO. It was also not in Russia's interest for Azerbaijan to carry out any energy project that could compete with Russian dominance on European energy market and it took Azerbaijan great effort to build Baku-Ceyhan pipeline in order to secure access to Western energy markets.⁵⁸

The second stage of the two-decade period lasted from 2000 to 2008 and includes Vladimir Putin's two terms of presidency. In this period Russian government realized that their aggressive and disruptive policies were giving them little success in relations with Azerbaijan so they quickly switched to softer approach.⁵⁹ On the other hand, *whilst the first two presidents of post-Soviet Azerbaijan, Abdulfaz Elcebey and Heidar Aliyev, tried to create a distance between their country and Russia, the current president, Ilham*

⁵⁸ Anar Valiyev, "Azerbaijan-Russia Relations after the Five-Day War: Friendship, Enmity, or Pragmatism?," *Turkish Policy Quarterly* 10, no. 3 (2011).

⁵⁹ *Ibid.*

*Aliyev has staked a lot on building a good personal rapport with the Russian leadership, and between the two states.*⁶⁰ Putin's administration managed to secure Azerbaijan's support in the second Chechen war. In addition to this, economic ties grew and political interests lost their importance. Russian business elite started investing in Azerbaijan which increased the above mentioned economic ties. During this period Putin managed to find common ground with former president Heydar Aliyev and current president Ilham Aliyev which contributed to more active cooperation in various fields. The Azerbaijani public started to see Russia as an unbiased side in resolving Nagorno-Karabakh conflict and if before Russia was seen as an active supporter of Armenia, now trust towards Russia increased in public due to the meetings, presidential visits to Azerbaijan and active cooperation in different fields. Due to increased cooperation on both political and business levels, Russia was becoming a desirable strategic partner in the public eye.⁶¹

The shaping of the image of Russia in the public eye of Azerbaijan started deteriorating with the end of the Georgia-Russian Five-Day war and recognition of Abkhazia and South Ossetia. It was shocking for the Azerbaijani public to see acts of aggression against its neighbouring independent country and all the events that took place in that period played a very negative role in shaping the image of Russia in Azerbaijan. These events were the beginning of the third stage of relations between Russia and Azerbaijan during the past two-decade period. Although there was no direct action against Azerbaijan and Russia started to improve relations with frequent visits of officials to Azerbaijan, the "fear" of Russia re-emerged in the country.⁶²

The above are the three main stages of relations between the Russian Federation and the Republic of Azerbaijan since its independence. In the next chapters we will be

⁶⁰ "Commonspace.Eu," in *To what extent have Azerbaijan's relations with Russia deteriorated?* (2013).

⁶¹ "Azerbaijan-Russia Relations after the Five-Day War: Friendship, Enmity, or Pragmatism?."

⁶² Ibid.

discussing the period of Medvedev's term in office and how relations developed in this period. This chapter will serve as a background to the developing events and will help us illustrate where the relations started and at what stage they are now.

3. Diplomatic relations between Russia and Azerbaijan

3.1 Overview of Russian – Azerbaijani Relations before Dmitry Medvedev's Term in Office

After Azerbaijan became an independent state it started establishing diplomatic relations with other countries. Among them was Russian Federation.

On the 4th of April, 1992 Republic of Azerbaijan and Russian Federation established diplomatic relations.⁶³ This was a step forward in the relations between the two countries since Mutallibov's foreign policy was strictly anti-Russian.

In the same year, on the 12th of October, president of Azerbaijan Abulfaz Elchibey signed agreement on friendship, cooperation and mutual security with Boris Yeltzin, who was the president of Russian Federation at that time.⁶⁴

In this period there were a lot of changes in the political life of Azerbaijan and no notable steps were undertaken towards improving the diplomatic relations with Russia, because there were major political battles going on. This period is not characterized with special activity in this direction.

⁶³ "Azeri Report," in *History of Relations Between Russian Federation and Azerbaijan* (2008).

⁶⁴ Ibid.

When Heydar Aliyev became president, he was determined to improve relations with Russia and after almost one year of his presidency, on the 17th of November 1994 he paid a working visit to Moscow and met with President Boris Yeltzin.⁶⁵

On the 3rd of July, 1997 Heydar Aliyev paid an official visit to Russia. During this visit an agreement on friendship, cooperation and security was signed.

After a break of 3 years, the meetings between the presidents of the two countries started again and on the 24th of January 2000, Heydar Aliyev and Vladimir Putin had an unofficial meeting Moscow.⁶⁶

Beginning with this meeting, the relations between the two countries intensified and there were a lot of high-level meetings held since then. The chronology of the meetings of Presidents, Heads of Governments, Heads of Parliaments and Ministers can be seen in the Annex I of this thesis. The source of the information is the Ministry of Foreign Affairs of Azerbaijan.

Russian president Vladimir Putin paid his first official visit to Baku on January 9, 2001. This was a fruitful visit in terms of relations between Russia and Azerbaijan, because a lot of agreements were signed during the visit. These agreements were as follows:

1. *Agreements on international auto communication;*
2. *On cooperation and mutual assistance in observation of tax law;*
3. *On cooperation in the field of prevention and solving the emergency situations;*
4. *On the status of Russian media correspondents in Azerbaijan and Azeri media correspondents in Russia;*

⁶⁵ Ibid.

⁶⁶ Ibid.

5. *On cooperation in the field of governmental communication;*
6. *Agreement on information security;*
7. *Baku Declaration on relations between Russia and Azerbaijan;*
8. *Joint statement on the principles of cooperation in the Caspian Sea.*⁶⁷

The following year was also very fruitful in the relations of Azerbaijan and Russia. This becomes obvious when we look at the visit that Heydar Aliyev paid to Moscow on the 24th of January, 2002. During this visit a number of agreements were signed as well, which shows that the relations between the two countries were starting to warm especially after Boris Yeltzin was replaced by Vladimir Putin. These are the agreements that were signed during the visit of the president of Azerbaijan to Russia:

1. *A political declaration, an agreement on long-term economic cooperation till 2010;*
2. *Intergovernmental agreements on the main principles and directions of economic cooperation;*
3. *On cooperation in the field of information exchange;*
4. *On prevention of violation of tax law;*
5. *On cooperation in the field of production;*
6. *On the status, principles and conditions of the usage of Gabala radiolocation station.*⁶⁸

During the period of Vladimir Putin's presidency, among many official visits there were unofficial ones as well. For example, on June 8-9, 2002, President Heydar Aliyev paid a working visit to St, Petersburg where he met with his counterpart President Vladimir Putin.⁶⁹

⁶⁷ Ibid.

⁶⁸ Ibid.

⁶⁹ "Vestnik Kavkaza," in *Recent history of Russian-Azerbaijani relations (Politics)* (2013).

In the same year, on September 23-24 President Heydar Aliyev paid yet another working visit to Russia during which 4 documents were signed.

Another important visit of President Vladimir Putin to Baku was on the 15th of December 2003, when he visited Azerbaijan with a delegation of 100 people. This was not a working visit that had to do anything with the negotiations or signing of agreements, but this was a visit to pay their respects to the national leader of Azerbaijan, Heydar Aliyev and attend his funeral.⁷⁰

The president of Azerbaijan Ilham Aliyev continued the foreign policy of his predecessor towards Russia. On the 6th of February, 2004, Ilham Aliyev paid an official visit to Moscow and affirmed his aspirations to retain close relations with Russia.

During this visit the following agreements were signed:

1. *The Moscow Declaration;*
2. *Cooperation agreement on prevention of smuggling and violation of tax regulations;*
3. *Program of cooperation in the humanitarian field from 2004 to 2006;*
4. *Protocol of agreement on free trade between Russia and Azerbaijan*
5. *An agreement on cooperation between ITAR-TACC and Azeri state news agency AzerTaj.*⁷¹

The political course of Azerbaijan in relation to Russia continued with the new president of Azerbaijan Ilham Aliyev. In addition to the above mentioned visit, in the year 2004, Ilham Aliyev visited Russia on two separate occasions to meet with his counterpart. These two visits were working visits, which took place on the 3rd of July in the first case and on 18-19 of October in the next case.⁷² The frequent visits of the

⁷⁰ Ibid.

⁷¹ "Azeri Report."

⁷² "Vestnik Kavkaza."

President of Azerbaijan to Russia from the early stage of his presidency reaffirmed the willingness of Baku to continue warm diplomatic relations with Moscow.

After improving cooperation with Russia in so many different fields, Russia seemed more interested to deepen the ties with Azerbaijan and the year 2005 was the year of Azerbaijan in Russia. On the 16th of February President Ilham Aliyev paid a working visit to Moscow to attend the ceremony of opening the year of Azerbaijan in Russia.

After several months from the above mentioned visit, on the 9th of May, President Ilham Aliyev paid another working visit to Russia to attend a ceremony which marked the 60th anniversary of the Victory in the Great Patriotic War.⁷³ The early period of Ilham Aliyev's presidency is characterized with frequent visits to Russia that stresses the interest of Azerbaijan in maintaining good diplomatic relations with Russia as well as good relations in other spheres of cooperation. Compared to Vladimir Putin's rare visits to Azerbaijan in this period, we can say that although Russia remained open to maintaining good relations with Azerbaijan, the lack of official visits to Azerbaijan emphasizes that Azerbaijan was more active in deepening the relations with Russia than the other way around.

Later in the same year, in June, Ilham Aliyev again visited Russia and met with Vladimir Putin within the framework of 9th international economic forum that was held in St. Petersburg.⁷⁴

That same summer, on the 30th of August, Ilham Aliyev paid yet another working visit to Russia and attended the 1000th anniversary of Kazan.⁷⁵

⁷³ Ibid.

⁷⁴ Ibid.

⁷⁵ Ibid.

It was only after these numerous visits of Ilham Aliyev to Russia that in 2006 Vladimir Putin paid a working visit to Azerbaijan.⁷⁶ During this visit, Vladimir Putin took part in the opening ceremony of the Year of Russia.

On the 16th of June, 2006 a meeting was held between Aliyev and Putin in Alma-Ata, where they also participated together in the "Conference on Interaction and Confidence Building Measures in Asia".⁷⁷

The year 2006 saw many official and working visits which was also noticeable in previous years. This same year, on the 21-22 July, Ilham Aliyev attended an informal summit of CIS held in Moscow and later on the 8-11 of November Ilham Aliyev paid another working visit to Moscow. This year was finalized with another important official visit of Russian Prime Minister Mikhail Fradkov, who visited Baku on the 4th of December to attend the closing ceremony of the Year of Russia in Azerbaijan. During this visit, a programme of Cooperation in the Humanitarian Sphere for 2007-2009 was adopted by the two countries.⁷⁸

The next year, 2007, like the previous year, is also characterized with a lot of visits from the Azerbaijani side to Russia. The first visit was on the 27-28th of March, which was a little different from the previous working and official visits. This was more a cultural visit than a diplomatic one. Ilham Aliyev visited Moscow with his spouse Mehriban Aliyeva during which they attended an official reception organized by Vladimir Putin in the Kremlin Palace in honour of the musician and conductor Maestro Mstislav Rostropovich for his great contribution to the development of international cultural relations and music of Azerbaijan, the hero of the day was awarded the Order of Heydar Aliyev. After this event, there was a meeting held between the two presidents on which satisfaction with the development of relations between Russia and Azerbaijan

⁷⁶ "Azeri Report."

