

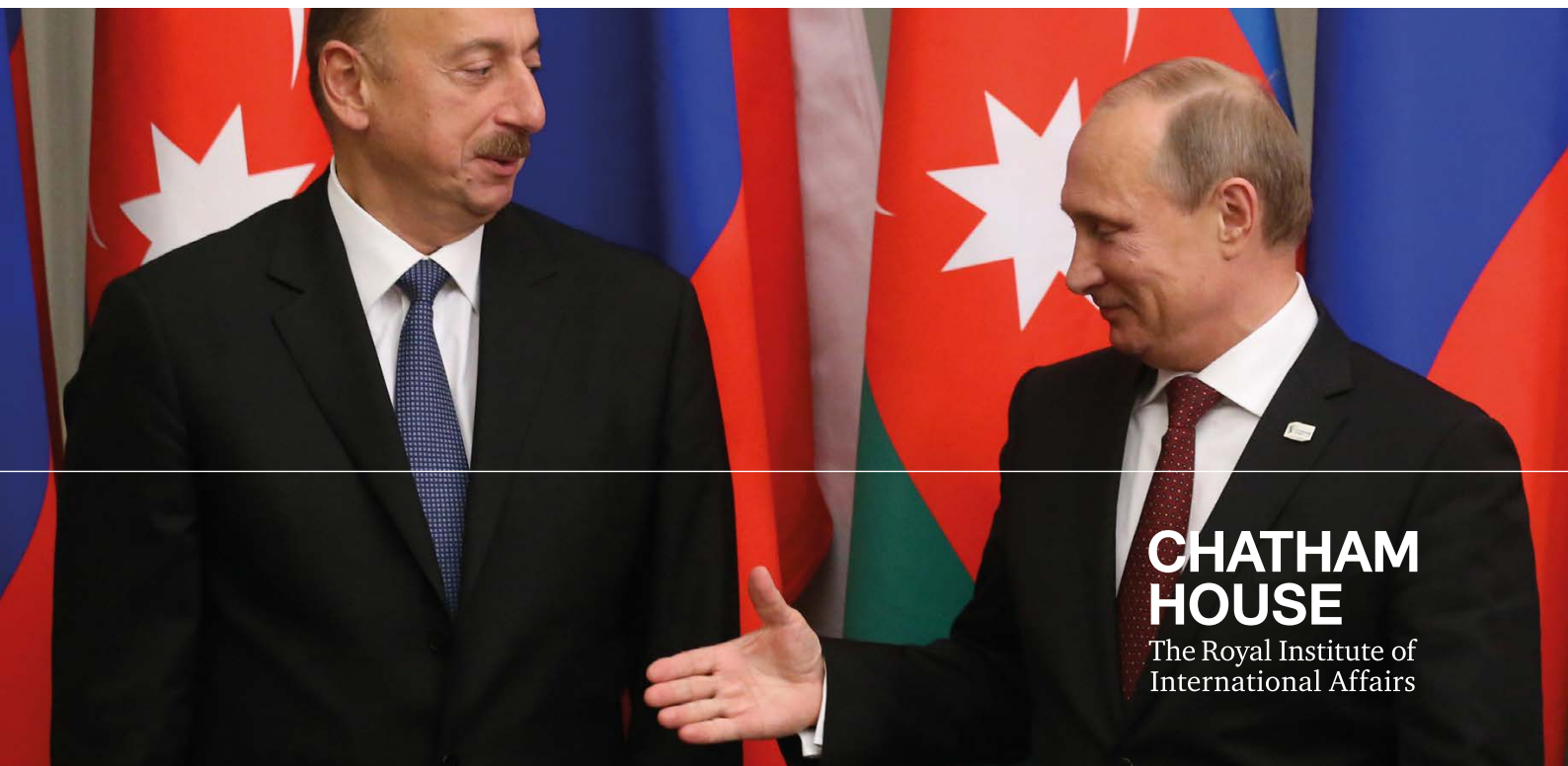
Research Paper

Zaur Shiriyev

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# Azerbaijan's Relations with Russia Closer by Default?