⁷⁷ "Vestnik Kavkaza."

⁷⁸ Ibid.

and mentioned that the frequent high-level meetings had special importance in extending this cooperation.⁷⁹

On the 25th of April, 2007, Prime Minister of Azerbaijan, A. Rasi-Zadeh paid a visit to Moscow on behalf of the President of Azerbaijan to attend the funeral of first Russian Prezident Boris Yeltsin. During this visit he met with President Vladimir Putin.⁸⁰

Later that same year, a month after his 80th anniversary, Maestro Mstislav Rostropovich passed away and Ilham Aliyev visited Moscow to attend the funeral. In the year 2007, Ilham Aliyev paid two more visits to Moscow. On the first occasion, on the 9-10th of June, he attended an informal meeting of the CIS member states and later the same month, on the 30th of June, Vladimir Putin invited Ilham Aliyev to Rostov-on-Don to watch the races for the “Prize of the President of Russia”.⁸¹

The last visit of President Ilham Aliyev to Russia, during the presidential term of Vladimir Putin was on the 20-24th of February in 2008. During this visit he took part in an informal summit of the CIS member states. It was also during this visit that Ilham Aliyev was awarded the title of Honorary Professor of Moscow State University.⁸²

The frequent visits listed above shows that relations between Russia and Azerbaijan improved considerably since the beginning of the 21st century, because during the previous decade, in the 1990s the relations were mostly friendly but meetings on high-level were seldom held.

⁷⁹ Ibid.

⁸⁰ Ibid.

⁸¹ Ibid.

⁸² Ibid.

3.2 Russian – Azerbaijani Relations during and after Dmitry Medvedev’s Term in Office

The active cooperation between Russian and Azerbaijani governments that existed during the two presidential terms of Vladimir Putin in Russia continued when Dmitry Medvedev started his presidential term.

On the 3rd of July, 2008 Russian President Dmitry Medvedev visited Azerbaijan and met with President Ilham Aliyev. During this visit the two presidents signed a number of agreements on cooperation in the field of economy. The following is the list of some of the documents that were signed during this visit:

1. *Baku Declaration on friendship and strategic partnership;*
2. *Agreement on cooperation between foreign ministries of two countries in working with the archives in two countries;*
3. *Memorandum between foreign ministries of two countries on cooperation in the field of protection of transit cargoes;*
4. *Agreement on cooperation between customs offices in the field of prevention of customs violations;*
5. *Memorandum of cooperation between Russian and Azeri State Property Committees.*⁸³

After the Russo-Georgian war in August of 2008 and especially after Russia’s recognition of the separatist regions of Georgia, Azerbaijan’s concerns grew as they saw the threat that Russia could recognize Nagorno-Karabakh as well.

Shortly after the war, on the 16th of September 2008 President of Azerbaijan Ilham Aliyev paid a working visit to Moscow to discuss with Dmitry Medvedev the

⁸³ "Azeri Report."

changes that the August War brought. The discussions were held behind the closed doors and it is hard to guess what was discussed there. The only information that was brought to public was given out through public statements. The speeches of the two presidents were quite standard with the exception that Medvedev reaffirmed Russia's position on Nagorno-Karabakh. He stated that Russia's position towards the region had not changed.⁸⁴

In year 2009, Gazprom signed an agreement with Azerbaijan for buying natural gas.⁸⁵ Signing of this document was not merely an economic step from Russia but a political one too, considering the fact that Russia herself is a provider of huge sources of natural gas and the amount they promised to import from Azerbaijan is not so big. It is more of a political will to have a certain influence on economic sector of Azerbaijan and demonstrate its will to be partners with Azerbaijan not only by speeches but by actual active steps as well.

The point of the deal being not only an economical one, can be proven with the fact that during Medvedev's working visit to Azerbaijan also involved discussions of Nagorno-Karabakh conflict. Russia has pledged to Azerbaijan to do everything in its power to resolve the conflict. In the article, dated July 1, 2009, it is cited from the speech of the head of the Russian State, "Nagorno-Karabakh conflict can be resolved in a fairly close historical perspective, and Russia will do everything for this".⁸⁶

As we have mentioned above, the meetings and discussions over the Nagorno-Karabakh conflict have been active during the past several years and Azerbaijan received more favourable attitude from Russia than before. The meetings with the president of Armenia Serzh Sargsyan continued in year 2009 but yielded little result in terms of actual resolution of the conflict or taking any active steps towards it.

⁸⁴ Liz Fuller, "Radio Free Europe - Radio Liberty," in *Azerbaijani-Russian Relations Hostage To Pragmatism* (2008).

⁸⁵ "Novinite.Com," in *Sofia News Agency* (2009).

⁸⁶ "Trend News," in *Medvedev's visit to Azerbaijan as symbol of partnership with Moscow* (2009).

During the visit there were certain other documents that were signed, among them were:

1. *The Baku Declaration on Friendship and Strategic Partnership;*
2. *The cooperation agreement in the field of archives between the two countries' Ministries of Internal Affairs;*
3. *The memorandum on protection of transit cargoes between the two countries' Ministries of Internal Affairs;*
4. *The cooperation agreement to prevent customs offences between the two countries' customs;*
5. *The memorandum on cooperation between the Russian and Azerbaijan State Property Committees.*⁸⁷

By this time the two countries had already signed about 110 inter-state, intergovernmental and inter-regional agreements.

But notwithstanding the fact that several quite important documents were signed during this visit, the deal that has been made on importing gas from Azerbaijan is by far the most important achievement not only during the visit, but during the past several years as well. This is mainly because by signing an agreement with Russia on providing the fuel, Baku guarantees a sale of gas and diversification of energy supply regardless of the fate of European gas pipelines. Even if NABUCCO, TAP, and Poseidon projects are successfully implemented by Western investors, the benefits of Baku from the contract with Gazprom are evident: thanks to the long-term arrangements Azerbaijan will be able to reasonably negotiate with the EU on the most favourable conditions for a gas supply via route that bypasses Russia. Thus, any co-operation between Moscow and

⁸⁷ "Azeri Report," in *Dmitry Medvedev Visits Azerbaijan Buying Azeri Gas* (2009).

Baku is in favour of Azerbaijan. The warm relations between Russia and the strongest in the Caucasus country should yield many benefits to both parties.⁸⁸

On the 25th of January, 2010, in Sochi the President of the Republic of Armenia Serzh Sargsyan, the President of the Russian Federation Dmitri Medvedev and the President of Azerbaijan Ilham Aliyev held a tripartite meeting on the resolution of the Nagorno Karabakh conflict. In the first half of the meeting the heads of governments held talks on the Nagorno-Karabakh conflict and the second half of the meeting was conducted with the participation of the Ministers of Foreign Affairs of the three states. During this meeting that was held at the Sochi residence of the Russian President, there were discussed the issues related to the current stage of the Nagorno-Karabakh peace process and its possible future development. Later, the Presidents of Armenia, Azerbaijan and the Russian Federation continued discussions during the informal dinner.⁸⁹

As it becomes obvious from yet another meeting, the parties are trying to normalize the situation in the region, but it does not have any actual consequences. It never goes beyond talks and the results are not as visible as public would expect. But the one thing that is comparatively a success for Azerbaijan's diplomatic policy is that Russia's attitude towards Azerbaijan is warmer compared to what it used to be and taking into consideration that Russia has always and almost openly been supporting Armenia in the mentioned conflict.

At this meeting, the two presidents (of Azerbaijan and Armenia) reportedly reached agreement on the final wording to the preamble of a revised version of the "principles." The mentioned preamble reaffirms their shared commitment to resolve the conflict peacefully, within the framework of international law. However, progress in

⁸⁸ "Trend News."

⁸⁹ "President of the Republic of Armenia," in *PRESIDENTS SERZH SARGSYAN, DMITRI MEDVEDEV AND ILHAM ALIEV HELD A TRIPARTITE MEETING IN SOCHI* (2010).

this regard has been hindered, by Turkey's insistence on linking ratification of the two protocols signed in Geneva previous October on normalizing Armenian-Turkish relations to concessions by Armenia in the Nagorno-Karabakh peace process, specifically the liberation of at least some of the seven districts of surrounding the unrecognized Nagorno-Karabakh republic that are currently under Armenian control.⁹⁰

As a follow up to this meeting, there was another one held on June 17 the same year. As Radio Free Europe reports Russian President Dmitry Medvedev met on the side-lines of the St. Petersburg Economic Forum with the presidents of Armenia and Azerbaijan to discuss the ongoing search for a solution to the Nagorno-Karabakh conflict.

This meeting was the sixth in a series of such trilateral meetings since Medvedev's inauguration as president in May 2008. According to a statement issued by Medvedev's office after the three-hour talks, the two sides made progress towards narrowing their differences on unspecified contentious issues.⁹¹

It can also be considered a success of Azerbaijan's foreign policy that after this meeting there have been discussions on implementing a so called "Madrid Principle" that stated that Armenia would withdraw its forces from the Azerbaijani territory between Armenia and Nagorno-Karabakh. It is highlighted in the article dated June 18, 2010 on the website of Radio Free Europe in the following way:

The most recent variant of the so-called "Madrid Principles" reportedly envisaged a phased Armenian withdrawal from five of the seven Azerbaijani districts currently controlled by Armenian forces (Agdam, Fizuli, Jabrayil, Zangelan and Qubadli), but does not specify

⁹⁰ "Radio Free Europe - Radio Liberty," in *Medvedev Convenes Third Meeting Of Armenian, Azerbaijani Presidents* (2010).

⁹¹ Ibid.

*over what timeframe and in what order. It advocates "special modalities" for the Lachin corridor that links Nagorno-Karabakh and the Republic of Armenia, and the district of Kelbacar sandwiched between Karabakh and Armenia.*⁹²

However, the timeframe had not been agreed upon as to when Armenia would withdraw its forces from this territory and it complicated the matter. Since mid-April of year 2010, Azerbaijani politicians were floating various proposals concerning the timeframe for the anticipated Armenian withdrawal. Azerbaijani parliamentarian Tahir Rzayev was quoted by day.az as saying that ideally Armenia should withdraw from the five districts simultaneously. He said such a withdrawal is of "strategic importance" for Azerbaijan. At the same time, he intimated that Baku would accept as a compromise the 2+3+2 model (meaning Agdam and Fizuli; then Jabrayil, Zangelan and Qubadli; then Lachin and Kelbacar).

Yet another meeting was held between the Presidents of Azerbaijan, Russia and Armenia in Astrakhan on the 27th of October 2010.⁹³ After the meeting Russian President, Dmitry Medvedev, expressed "moderate" optimism about a near-term resolution of the Nagorno-Karabakh conflict. The talks held underscored Moscow's key role in the Armenian-Azerbaijani negotiating process, which appears to have become more pronounced in recent months.⁹⁴

Previous meetings have been important to set the grounds for the diplomatic resolution of the conflict, but this meeting was of particular importance as in a joint statement with Medvedev signed after the meeting, the Presidents of Armenia and Azerbaijan, Serzh Sargsyan and Ilham Aliyev reaffirmed their stated commitment to a

⁹² Ibid.

⁹³ "President of Azerbaijan," in *The meeting between the Presidents of Azerbaijan, Russia and Armenia held in Astrakhan* (2010).

⁹⁴ "The Jamestown Foundation," in *Moscow Pushes New Armenian-Azerbaijani Peace Deal* (2010).

“political-diplomatic” settlement of the conflict and pledged to reinforce the ceasefire regime in the conflict zone. Sargsyan and Aliyev said that for that purpose they agreed to expedite, “without delay,” an exchange of prisoners of war and the bodies of soldiers killed in recent skirmishes.⁹⁵

Later the same year, on the 10th of December president of Azerbaijan paid a working visit to Moscow, Russia, where meeting of the CIS Council of Heads of State took place. President of Azerbaijan Ilham Aliyev attended the meeting.⁹⁶

This was the last visit in the year 2010 and there was a kind of break in the meetings throughout the next several months until 24th of June, 2011. A joint meeting of President of the Republic of Azerbaijan Ilham Aliyev, President of the Russian Federation Dmitriy Medvedev and President of the Republic of Armenia Serzh Sargsyan was held at the Kazan Kremlin. President of the Russian Federation Dmitry Medvedev met President of the Republic of Azerbaijan Ilham Aliyev outside the Kazan Kremlin. During the meeting, the sides discussed issues relating to the settlement of the Armenian-Azerbaijani conflict over Nagorno-Karabakh.⁹⁷

As we look at the chronology of these meetings, it becomes noticeable that during the presidential term of Medvedev, the number of such meetings increased and with each next meeting, there were more certain goals reached. It is particularly noteworthy that compared to previous years, and even the previous decade, Azerbaijan managed to gain more support from the Russian government and the country became more involved with Russia economically as well.

In the beginning of July, a proposal on the Nagorno-Karabakh peace talks drafted by Russian President Dmitry Medvedev was presented to the governments of

⁹⁵ Ibid.

⁹⁶ "President of Azerbaijan."

⁹⁷ "President of Azerbaijan," in *Joint meeting of the Presidents of Azerbaijan, Russia and Armenia was held in Kazan (2011)*.

Azerbaijan and Armenia. Later that same year Azerbaijani Foreign Minister Elmar Mammadyarov presented his president's response to the Russian Foreign Minister Sergei Lavrov when he travelled to the region. The news article on asbarez.com on July 18, 2011 referred to the speech of Mammadyarov: *"not everything depends on Azerbaijan. We have to wait for Armenia's response to the same proposals, but we think there is progress in the talks, and we are gradually moving to the line, where everyone will come to understand that no one benefits from the status quo."* In the same article, a quote from the speech of Sergei Lavrov was used: *"The Nagorno-Karabakh resolution is a priority issue for Russia. The project of Basic Principles starts from the willingness of the parties to work on the peace treaty. We continue our efforts in the context of relations with both parties and as a co-chairing country of the OSCE Minsk Group."* This was yet another step forward in terms of reaching the agreement of a peace treaty between Azerbaijan and Armenia.⁹⁸

Later that same year, on 9th of August the two presidents met again in Russia and discussed current development of political situation both in the region and around the world as well. The major topic of discussion in this case as well was the topic of Nagorno-Karabakh conflict and what should have been done to move the development of the talks between Armenia and Azerbaijan.⁹⁹

On the 23rd of January, 2012 a joint meeting took place in the Home of Reception of the Grand Polyana Hotel in Sochi between the President of the Republic of Azerbaijan Ilham Aliyev, the President of the Russian Federation Dmitry Medvedev and the President of the Republic of Armenia Serzh Sargsyan. During the meeting issues

⁹⁸ "Asbarez|Com," in *Azerbaijan Responds to Medvedev's Proposal on Karabakh* (2011).

⁹⁹ "President of Azerbaijan."

related to the settlement of Armenian-Azerbaijani, Nagorno-Karabakh conflict have been discussed. The joint declaration was adopted on the outcomes of the meetings.¹⁰⁰

This meeting was in a way a summary of all the previous meetings and even a joint statement on the Nagorno-Karabakh settlement was issued. The statement read:

*The three Presidents pointed to a large amount of work to resolve the Nagorno-Karabakh conflict carried out since their meeting on 2 November 2008, when the Moscow Declaration was adopted. The Presidents said that as a result of intense negotiations, they had reached progress in agreeing the basic principles of the Nagorno-Karabakh settlement.*¹⁰¹

The attempts of Dmitry Medvedev to resolve the conflict in Nagorno-Karabakh have yielded certain results, even though the conflict itself was not resolved. In the direction of moving forward towards a peace treaty the advancements are noticeable at this point. Compared to the period before Medvedev the intensified talks had brought several agreements on minor issues but they have laid foundation for a bigger agreement which could lead to peaceful resolution of the conflict.

The two Presidents also gave a high assessment to the mediation efforts of the Russian Federation and other OSCE Minsk Group co-chair countries and expressed hope that Russia, France and the USA would continue to play an active role in the settlement until a lasting peace and stability are established in the region.¹⁰²

This was the final meeting of Medvedev as a president with Aliyev and the next visit the President of Azerbaijan paid to Russian Federation the President was already

¹⁰⁰ "President of Azerbaijan," in *Joint meeting took place in Sochi between the Presidents of Azerbaijan, Russia and Armenia* (2012).

¹⁰¹ *Ibid.*

¹⁰² *Ibid.*

Vladimir Putin, the predecessor and successor of Dmitry Medvedev. The mentioned visit was an unofficial one of the CIS Council of Heads of State.¹⁰³

After Medvedev's term in office, the process of bilateral cooperation with Azerbaijan that he so actively supported during his presidency did not stop. His successor Vladimir Putin continued active cooperation and paid a visit to Azerbaijan on the 13th of August, 2013.¹⁰⁴ During the talks, the topic of Nagorno-Karabakh conflict was discussed, but compared to what we used to see during Medvedev's presidency, where the major topic of discussion was always the conflict, in this case the discourse slightly changed and the two presidents talked about a broad range of issues including energy, trade, defence, bilateral ties and regional issues.

After the two presidents discussed the matters, they met with media on a press conference and President of Azerbaijan said:

*Today's visit provides fresh proof that our relations are dynamic and successful, and reflect our peoples' interests. We have discussed an extensive agenda, covering all issues of mutual interest, and we have mapped out plans for promoting our relations further.*¹⁰⁵

The intensified meetings and mutual visits during the past decade truly represent the proof that relations between the two countries are developing and the results are far greater than they used to be in the decade before.

In addition to this, steps taken forward in terms of military cooperation also speak of the political will of Moscow to be active supporter of Azerbaijan. It implies that Russia has its own interests which are mainly gaining influence on political processes in the region and influencing the westward shifted energy policy of Azerbaijan but the

¹⁰³ Ibid.

¹⁰⁴ "President of Russia," in *Working visit to Azerbaijan* (2013).

¹⁰⁵ "The Voice of Russia," in *Azeri president Aliyev praises Azeri-Russian relations* (2013).

balanced foreign policy that the country had during past two decades seem to have finally paid off. Azerbaijan is benefiting from such policy while giving in return to the both sides of major political players worldwide.

The tensions grew in the political life of Azerbaijan lately after Russia annexed Crimea and it was seen as a threat to not only Azerbaijan but the whole Caucasus region. Russia has stated many times that it would never leave the region and the new developments increased threat.

As Vladimir Putin completes Russia's annexation of Crimea, Azerbaijan is feeling pressure as concerns increase that his attention will next shift southward. The Caspian Sea nation, the only westward route for central Asian oil and gas that bypasses Russia, is finding itself hemmed in by Putin's regional ambitions. Russian troops are already stationed in neighbouring Georgia and Armenia and just four months ago, Putin said Russia will "never leave" the region.¹⁰⁶

With the increasing tensions in Nagorno-Karabakh as well, in year 2014, Russia again played a role of mediator in the cease-fire negotiations, but due to the recent developments Azerbaijan had a reason to be concerned.

However, the last decade of Russian-Azerbaijani diplomatic relations have underlined that Azerbaijan is not alone in conflict with the neighbouring Armenia, who always had Russia as its supporter, but now Azerbaijan also has equal if not greater support from Russia. This has been reaffirmed many times in statements of the Presidents of the Russian Federation Vladimir Putin and Dmitry Medvedev.

The work that Azerbaijani government has done during the past decade can be considered a huge diplomatic success, because they managed to shift the support of

¹⁰⁶ "Bloomberg," in *Putin Stirs Azeri Angst That Russia Is Set to Extend Sway* (2014).

Russia away from its adversary and focus it on themselves as well, if not more, then at least equally.

3.3 Assessment of the Development of Russian - Azerbaijani Diplomatic Relations

When we look back at the development of the Russian-Azerbaijani diplomatic relations it becomes apparent that there have been considerable improvements. As we saw in the previous chapters, after gaining independence, Azerbaijan did not start its diplomatic relations with Russia so well. The problem was mainly caused by Russia's support towards Armenia over the Nagorno-Karabakh conflict.

In the 1990s Russia was openly supporting Armenia concerning this issue and even though in speeches and public appearances leaders of Russia often stated that their major role was peacekeeping in the region, they were making arms deals with Armenia that were hard to deny.

However, for more than a decade after the 1990s, Azerbaijan's government worked actively towards improving the diplomatic crisis it was experiencing towards Russia and managed to not only steer Russia's interest away from Armenia, but got Russia interested in investing in Azerbaijani economy, making energy deals and even the arms deals. This was a result of many mutual visits of the heads of governments throughout the 2000s which continued in the beginning of the 2010s as well.

The discussions with Russian officials over Nagorno-Karabakh conflict intensified especially after Medvedev took office in Russia. The results of the trilateral meetings including president of Armenia were giving little result in the beginning but by

the end of Medvedev's presidential term, some progress in this direction was already visible.