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## Summary

- Developments in recent years have proven that Russia is both the most fluid element in Azerbaijan's foreign policy and the least understood by outsiders. The roles of different parts of the Azerbaijani political elite in shaping the relationship with Russia have by turns been exaggerated and underestimated, further obscuring the political reality.
- Azerbaijan's post-1991 foreign policy initially functioned as a 'balancing act' between Russia and the West. The government avoided military alliances and full-fledged regional economic integration with either side, but gave preference to the West in energy cooperation and – notwithstanding an immediate post-independence Russia orientation – relied on Western political support to diminish Moscow's power projection.
- The relative disengagement of the West – especially the US – from regional affairs from 2008 onwards was a serious blow to this balance. It gradually led Azerbaijan to a policy of pacifying Russia, especially following the latter's annexation of Crimea in 2014, and to a rejection of genuine integration with the West. It paved the way for the re-emergence of Russian soft power in Azerbaijan. Western ignorance of the region and tendencies to view developments in Azerbaijan through simplistic, liberal democratic lenses risk accelerating the growth of this influence, and encouraging interest groups in the ruling elite to advocate closer alignment with Moscow.
- As Russia has strengthened its power projection in the South Caucasus, the response from the leadership in Baku has been strategically flawed. Azerbaijan believed that it could benefit from Russia's rising geopolitical assertiveness, in particular perceiving Russia as a key player in any effort to resolve the Nagorny Karabakh conflict. The Azerbaijani leadership mistakenly thought that Russia would change its attitude and support resolution of the conflict to Azerbaijan's advantage. As a result, Azerbaijan gradually moved from total rejection of the possibility of joining Russian-led economic integration and security alliances to seeing membership (at least, in the economic sphere) as a possible compromise that would support its agenda over Nagorny Karabakh.
- A foreign policy strategy – as advocated by certain interest groups in the Azerbaijani ruling elite – that involved joining Russian-led economic or military alliances would be a mistake. Its proponents exaggerate Moscow's ability to help deliver a lasting political settlement in Nagorny Karabakh, and underplay the changing dynamics of the situation on the ground. A better alternative would potentially involve Azerbaijan embracing the opportunities for reconciliation opened up by the recent change of government in Armenia, especially if the latter were to offer direct bilateral negotiations. This could limit Russia's influence and potential role in any peace agreement.
- Economic overdependence on the energy sector and a lack of economic and political reforms have made Azerbaijan's leadership heavily dependent on the price of oil. Economic collapse, should it occur, has the potential to pitch the country into chaos, further boosting Russia's influence.

- The West can help Azerbaijan to strengthen its position – or, at least, preserve the traditional geopolitical balance with Russia – by supporting policy and institutional reforms, economic diversification and integration with the West, and by adopting a more nuanced approach to diplomacy in the region.
- Azerbaijan, too, will need to do its bit in the coming years to achieve domestic stability and reduce dependence on Russia. This will require genuine political and economic reforms – necessary not only to avoid a worst-case scenario of political chaos, mass public protests and/or economic collapse, but also for the country to regain international respect, which has been damaged in recent years.

## 1. Introduction

Since Azerbaijan became an independent country in 1991, its foreign policy has entailed a balancing of relations with Russia and the West. Azerbaijan has endeavoured to pursue its national interests – especially in the conflict with Armenia over Nagorny Karabakh, and in maintaining independence of action – while limiting foreign influence from both sides. This has involved, among other things, eschewing military alliances with either Russia or NATO, and resisting both Russian and Western economic integration models.

In recent years, however, this balancing act has become harder to perform. The 2008 war between Georgia and Russia made the South Caucasus more insecure by increasing Russian influence there, a problem since exacerbated by the West's declining interest in the region. Most notably, US foreign policy towards the South Caucasus changed during the second term of the Barack Obama administration – and even more clearly under the administration of Donald Trump. Previously, the US had provided a strong counterbalance to Moscow's influence in the region. By strengthening Russia's position, the impoverishment of US engagement and influence has enabled Moscow to move from seeing the South Caucasus as merely its 'backyard' to considering the region to be specifically within its 'sphere of influence'.

Up to 2013, Azerbaijan's balancing of relations with Russia and the West had remained reasonably successful. The strategy had relied in part on dangling the prospect of a major foreign policy shift towards Russia, including participation in the Eurasian Economic Union (EAEU), even though Azerbaijan in fact had no intention at that time of joining the EAEU. Thereafter, especially in light of Russia's aggression in Ukraine from 2014, Azerbaijan's foreign policy became less evenly balanced as the country sought to deepen relations with Russia despite the dilemma this presented. Azerbaijan saw (and continues to see) Russia as a threat, yet increasingly cooperated with it at the expense of Western integration, at the same time adopting anti-Western rhetoric in reaction to Western pressure for democratic reforms.

Such developments have been widely interpreted by foreign observers as evidence of a desire on the part of Azerbaijan's ruling elite for a fundamental realignment towards Russia. Azerbaijan's growing dependency on Russia in several areas has strengthened this line of thinking. However, it is not yet possible to distinguish whether the leadership is genuinely considering such a shift; or whether the recent rapprochement is merely a tactic to pacify Russia, limited to the rhetoric of the ruling elite. Certain elements who support closer alignment with Russia are becoming stronger within that elite. However, a genuine change in foreign policy will ultimately depend as much on external geopolitical trends and Western policies as on domestic developments.

Azerbaijan's foreign policy has been influenced in particular by the ruling elite's understanding of Russia's role in the region. There has been a perception in Baku that closer bilateral relations would prompt the Kremlin to help find solutions to some of Azerbaijan's challenges. In particular, the elite has mistakenly believed that only Russia can resolve critical issues such as the Nagorny Karabakh conflict – a perception that Moscow continues to reinforce through its soft-power tools. This could lead to a situation in which concessions to Russia are seen as essential in Azerbaijan. At the same time, Russia's wide range of tools for creating more favourable perceptions of itself in the country

could weaken Western influence. The recent deepening of ties between Baku and Moscow, though arguably a deliberate risk-mitigation strategy on the part of the Azerbaijani authorities, has had the unwelcome effect of strengthening Russia's role in Azerbaijan's media and education sectors.