The major aspect of diplomatic relations with Russia has been the conflict of Nagorno-Karabakh and this is true especially about the presidential term of Dmitry Medvedev. What is more important in this regard, is that Azerbaijan managed to gain Russia's open support on the topic which was almost inexistent before. This can undoubtedly be considered as a huge diplomatic success of Azerbaijani government.

As we have mentioned above, Azerbaijan has always led a balanced foreign policy since its independence and if we try to assess the results of such a strategy, they can be said to be satisfactory. Russia is the major energy provider for Europe while Azerbaijan has a potential to be a competitor on this market as well as a route through which Asian energy can be provided to Europe. Russia sees this as a threat for losing its influence on Europe which it exercises through manipulating with its oil and natural gas. In order not to lose this influence, Russia needs to normalize relations with Azerbaijan and try to influence its foreign policy. Meanwhile Europe and western world try to increase their influence as well in order to gain energy independence from Russia and such interests of global players put Azerbaijan in a position where it has to choose best offers from all the global political actors.

If the strategy of balanced foreign policy did not yield any noticeable results before, it sure showed its capabilities from the very beginning of the 21st century. The results are already reflected on Azerbaijan mainly in the major problem that the country is facing, which is the Nagorno-Karabakh conflict. Even though Russia would probably never actively try to resolve the conflict in favour of any party, it is still important that Armenia is not the only side in the conflict that enjoys the support of such a big political actor as is Russia.

We talked about the results that Azerbaijan's foreign policy brought and mentioned that it yielded most noticeable results during the presidential term of Dmitry Medvedev, but it is also important to determine the possible future development of the diplomatic relations of the two countries.

It is obvious what the goals are for Russia, but it is difficult to predict how these relations may develop, because it depends on so many various factors. The only assumption we can make based on the information analysed and provided above, is that the diplomatic relations between Azerbaijan and Russia will improve as time passes, as long as there are no major changes in world politics. Russia is currently more interested in securing its energy dominance on the continent more than anything else. In this regard, Armenia has little to offer and this explains the shift in the support of countries in terms of Nagorno-Karabakh conflict. Such support is expected to continue until Russia reaches its goal of stopping or at least limiting the transfer of energy to Europe. It is another question what Azerbaijan will receive in return, and if it will be worth exchanging for the income that the country is receiving in energy deals with other countries. It is hard to predict because it depends on the decisions that officials will make when time comes.

To summarize the topic of diplomatic relations, based on the information provided above, we can decisively say that the relations have improved during the past 13 years and the improvement is most noticeable during the presidential term of Dmitry Medvedev. Based on the tendency of development of such relations and also based on the current political environment in the region and in the whole world as well, we can also make assumptions that diplomatic relations between Azerbaijan and Russia will develop further in the coming years.

4. Security Cooperation in Russian-Azerbaijani Relations

4.1 Military and Technical Cooperation

Similar to the development of diplomatic relations between Russia and Azerbaijan, the military and technical cooperation is also developing. We say it is similar to that, because it started from a scratch and reached the levels where Azerbaijan's arch enemy Armenia is concerned over the military supply that the country is getting from Russia.

Russia and Azerbaijan signed an intergovernmental agreement on military-technical cooperation on February, 2003 in Baku. This date marked the beginning of a decade of ever developing cooperation between Russia and Azerbaijan in the technical and military fields.

The leaders of defence departments of the two countries made guest visits on a regular basis since after signing the above mentioned agreement. On 23–25 January 2006 Deputy Prime Minister of Russia and Minister of Defence Sergei Ivanov visited Baku. In November 2007, Russian Defence Minister Anatoly Serdyukov also visited Azerbaijan. On July 29, 2008, in Moscow, the Second Meeting of Russia-Azerbaijan Intergovernmental Commission on Military-Technical Cooperation took place.¹⁰⁷

Another important agreement in the field of military cooperation was signed on the 25th of January 2002. This was an agreement on the status, principles and conditions for use of the Qabala radar station. On June 8, 2007, at the G-8 summit in Heiligendamm, Russian President Vladimir Putin made a proposal to use the Qabala radar station as a part of the U.S.-developed missile defence system. The proposal was

¹⁰⁷ Freni, "Azerbaijan-Russia Relations: An Analysis of Russian Hegemony."

supported by the Azerbaijani leadership, which considered it a contribution to stability and security in the region.¹⁰⁸

As time passed, the military cooperation between the two countries increased immensely and it culminated in year 2014.

The scale of the whole deals was exposed in June, 2013 when it became known that Russia had begun delivering \$1 billion worth of offensive weaponry, including about 100 tanks, to Azerbaijan in accordance with defence contracts signed in 2010-2011. Azerbaijani President Ilham Aliyev said in August of 2014 that the volume of military-technical cooperation between Russia and Azerbaijan was measured at \$4 billion and it had a tendency to grow further.¹⁰⁹

It must be noted, that the above mentioned defence contracts were signed during the presidential term of Dmitry Medvedev. This illustrates that relations between Russia and Azerbaijan was most fruitful during Medvedev's presidency and it is also worth mentioning that after Putin took office, this cooperation was not hindered and continued in its fast course.

In addition to the 100 tanks bought, the Russians had previously supplied Azerbaijan with state-of-the-art S-300 air-defence systems worth hundreds of millions of dollars. They also agreed in 2010 to sell 24 Mi-35 helicopter gunships for a combined \$360 million.¹¹⁰

The military and technical cooperation cannot be expressed in numbers only. The arms are available to be bought from many different states, such as for example Israel who has advanced military technology to offer. But when Azerbaijan buys arms from Russia, who was a long-time supporter of Armenia in the Nagorno-Karabakh conflict, it

¹⁰⁸ Abushov, "Policing the near Abroad: Russian Foreign Policy in the South Caucasus."

¹⁰⁹ "Asbarez|Com," in *Russia, Azerbaijan Hint at Further Arms Sales* (2014).

¹¹⁰ *Ibid.*

is also a political decision and a diplomatic success of Azerbaijan. By buying weapons from Russia, a statement is being made that Russia is willing to support Azerbaijan. It is true that Armenia has always been receiving weapons from Russia for free, while Azerbaijan has to pay billions for it, but the fact remains that compared to the 1990s when Baku enjoyed close to zero support from Moscow, making such huge arms deals with the country is a huge diplomatic success. And what is most important, Azerbaijan managed to achieve this goal in about a decade.

Taking into consideration the political support Azerbaijan was receiving in the past decade from Russia, we can easily attribute the successful negotiations on arms deals with the right diplomacy of Baku.

The political support is visible not only the amount of weapons that have been bought, but also by the statements of high ranking officials.

During their meeting in Baku on the 7th of April, 2014 the chiefs of the Army General Staff of Russia and Azerbaijan, Colonel-General Valery Gerasimov and Colonel-General Najmaddin Sadigov discussed military-technical cooperation between the two countries. Gerasimov expressed hope that the military-technical cooperation between the two countries would continue and develop even further. In response to his counterpart's remarks, Sadigov note that this was the first-ever visit to independent Azerbaijan by the chief of the Russian Army General Staff. He also reiterated that relations between the Armed Forces of Russia and Azerbaijan were developing well, calling Russia, major partner in military-technical co-operation, and expressing the wish to take this cooperation further.¹¹¹

It is this kind of political statements that speak louder than any weapon and Azerbaijan managed to gain such support from Russia which is mainly the result of the

¹¹¹ "Russia & India Report," in *Russian, Azerbaijani General Staff chiefs discuss military-technical cooperation* (2014).

balanced foreign policy Azerbaijan adopted and lived with until it started paying back. It is obvious from this standpoint that the balanced foreign policy was not proving to be successful in the beginning, but later developments in the international relations of Azerbaijan prove that the country is benefiting from such policy more than it is losing.

4.2 Regulation of State Border between Russia and Azerbaijan in 2010

On the 3rd of September 2010 an agreement was signed between Russian Federation and Republic of Azerbaijan. The agreement defined border between the two countries. The agreement has been ratified by the parliaments of the countries.¹¹²

It is mentioned in the supplementary documents of the agreement that the current border is a former administrative border between Dagestan SSR and Azerbaijan SSR. The ministry of Foreign Affairs of Russia stated that there were no disputes about territories with Azerbaijan. The head of the committee in charge of CIS affairs, Aleksey Ostrovskji said that the signed document was serving to the interests of both countries.¹¹³

The border is a total of 284 km long and its starting point is the place where the borders of Russia, Georgia and Azerbaijan meet. There will be another trilateral agreement signed between these countries in order to officially establish this starting point. The border goes all the way to the Caspian Sea.¹¹⁴

¹¹² "Риановости," in *Госдума ратифицировала договор о границе с Азербайджаном* (2011).

¹¹³ Ibid.

¹¹⁴ "Росбалт," in *Министры иностранных дел России и Азербайджана обменялись грамотами о госгранице* (2011).



Pic. 1 – The red line in the northernmost part of Azerbaijan defines the border with Russia.

As a parliamentarian from Russia said, Azerbaijan was using 90% of water resources from the river Samur but after delimiting border, the agreement has been made that the water resources will be used 50% from each country.¹¹⁵ This was a long-standing issue between Russia and Azerbaijan and the agreement was never reached until this time. Azerbaijan was explaining the usage of most of the water from river Samur with the fact that they needed to provide drinking water to Baku. It was not stated publicly by Azerbaijan what was gained from this agreement considering that they formally agreed to give up the water resource they were using and apparently needed very much. It can only be assumed that Azerbaijan needed this agreement to secure its border and avoid any future possible disputes with Russia. This happened after the 2008 Russo-Georgian war and in light of these events it is understandable that Azerbaijan had such position on the issue.

¹¹⁵ "Риановости."

As a result of the above mentioned border delimitation two villages were transferred to Azerbaijan. These were: Kharakhoba and Uryanoba. These two villages were belonging to Azerbaijan but were transferred to the Dagestan ASSR during the Soviet Era in 1954. These territories were transferred to Dagestan temporarily in order to harvest and use it for other agricultural purposes and this agreement was then prolonged in 1984 for another 20 years, until 2004.¹¹⁶

The several hundred residents of the above mentioned two villages, most of whom are Russian citizens and ethnic Lezgins, have two options to choose from, which are to apply for Azerbaijani citizenship in order to remain where they live, or resettle in Russia.¹¹⁷ However the Azerbaijani authorities offered the villagers to retain their Russian citizenship and register as temporary or permanent foreign residents of Azerbaijan, but in this case they would automatically lose the right to own property in Azerbaijan. Russian Federation also failed to relocate the families to Dagestan, into the territory of Russia.¹¹⁸

It should be noted that the agreement was reached when Medvedev was in office which again underlines the fact that cooperation between the two countries was most active and fruitful during the presidency of Dmitry Medvedev.

Another dispute about water resources has also been going for the past 18 years and the progress in resolution of this division is very slow. This concerns the usage of Caspian Sea water resources as well as natural resources of the sea. But in

¹¹⁶ "Zengilan," in *Azərbaycanda heç bir ölkənin anklavı yoxdur* (2014).

¹¹⁷ "Radio Free Europe - Radio Liberty," in *Daghestani Villagers Face Deportation From Azerbaijan* (2011).

¹¹⁸ Ibid.

this case there are five littoral countries involved in the dispute: Iran, Azerbaijan, Russia, Kazakhstan and Turkmenistan.

The discussion on the status of the Caspian Sea, to determine whether it will be legally defined as a sea or a lake is important for many reasons. If it is defined as a lake, then according to the international law, the bordering 5 countries would have to share the sea and equally divide profits from the resources gained from it, which is not in the interests of the oil producing countries. And if it is defined as a sea, the interests of Iran would be badly injured, because due to its short coastline, it would only receive 13 percent of the sea, which is also the largely unexplored and poor portion in terms of oil and gas deposits.¹¹⁹

On the 4th Caspian Summit that was held in Astrakhan, the parties agreed on a wiser division of resources which concerns only the water resources of the Caspian Sea, but the seabed still remains undivided. The leaders of the countries expressed their belief that to agree on the division of the seabed will also be possible on the next Caspian Sea Summit to be held in Kazakhstan in 2015.¹²⁰

By the current agreement that was reached on the 4th Caspian Sea Summit, 5 Caspian littoral countries share the water resources of the Caspian Sea the following way: Kazakhstan – 30.8%, Turkmenistan – 16.8%, Iran – 18.7%, Azerbaijan – 15.2 % and Russian Federation – 18.5%.¹²¹ As mentioned above, the division of the seabed of the Caspian Sea remains a hot topic of debate between these countries, but it is

¹¹⁹ "Tengrinews," in *Caspian water delimitation agreement - a version of sea status* (2014).

¹²⁰ "Tass - Russian News Agency," in *Caspian Summit begins in Astrakhan* (2014).

¹²¹ "Natural Gas Europe," in *Legal Status Of Caspian Sea* (2014).

expected to reach a certain way of decision by the year 2015 when the next Caspian Sea Summit will be held in Kazakhstan.

4.3 The Question of Nagorno-Karabakh in Russian-Azerbaijani Relations

As it became apparent during our discussion above, major part of Azerbaijan's foreign policy and its focus is directed towards resolving the conflict in Nagorno-Karabakh. The discussion above shows that Azerbaijan managed to gain support from one of the main actors in this conflict which is Russian Federation. Most of this support was gained during the presidency of Dmitry Medvedev.

In order to continue our discussion, we need to look at the history of the conflict and its escalation, the war in the beginning of the 1990s and many clashes between the two countries during the years since then.

The conflict started in 1988 and the main reason for this was attempts by Armenians in Moscow to have Nagorno-Karabakh transferred from the jurisdiction of the Azerbaijan SSR to Armenia. The armed conflict was very bloody and dramatic, and ended with the victory for the Nagorno-Karabakh Armenians, who received substantial, but informal support from Armenia and, in the final phase from Russia as well. Since 1992, the conflict has been monitored by the so-called Minsk Group of the OSCE (Russia, USA, France), which is leading the negotiations between Azerbaijan and Armenia, representing Nagorno-Karabakh. The Armenians have declared readiness to withdraw from the so-called occupied territories (outside of Nagorno-Karabakh) except for the Lachin Corridor connecting the enclave with Armenia, on condition that they are granted guarantees of security for Nagorno-Karabakh. The Azerbaijanis treat Nagorno-

Karabakh and the occupied areas in the same way, believing that all the territories seized by the Armenians are an integral part of their country.¹²²

When the Nagorno-Karabakh conflict began tens of thousands of Armenians staged mass demonstrations in Yerevan in support of a formal request by the Nagorno-Karabakh Autonomous Oblast to the Soviet leadership to designate the predominantly Armenian-populated region part of the then Armenian Soviet Socialist Republic (SSR). The Soviet leadership rejected that demand and imposed direct rule in a bid to contain sporadic low-level fighting during which most of the region's estimated 40,000 Azerbaijani residents fled.¹²³

After the collapse of the USSR in late 1991 and the withdrawal of Russian army units from Azerbaijan, the combined Armenian and Nagorno-Karabakh defence forces succeeded in cementing control over the breakaway region, which had formally declared its independence from the USSR in a referendum in December 1991. In 1992-1993, those forces occupied seven districts of Azerbaijan close to Nagorno-Karabakh, the Azerbaijani population of these regions also fled. In May 1994, a ceasefire was signed in Bishkek that ended full-scale hostilities, but which has not prevented sporadic exchanges of fire along the Line of Contact east of Nagorno-Karabakh that separates the Armenian and Azerbaijani forces deployed there. Mediation efforts launched in 1992 by the so-called "Minsk Group" of the Council for Security and Cooperation in Europe (renamed in 1994 the Organization for Security and Cooperation in Europe) have failed to yield a lasting political solution to the conflict.¹²⁴

¹²² Wojciech Bartuzi, Katarzyna Pełczyńska-Nałęcz, and Krzysztof Strachota, "Abkhazia, South Ossetia, Nagorno-Karabakh: Unfrozen Conflicts between Russia and the West," (Warsaw: Centre for Eastern Studies, 2008).

¹²³ Elizabeth Fuller, "Azerbaijan's Foreign Policy and the Nagorno-Karabakh Conflict," in *IAI WORKING PAPERS 13 / 12 – April 2013* (Rome, Italy: Istituto Affari Internazionali 2013).

¹²⁴ Ibid.

4.3.1 Russia's Interests in The Nagorno-Karabakh Conflict

Among Azerbaijan's five neighbours, Russia is arguably the most powerful and Azerbaijan has the closest ties with this country by virtue of their shared Soviet heritage.¹²⁵ Russia has two main interests in the conflict between Armenia and Azerbaijan. This may seem contradictory at first sight. These contradictory interests are: keeping the conflict unresolved and maintaining stability in the region.¹²⁶

Keeping the conflict unresolved is in the interests of the Russian geopolitical goals in the "near abroad" (countries of the former Soviet Union, excluding the three Baltic states). Without the conflict Russia would have a much lower leverage over both Armenia and Azerbaijan. Armenia is currently gaining a lot from having good relations with Russia. It was Armenia that was the initiator of the close ties between the two countries, but it does not seem to be Armenia's preferred long-term state of affairs. In addition to this, in the near abroad, Russia cannot rely on the other post-Soviet countries to respect all treaties and agreements that they have signed. The example of Kazakhstan's attempt to revise the lease agreement on the Baykonur rocket launch site that is scheduled to expire in 2050 can serve as a warning of what could happen in Armenia if it is no longer dependent on Russia for its security. Armenia has signed a treaty on the Russian military base, but it is not clear whether Armenia would not attempt to revise it and try to expel the military base from its territory. Removing the base would mean for Russia that they lose one of their key instruments of influence in the South Caucasus. Therefore, if the conflict got solved, it would mean that Russia's

¹²⁵ Ibid.

¹²⁶ "Nagorno Karabakh: Understanding Conflict 2013," in *Johns Hopkins University School for Advanced International Studies*, ed. P. Terrence Hopmann and I. William Zartman (Washington, United States of America 2013).

influence would most probably be significantly weakened over Armenia and in the whole region.¹²⁷

On the other hand, Russia is interested in maintaining stability in the South Caucasus, considering the fact that there is already tense situation in the North Caucasus, which is part of Russia. The August 2008 wars in Abkhazia and South Ossetia were not as dangerous because these conflicts were of a short duration and were led by Russia. However, a potential new violent conflict between Armenia and Azerbaijan would be presumably more violent and destructive (both sides would be likely to perceive the war as a “now or never” battle), which, unlike the Abkhaz and Ossetian conflicts, might destabilize the entire region. While in the Abkhazia and Ossetia conflicts, only Russia and Georgia were directly involved, a potential new violent conflict between Armenia and Azerbaijan will most probably include at least Turkey and Iran as important external parties, which might eventually lead to an increase in separatist activities in the North Caucasus. Therefore, in order to satisfy its interests in the region and in the world in general, Russia needs to keep the conflict unresolved but prevent any break-up of large-scale violent actions that could destabilize the situation in the South Caucasus and spill over to the Russian North Caucasus, as it did in the 1990s and early 2000s.¹²⁸

Russia is not in the position to allow Armenia to become de facto independent from Russia. In order for this to happen, Russia needs to make sure that the Nagorno-Karabakh conflict is not resolved. Considering this, Russia must continue to provide Armenia appropriate security guarantees in order for Armenia not to succumb to Azerbaijani threats of military action. If the conflict is resolved, Russia will most probably not support a peace deal unless it fits their interests in the region. A peace deal

¹²⁷ Ibid.

¹²⁸ Ibid.

that would be based on unfavourable conditions for Russia would undermine the influence of Russia in the entire region. To put it in other words, a peace deal has to be Russia's deal.¹²⁹

When we look at the development of negotiation from Russia's standpoint it becomes clear that above mentioned two statements are not contradictory at all. Russia uses the conflict to maintain control over the region. But in order to appear as a mediator for peace in the region Russia is organizing separate meetings between Armenian and Azerbaijani presidents outside of Minsk Group but these meetings lead to nowhere in terms of accomplishing peaceful settlement of the conflict. It is important to note that these meetings were most frequent during the presidential term of Dmitry Medvedev. He tried to achieve the settlement but if we look at it from the viewpoint that we discussed above, it seems that Medvedev was also trying to maintain the situation as it was. The frequent meetings were just an attempt to show that Russia has full control over this situation and nothing will ever be decided without its involvement.

We have mentioned before that during last two decades Azerbaijan managed to gain Russia's support over the Nagorno-Karabakh conflict, but it has to be noted that it had nothing to do with the trilateral meetings. There were other factors that helped Azerbaijan gain more support from Russia and these were mostly economic and energy related.

4.3.2 Negotiations on the Peace Process

In 2008, Russia under the Medvedev's administration took the initiative to lead the peace process in the Nagorno-Karabakh conflict. This conflict is far from the top of

¹²⁹ Ibid.

U.S. priorities, so Russia was given free hand by the Obama administration regarding this issue. Since 2008, Russia has organized quite a lot of meetings between the presidents of Armenia and Azerbaijan in search of the ways to solve the conflict. After the return of Vladimir Putin to power, the Russian-led mediation efforts came to a halt.¹³⁰ So to understand the importance of Medvedev's administration's involvement in this issue, it is enough to look at the lack of political will of Vladimir Putin regarding this issue. The policy of Russia remains the same but compared to Medvedev, Putin is not interested in leading negotiations on this subject.

There are at least two possible explanations for the sudden intensification of the mediation process and for the fact that Russia acted as a mediator on its own initiative. One explanation in the views of both Armenians and Azerbaijanis is that the above mentioned intensive Russian attempts to solve the conflict during Medvedev's presidency were purely his personal initiative, however he had consent of Putin as well. Medvedev was viewed as more open-minded and rational than Putin. After Putin came back as president, Medvedev did not have the formal status any more so he did not continue being a mediator between Presidents Aliyev and Sargsyan.¹³¹

Another explanation is that the Russian Federation seems to be creating an illusion of a genuine desire to solve the conflict. By this they are trying to create an image for themselves as a peace-keeper, because most of the armies they have deployed in South Caucasus are under this status.

In the study edited by Hopmann and Zartman the true purpose of these initiatives by Medvedev is well summed up in a single Chapter:

The reason for this is that Russia has never enjoyed much soft power in the world. This negative image became worse after the August

¹³⁰ Ibid.

¹³¹ Ibid.

2008 war between Russia and Georgia. Since then, Russia has largely been viewed as a power that does not hesitate to use hard force to achieve its goals. As a result of the Abkhaz and Ossetian conflicts, Russia is viewed by many in the West as an aggressive state. Therefore, the attempts of Medvedev might have been essentially campaigns to improve this negative image of Russia in the world at no cost to its national interest. In this case, the task was facilitated by the fact that it was not Putin who was president at that time, but Medvedev. Since the Russian attempts to solve the conflict were likely to fail, it is unlikely that they would have been undertaken under Putin as president. Putin is considered to be reluctant to join any initiative that is doomed to failure from the very beginning. Therefore, the unilateral Russian mediation efforts can be now portrayed as a naïve personal initiative of Medvedev.¹³²

Ivan Benovic, the author of the above mentioned chapter uses an example to reinforce his opinion. In his article, he mentions that during the meeting with Azerbaijan's Deputy Foreign Minister, Mr. Azimov, he said that Russian Foreign Minister Lavrov knew in advance that Azerbaijan would not accept his proposal presented in Sochi in 2011. Accepting this proposal would mean the same thing for Azerbaijan that it was for Georgia with regards to its separatist regions. In addition to this, President Aliyev has gotten no noteworthy criticism for rejecting the proposal. So, if all this is true, it would mean that Russia's peace efforts were not genuine to begin with and they presented such a proposal that would be most definitely rejected.

¹³² Ibid.

This attitude of Russia is not surprising. It is in their interests to have the conflict unresolved, because as a result of ongoing conflict Armenia remains dependent on Russia for its security. As the South Caucasus is generally viewed as Russia's backyard, too much violence in Nagorno-Karabakh may be regarded as either Russia's inability to control the situation or its readiness to use human lives in its geopolitical calculations. But none of these interpretations would help Russia in to improve its negative international reputation.¹³³

4.3.3 Analysis and Implications of Nagorno-Karabakh Conflict

Considering the above mentioned facts it appears that Russia is the main actor in this conflict and it depends on this country if the settlement will ever be possible to reach. This is well understood both by Azerbaijan and Armenia and it is the reason why they compete for Russia's support. So if it depend on Russia in whose favour the conflict will be resolved, then it is not surprising why the major parts of the foreign policy of these two countries is focused on this issue. Even if Medvedev's attempts to resolve the conflict were not genuine as mentioned above, it can still be considered a success that Azerbaijan managed to shift the support from Armenia. Now Azerbaijan enjoys at least political support from Russia and it can buy weapons as well which is a huge success of Azerbaijani foreign policy.

It is not surprising for anybody that Russia is a big political actor not only in this region but in the whole world and if there is no political will from Russia then the conflict will not be resolved. Many scholars agree that it is not in Russia's interest for the conflict to be resolved, because they will lose the only ally they have in South Caucasus and will not be able to station their troops in the region. But if Azerbaijan

¹³³ Ibid.

offers similar deal to Russia and agrees on establishing Russian military bases on Azeri soil with certain guarantees, there is a bigger chance that Russia will chose to resolve the conflict and resolve it in favour of Azerbaijan. The fact that Russia can gain more from cooperating with Azerbaijan is obvious, and increasing their political influence on this country would increase their political influence on Europe through energy manipulations, but on the other hand Azerbaijan seems to unwilling to give up its sovereignty for the 14% of the lost territories that were theirs to begin with.

Similar question about the impossibility of the resolution of this conflict has been asked by Philip Gamaghelyan in his paper and his answer supports our assessment.

*The problem is not in the inability of the parties or mediators to find an appropriate solution. The problem is in the inadequacy of the process chosen to resolve the conflict. The secret of failure is in the persistent quest for a solution for a conflict in which any given comprehensive solution by itself is an obstacle for a lasting peace, because it will dissatisfy both immediate parties of the conflict. What the negotiators refuse to recognize is that the Nagorno-Karabakh conflict has no quick solution or predetermined long-term solution. Pressing Armenian and Azerbaijani governments to sign an agreement until the underlying causes of the conflict are addressed and resolved is the most certain path toward failure and must be avoided.*¹³⁴

There is no simple solution to this conflict because in any case at least one of the stakeholders will be dissatisfied, but as we said above Russia has the power and ability to resolve this conflict on its own initiative but in order for Azerbaijan to have this conflict resolved in its favour they will have to give up more than they would gain so this again is an obstacle in itself.

¹³⁴ Philip Gamaghelyan, "Intractability of the Nagorno-Karabakh Conflict: A Myth or a Reality?."

Russia is undoubtedly a very important factor in the South Caucasus. On the one hand, Russia has the capacity, both formal and informal, to influence the dynamics in the region. It has strong economic ties not only with Armenia, but also with Azerbaijan. Russia is a place for immigrants from both Armenia and Azerbaijan who cannot emigrate for work to the European Union or North America. The Russian language is still used as a lingua franca in the whole region.¹³⁵

However Ivan Benovic has somewhat different attitude on this subject. According to his claims the role of Russia in the Nagorno-Karabakh conflict is quite exaggerated. The close political, economic and military ties between Russia and Armenia do not automatically mean that Armenia is completely dependent on Russia. The only way for Russia to substantially influence the conflict is through the military base and the security treaty, which sway the military balance between the Armenians and the Azerbaijanis greatly in Armenia's favour. Overall, it is in Russia's interest to leave the conflict unresolved. However, Russia seems unlikely to have the needed leverage in the region to decide the status of the conflict on its own.¹³⁶

Basically Russia has this influence that it uses to play a political game and an age old strategy of Divide and Rule, but Azerbaijan's efforts to gain the key player's support on this matter is quite fruitful and while for quite a while Russia has been favouring Armenia in this conflict, now it is also openly supporting Azerbaijan which confirms that Azerbaijan is closer to resolving this conflict in its favour than the country has ever been before.

¹³⁵ "Nagorno Karabakh: Understanding Conflict 2013."

¹³⁶ Ibid.

5. Economic Relations

5.1 Trade Relations

The economic and trade relations of Russia and Azerbaijan started with a free trade agreement between the Russian Federation and the Republic of Azerbaijan that was signed on the 30th of September, 1992. Since then there were many other agreements and protocols signed to regulate the trade relations between the two countries.¹³⁷

Azerbaijan is the fifth trade partner of Russia among the CIS countries and for Azerbaijan Russia is a major trade partner. Since 2006 trade representative of Russian Federation is working in Baku.

The working mechanism for regulating decision-making process of Russian-Azerbaijani trade relations on the state level is an intergovernmental commission that deals with economic and trade relations between the two countries.

According to the State Customs Committee of the Republic of Azerbaijan, in 2013 trade turnover between Russia and Azerbaijan reached 2583 million US dollars (increase 10.3%). Russian export to Azerbaijan was 1505.2 million dollars as compared to the same period of year 2012 and increased by 9%. Export of goods from Azerbaijan to Russia was worth 1077.8 million dollars and compared to the same period of the previous year, it increased by 12.3%.¹³⁸ This example illustrates that there was growth in

¹³⁷ "Rusiya Federasiyasının Azərbaycan Respublikasındakı Səfirliyinin Rəsmi Saytı," in *Azərbaycan və Rusiya Arasında 2011-ci İldə Ticarət və İqtisadi Əlaqələri* (2013).

¹³⁸ Ibid.

trade turnover between Russia and Azerbaijan in the year 2013 as compared to year 2012. Such growth is noticeable in previous years as well.

The structure of trade relations between the two countries is diversified. Almost 90 percent of Russian exports is downstream products. The main product of Russian export is machinery, equipment and vehicles, food, ferrous and non-ferrous metals, metal, wood, pulp and paper products, chemical products and electricity. The structure of Azerbaijani exports to Russia in the past year was dominated by mineral products (53.3% of total exports). The share of foodstuffs and agricultural raw materials amounted to approximately 19.1%.¹³⁹

There are several major Russian companies that operate in Azerbaijan. For example, in the retail sale of petroleum products company "Lukoil-Azerbaijan" is operating, which has the network of petrol stations and fuel storage throughout the whole country. It also provides trade, transportation, insurance, telecommunication services, a system of cashless payments using plastic cards and carries out charitable activities. In addition to this, in the field of international gas and condensate production in Azerbaijan a group of "Lukoil Overseas" is active, which represents the interests of the Russian oil company "Lukoil". The company "Lukoil Overseas" is party to the Agreement on the Exploration, Development and Production Sharing offshore gas condensate field "Shah Deniz" with an interest in the project to 10%.¹⁴⁰ The mentioned deal by which Lukoil owns 10 percent of "Shah Deniz" oil field is a part of the "deal of the century" contract by which major part of the oil field share was bought by European and Western oil companies.

As a General overview we can provide the bulk number of Russian companies in Azerbaijan. There are more than 500 companies operating on the Azerbaijani market,

¹³⁹ Ibid.

¹⁴⁰ Ibid.

including 200 with 100% Russian capital and more than 300 - in the format of a joint venture.¹⁴¹

As regards the assessment by the officials of these two countries they are positive. Presidents of Russia and Azerbaijan are satisfied with the development of bilateral relations, in particular, the record pace of trade and diversification of relations between the two countries. In his remarks, as cited on the website news.az on the 14th of August, 2013, Vladimir Putin said the following: *“Indeed, the relations between our countries are developing very successfully: in spite of the difficult overall situation in the world economy, our growth in turnover for last year was 47%, it is one of the records for us”*. The head of Russian state added: *“Russia remains one of the leaders in the trade and economic relations with Azerbaijan. It takes the second place, the trade turnover is growing, and what is especially nice is the significant structure of trade on both Azerbaijan’s and Russian side”*.¹⁴² The increase is noticeable not only in the year mentioned year but in the previous years as well.

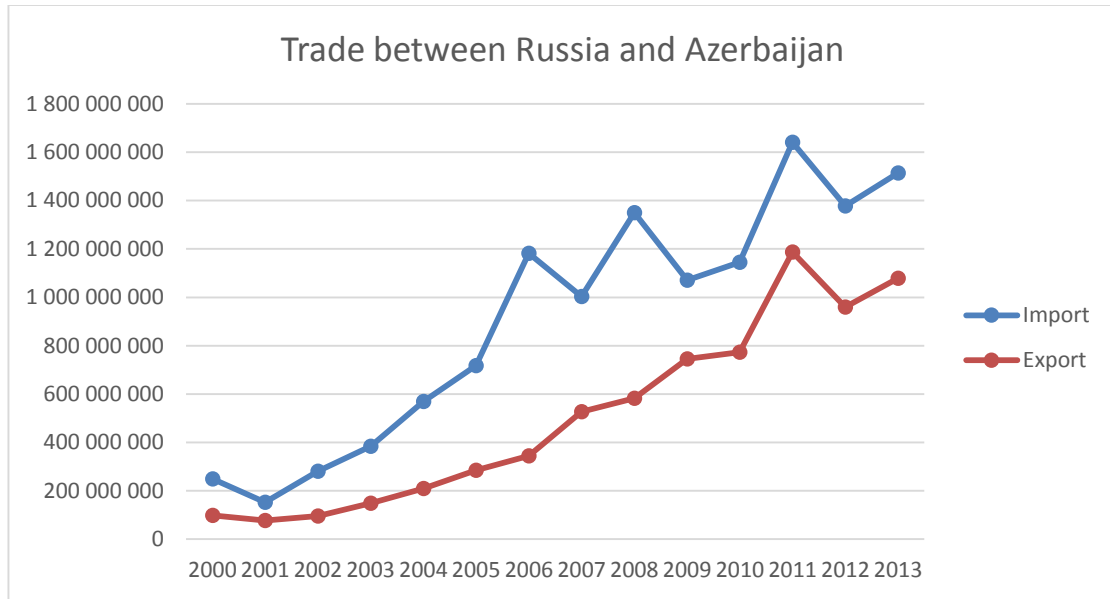
During Dmitry Medvedev’s term in office, from the very first year, in 2008 the trade turnover between the two countries increased annually by 39.3% and amounted to US\$2.403 billion, exports grew by 42.6% up to \$1.9911 billion, imports increased by 25.4% up to \$411.4 million.¹⁴³

United Nation’s website, UNcomtrade offers statistics on the amount of trade between different countries, so we have summarized below the amount of trade between Russian Federation and the Republic of Azerbaijan.

¹⁴¹ Ibid.

¹⁴² "News.Az," in *Relations between Azerbaijan and Russia develop very successfully- Putin* (2013).

¹⁴³ "Azərbaycan Respublikası Dövlət Gömrük Komitəsi," in *Foreign trade reports* (2008).



*Pic. 2 – Trade amount and its development over a decade between Russia and Azerbaijan.*¹⁴⁴

As it becomes clear from the graph presented above, trade turnover between the two countries has increased considerably over the past decade. Quite big increase both in imports and exports is noticeable from year 2006. But the most noticeable growth is in the years 2008-2012 which coincides with the presidential term of Dmitry Medvedev. Since 2012 there has been a small drop, but it is not directly attributable to anything and considering the level of cooperation between the governments of Russia and Azerbaijan, next year statistics might show increase in trade turnover.

It is difficult to directly attribute the increase in trade between Russia and Azerbaijan to the presidential term of Dmitry Medvedev, because it will be hard to prove, but we should not forget that it was during Medvedev’s presidency that Azerbaijan’s relations with Russia began to improve and cooperation between the two countries increased. The support of the Russian government shown during this period and the frequent high-level meetings between the government officials surely influenced the economy and the trust of the companies operating in these countries increased. They

¹⁴⁴ "Uncomtrade," in *United Nations Commodity Trade Statistics Database* (2014).

began to see the relations between the two countries as steady and as a result the trade relations improved.

We should also take into consideration, that the energy contracts that have been signed are important as well. Most of the Azerbaijani export is natural gas to Russia and even though this is not all that Azerbaijan exports to Russia, it is still a great part of its exports.

The trade balance remains stable throughout the years and there are no unexpected fluctuations, which speaks of the stable economic environment and good foreign policy of Azerbaijan.

To sum up, the drastic increase in trade turnover in years 2008-2012 indicates that the efforts Dmitry Medvedev made to stabilize relation with Azerbaijan had their effect and it was best shown in the increased import and export of goods between the two countries. This positive trend continued throughout the four year presidential term of Dmitry Medvedev and it continued in the year 2013 as well, with a slight drop, but is expected to increase in the following years, or show very little drop in trade turnover between Russia and Azerbaijan.

5.2 Energy Sector

The development of energy sector in independent Azerbaijan started with the “Contract of the Century”. It started the revival of oil industry in Azerbaijan, which is 95% of the country’s total exports and it clearly illustrates the basic outline of Azerbaijan’s foreign policy. Its foreign policy is balanced and so is the energy policy. There are different European, Western and Russian companies involved in the production of oil and natural gas in Azerbaijan.

The contract of the century was signed on the 20th of September 1994 and companies such as BP, Exxon, Amoco, Penzoil, Statoil, Unocal, Ramco and several other European companies as well as Russian Lukoil bought shares in the industry. The first production sharing agreement (PSA) was the contract for the development of the Azeri-Chirag-Guneshli (ACG) oil field on the Azerbaijani section of the Caspian Sea which was signed by the Azerbaijani government and Western energy firms. This contract paved the way for more PSAs in the future. It was a dangerous precedent from the perspective of Russian and Iranian policy-makers and politicians, who were opposing any contract of any kind that extended Western influence in the Caspian region.¹⁴⁵

This agreement was not favoured in Russia from the very beginning and the diplomats in Kremlin tried using all the tools at their disposal to try and prevent the Contract of the Century to be implemented.

The Russian foreign ministry immediately denounced the agreement by saying that the unresolved legal status of the Caspian Sea made it impossible for any of the littoral states to sign any legal contracts with Western companies and start exploration. This was followed by threats of sanctions against Azerbaijan. The Russian officials also argued that the existing oil and gas fields in the Caspian were discovered during Soviet times and should be considered as resources of the Russian Federation.¹⁴⁶

Since the 1990s the Northern Pipeline that ran through the territory of Chechnya was going until Novorossiysk was the only export route for Azerbaijani oil. The country then did not have means to export its oil products to Europe. The Chechen conflict in the middle of 1990s put a stop to its use, but it again became active in 1997. The Chechen government wanted to sign an agreement between Russia, Chechnya and Azerbaijan that

¹⁴⁵ Fariz Ismailzade, *Russia's Energy Interests in Azerbaijan: A Comparative Study of the 1990s and the 2000s* (London: GMB Publishing Ltd., 2006).

¹⁴⁶ *Ibid.*

would govern the usage of this pipeline, but Azerbaijani politicians feared that going with such an agreement would encourage secessionist movement in Nagorno-Karabakh and they did not agree to it. However, in order to avoid complications and have the pipeline working, Vladimir Putin ordered to have another pipeline constructed through the territory of Dagestan which completely avoided passing the territory of Chechnya.¹⁴⁷

If in the 1990s Russia's energy policy in the region was to attempt its monopolization, in the 2000s this strategy changed. Russian officials began to see the development of energy sector in the South Caucasus and especially in Azerbaijan as mutually beneficial for all stakeholders.

In order to demonstrate their willingness have the energy sector developed in the South Caucasus the deputy prime minister of Russia, Boris Nemtsov, along with the presidents of Azerbaijan, Georgia and Ukraine, took part in the inauguration of the pipeline.¹⁴⁸

With the discovery of Shah Deniz Gas Field in offshore Azerbaijan in the Caspian Sea and with the start of Production in 2006 Azerbaijan quickly transformed from importer of gas into a major exporter of this commodity.

The most noteworthy agreement in this field and for our research purposes is the agreement that was signed on the 9th of June, 2009 between Russia and Azerbaijan on exporting gas to Russia for the same price that Europe was planning to pay. When we observe this phenomenon, it becomes apparent that with this agreement economic ties of the two countries grew, especially in energy sector, but on the other hand it is hard to claim that Russia was in need of importing gas for this price. It is more likely that with this deal Russia secured its influence over Europe by putting the projects in jeopardy

¹⁴⁷ Ibid.

¹⁴⁸ Ibid.

that were supposed to carry Azerbaijani energy to the European continent. Shahin Abbasov explained in his article on Eurasianet.org on September 3, 2010 this way.

Such an arrangement raises questions about the future of some long-planned energy projects, namely the NABUCCO pipeline. Azerbaijan is seen as a primary supplier of the NABUCCO route. But this latest Russian deal stands to foster uncertainty over Azerbaijan's desire to supply a sufficient volume of gas to make NABUCCO financially tenable. Moscow has long opposed NABUCCO, the completion of which would create a Caspian Basin export route that avoids Russian territory.¹⁴⁹

In the same article, the author used Russian president Dmitry Medvedev's speech on Russian-Azerbaijani relations. He says: "Russia and Azerbaijan are serious players, gas suppliers, so we should not create obstacles to each other".¹⁵⁰ If we try to interpret this, it means that Medvedev clearly stated Russia's goals to hinder the development of NABUCCO project or any other prospective project that may come in the future.

From what we discussed above, we can conclude that for a brief moment in the near past, Russia tried to be liberal in terms of development of energy sector in South Caucasus, but it appears that these were the steps taken to appear well in the public eye of the whole world. The steps taken by Medvedev's administration in yet another attempt to monopolize Azerbaijani energy, proves that their policy is still aggressive and they still want to use energy as a leverage in maintaining political influence over Europe. It should be noted here as well that this time the attempt of monopolization was not based on threats and creation of disturbances in the life of Azerbaijan, but it was a

¹⁴⁹ Shahin Abbasov, "Eurasianet.Org," in *Medvedev Visit to Baku Produces Gas Export Agreement* (2010).

¹⁵⁰ Ibid.

purely economic deal that allowed Russia to buy most of the product that Azerbaijan produces from Shah Deniz gas field.

However, if we look at this deal in terms of economic benefit for Azerbaijan, it was a successful agreement, yet another one that was signed during the presidential term of Dmitry Medvedev. Azerbaijan sees Russia as reliable partner, but does not chose to retain relations with Russia only. On the other hand, cooperation in many other fields creates and atmosphere in which Azerbaijani economy will thrive if the governments retain good neighbourly relations.

There have been several important agreements signed in the last two decades between Russia and Azerbaijan in the energy sector, but the crowning one was the agreement signed by Dmitry Medvedev and Ilham Aliyev that brought the economies of the two nations closer to each other with yet another deal in energy sector.

5.3 Tourism Sector

The conflict that arose in Nagorno-Karabakh had its negative results on the whole economy of Azerbaijan and tourism sector was not an exception either. The arrival of tourists in Azerbaijan was very low in the 1990s due to the above mentioned conflict and it affected the development of tourism in later years as well because the image of country was worsened throughout the whole world.

However tourism started to develop and the number of foreign tourists arriving in Azerbaijan started to increase gradually in the 2000s.

In Azerbaijan the most important segment of the tourism potential is the sunny coast of the Caspian Sea. It has various natural landscapes and sandy beaches. Particularly important improvement has been made in Absheron which has highly

effective and competitive tourism complex along the sea coast, which will by all means meet all the requirements of foreign tourists as well as the citizens of Azerbaijan. A great number of mud-cures and mineral springs create additional opportunities for organization of recreational and treatment tours in the country.¹⁵¹ The regions of Azerbaijan have great potential of developing tourist infrastructure, but most of the regions are still underdeveloped. Till today, Baku remains the main tourist destination and the capital city offers everything tourists are looking for including entertainment, recreation and sightseeing.

It is hard to claim what benefits tourists bring to Azerbaijani economy. According to the approximate calculations, one tourist spends \$600-700 during his/her stay. According to the calculations of 'World Trade Organization', tourists who travel to the country spend approximately \$1000 in the world. These calculations include not just money spent in the hotels but also money spent on souvenirs, industrial products, food, transportation, entertainment, etc. Unfortunately, there is no such kind of calculation in Azerbaijan. According to the official statistics, the total amount of income from tourism equalled approximately \$177 million in 2007, and \$96.5 million in the second half of 2008.¹⁵²

The focus of this paper is relations between Russian Federation and the Republic of Azerbaijan. So we are more interested in the number of tourists arriving from Russia as well as the number of tourists travelling to Russia from Azerbaijan. Below we will present statistical information that is available and try to analyse its growth and see how it changed in the course of history and with the changes of government and presidents in Russia. The State Statistical Committee of the Republic of Azerbaijan offers data from 2007 to 2013 and this data is analysed below.

¹⁵¹ "Embassy of the Republic of Azerbaijan in Romania," in *Tourism in Azerbaijan* (2005).

¹⁵² Vugar Bayramov, Leyla Aliyeva, and Xalid Mikayilov, "Cesd Policy Report on Tourism Sector in Azerbaijan," in *Center for Economic and Social Development* (Baku, Azerbaijan: ©CESD, 2011).



*Pic. 3 – Total Number of Tourists from Azerbaijan to Russia and vice-versa.*¹⁵³

The number of foreign tourists who visited Azerbaijan in 2002 was 428,397; in 2003 - 629,753; in 2004 – 785,910 and in 2005 – 865,255.¹⁵⁴ According to this data, tourism was growing before 2007 as well. Unfortunately the data about how many of these foreign tourists were Russian is not available. For example, in 2007 153,100 tourists out of a total of 1,235,600 arrived to Azerbaijan from Russia. This numbers is the highest as compared to tourists from other countries in the same year. So we can assume that if in this case 12.4% of all arriving tourists were from Russia, in the previous years the percentage could be close to 12.

If our assumption is correct, the graph below will show approximate amount of tourists arriving from Russia to Azerbaijan.

¹⁵³ "Statistical Yearbook," in *Tourism and Services in Azerbaijan - Statistical publication 2014* (Baku, Azerbaijan: State Statistical Committee of the Republic of Azerbaijan, 2014).

¹⁵⁴ "Embassy of the Republic of Azerbaijan in Romania."

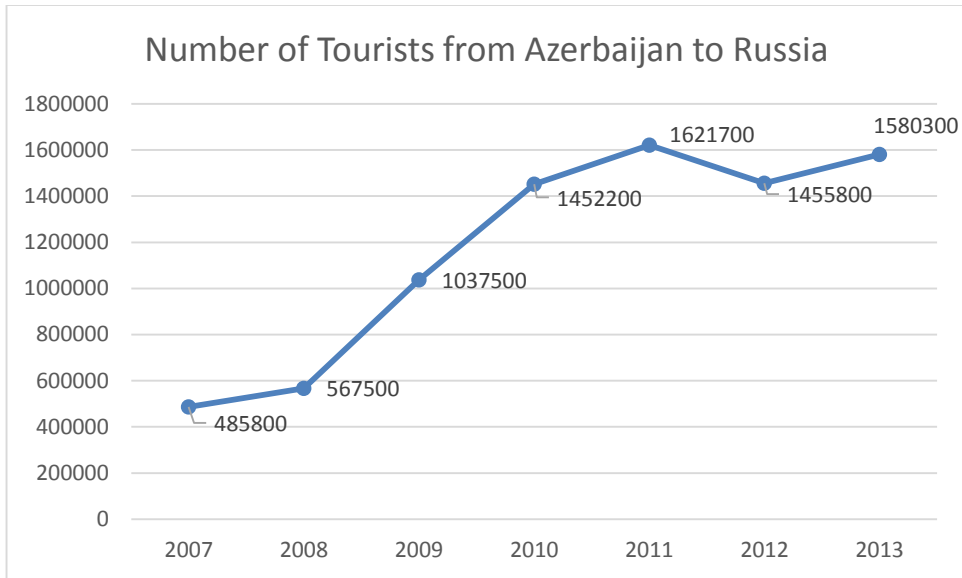


Pic. 4 - Assumed Number of Russian Tourists in Azerbaijan¹⁵⁵

We have taken 12% of each total number of tourists that arrived to Azerbaijan and if our calculations are correct, the graph presented above shows increase in the number of tourists arriving from Russia to Azerbaijan. We have to allow the possibility of error here, because the numbers do not come close to what we see from 2007, but we have mentioned above that tourism started to grow in Azerbaijan from 2000s and this might be accurate, considering that tourism started developing slowly.

The data provided by the State Statistical Committee of the Republic of Azerbaijan allows us to analyse it by the number of tourists that visited Russia from Azerbaijan and vice-versa.

¹⁵⁵ "Statistical Yearbook."



Pic. 5 - Number of Tourists from Azerbaijan to Russia.¹⁵⁶

As we can see from the graph above, the number of tourists visiting Russia from Azerbaijan drastically increased in the period of 2008-2012. This period is the most important for our thesis, because it is the period when Dmitry Medvedev was president. By the end of Medvedev's presidential term, the number of tourists visiting Russia from Azerbaijan tripled compared to the data of year 2007. This increase can be assimilated to the intensified relations between the two countries in this period as well as frequent visits of high-level officials. Since the relations between the two countries was the most active in this period the interest in the population increased and the number of tourists increased as well. We cannot relate this increase to any kind of visa procedures, or simplification of visa procedures because citizens of Azerbaijan do not need visa to travel to Russia. According to the agreement on visa-free arrival and departure of the citizens of Russian Federation and the Republic of Azerbaijan that was signed between the Government of Russian Federation and the Government of the Republic of Azerbaijan in Moscow, on the 3rd of July, 1997, the citizens of both countries have since been able to travel between these two countries visa-free. So the increase in the number of tourists can be explained

¹⁵⁶ Ibid.

with warmer diplomatic relations between the two countries that improved mostly in the period of 2008-12.

The picture is a little different when we talk about the Russian tourists arriving to Azerbaijan. The trend of increase and decrease in numbers is almost the same but the number of tourists are much less.



Pic. 6 - Number of Tourists from Azerbaijan to Russia.¹⁵⁷

As we can see, the trend that was visible in previous case is almost the same here. In the period of 2008-12 the increase in the number of tourists visiting Russia from Azerbaijan is growing rapidly, and it reaches the highest peak by the end of Medvedev's presidential term. After that we see a sudden decrease in the number. It is hard to directly assimilate the number of tourists visiting a country to the president of that country, but we cannot deny that the relations between the two countries were warmer in that period and the number of tourists was higher too.

To put the difference in perspective, we can compare the two directions of the flow of tourists and visualize the difference:

¹⁵⁷ Ibid.



Pic. 7 - Number of Tourists from Russia to Azerbaijan and Vice-versa.¹⁵⁸

By comparison the number of tourists travelling from Russia to Azerbaijan is less, than the number of tourists travelling from Azerbaijan to Russia, but as we can see in the graph above, the trend of development of tourist movement, as well as increase and decrease is quite similar.

In general we can conclude that movement of tourists between these two countries increased most noticeably during the period of 2008-12 which coincides with the period of our focus – the presidential term of Dmitry Medvedev in Russia. Someone might argue that president of any country has nothing to do with the increase of the number of tourists but the trend illustrated in all the graphs above shows that the increase was most drastic in this period and while the president himself might have nothing to do with it personally, the warm relations between countries that was most developed in this period surely affects the number of tourists visiting the countries.

¹⁵⁸ Ibid.

6. Conclusion

In this paper we have analysed different aspects of Russian-Azerbaijani relations and discussed the state of development of relations between them in the period of Dmitry Medvedev's presidential term and afterwards.

The historical and statistical data provided and its analysis allows us to conclude that the relations between the Russian Federation and the Republic of Azerbaijan have developed considerably during Dmitry Medvedev's presidential term. The cooperation has increased in many fields and the visits, mostly concerning talks on Nagorno-Karabakh conflict, were highest in numbers. The period after is Dmitry Medvedev's term in office that this paper covered is a little over one year and it is hard to talk about the trends of development of relations after his presidency, but the relations between the two countries remain warm and cooperation continues.

As is shown in our discussion above the diplomatic relations improved between the two countries and it brought new levels of cooperation as well. The active diplomatic cooperation between the two governments during the presidential term of Medvedev have brought a lot of benefits for Azerbaijan especially regarding the Nagorno-Karabakh conflict and in this period Russia turned into a supporter of Azerbaijan in this regard, which is an improvement compared to previous state when Russia was a direct supporter of the other side of this conflict – Armenia.

The above mentioned improvement in diplomatic relations brought military cooperation of the two countries to a new level and it increased considerably as compared to the previously existing cooperation which was minimal. The fact that Azerbaijan has bought 4 billion US dollars' worth of weapons from Russia says a lot about the support Baku is getting from Moscow regarding the Nagorno-Karabakh conflict.

However, the improvement in the relations of Azerbaijan and Russia is most visible in the economic sector. This is the field which can be measured by numbers and not only statements that politicians make and our discussion above showed that there are noticeable improvements in the economic relations of the two countries. The relations in trade, energy and tourism have drastically improved in the period of Medvedev's presidency and the numbers show slight decrease in 2013 when Medvedev was no longer president, but the current heads of governments of the two countries are trying to maintain the existing warm relations and the cooperation is expected to improve or at least remain on the level that was reached during Medvedev's presidency.

The results we have received from our discussion and observation implies that heads of governments have major influence on the development of relations between countries and in this case Azerbaijan was successful in utilizing the support that Russian government under Dmitry Medvedev offered. It is a success for Azerbaijan, particularly because it is hard to build good neighbourly relations but once the goal is reached, it is much easier to maintain it.

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