This paper is structured as follows. Chapter 2 reviews the evolution of Azerbaijan's foreign policy with regard to Russia and the West since independence. Chapter 3 then looks at the diplomatic imperatives surrounding the Nagorny Karabakh conflict in more detail, reviewing the Azerbaijani leadership's motivations and underlying geopolitical calculations in respect of Russia's role. The chapter also examines Azerbaijani attitudes towards Russia's regional economic and security integration projects. Chapter 4 considers the impact and influence of the diaspora in Russia in terms of bilateral relations and elite power struggles in Azerbaijan. Chapter 5 considers how the actions of Azerbaijan's elite in recent years have enabled Russian soft power to flourish in the country. A concluding chapter sets out four areas of risk for Azerbaijan's relations with Russia. The author also provides recommendations as to how to mitigate these risks and build healthy relations with Russia.

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## 2. Balancing Russia and the West

### The early post-independence years (1991–93)

Following the collapse of the Soviet Union, the guiding principle in Azerbaijan's foreign policy under its first president, Ayaz Mutalibov (1991–92), appeared to be to deal almost exclusively with Russia. Mutalibov subscribed to the notion that economic growth and success in the conflict over Nagorny Karabakh required a Russia-oriented foreign policy. As the mainstream of the country's political elite at that time consisted of former Soviet cadres, this shaped the initial choice of alignment with Russia.

Azerbaijan's first democratically elected president, Abulfaz Elchibey (1992–93), and members of his Popular Front Party were the successors of the independence movement. They were from a predominantly nationalist-minded intelligentsia with little or no experience in government. Despite the rise of Elchibey and his party, the political scene remained dominated by Soviet-era cadres, who had held the majority in parliament since the first multiparty legislative elections in 1990.

As a result of this set of particular political circumstances, the foreign policy choices of the nationalist elite were made partially by design and partially by default. To the extent that foreign policy occurred by design, this reflected the fact that the nationalists had come to power with a pan-Turkic ideology, aiming to move Azerbaijan away from Russia and build strong ties with Turkey. In contrast to Mutalibov, they pursued a foreign policy that was pro-West, and sought Turkey's influence and assistance in gaining Western support. Policy 'by default' came about as a result of Russian and Iranian support for Armenia during the Nagorny Karabakh war. Russia's accompanying hostility towards Azerbaijan was the result of the latter's decision not to ratify its membership of the Commonwealth of Independent States (CIS) – an early Russian-led integration model in the post-Soviet space – and to remove all Russian military bases from its territory.

There remained a diversity of views among members of the nationalist elite on whether to change the nature of relations with Russia. Most of those in leadership positions maintained a strongly pro-Turkic stance.<sup>1</sup> But some in wider government circles criticized the reliance on Turkey and the West, as well as the failure to consider the power and role of Russia and Iran. Elchibey had initially tried to establish good relations with Russia in an effort to secure its neutrality during the Nagorny Karabakh war. The Azerbaijani military leadership – some members of which were close to the Russian military establishment – played a key role in this.<sup>2</sup> But the ultimate failure to obtain Russian neutrality, as well as the combat losses suffered, led Elchibey to dismiss Russia sympathizers from government positions in an attempt to weaken Moscow's hand.<sup>3</sup> At the same time, the expected support from Turkey did not materialize and the government's pro-Western position failed to yield the desired results. In the chaotic political environment that ensued, this further weakened the Elchibey administration, which collapsed in 1993. A defining feature of this

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<sup>1</sup> Agayev, R. and Alizade, Z. (2006), *Азербайджан: Конец второй республики (1988–1993)* [Azerbaijan: The End of Second Republic (1988–1993)], Moscow: Granitsa Publishing House, pp. 82–84.

<sup>2</sup> Interview with Vafa Guluzade, former foreign and national security advisor, Baku, April 2015.

<sup>3</sup> Interview with Sulheddin Akbar, former minister of national security of Azerbaijan during Elchibey's government, Baku, April 2017.

shift in the political landscape was the sense of popular anger and humiliation over military losses suffered in the war in Nagorny Karabakh, in particular in respect of the occupation of Kalbajar in April 1993. The Popular Front's members saw this as punishment by Russia (which had provided military support to Armenian forces); and as a manifestation of Moscow's desire to return Mutalibov, Russia's favoured candidate, to power.<sup>4, 5</sup>

## Heydar Aliyev's presidency (1993–2003)

Under President Heydar Aliyev, Azerbaijan's foreign policy became pragmatic, which at the time meant adopting a pro-Western stance and avoiding economic or political dependence on Russia. This was most apparent in energy policy, where the goal of shoring up Azerbaijan's credentials as an independent player in the international market ultimately led to closer relations with Western countries. The US played a key role in this development by providing political support for the realization of energy projects. (Given the concurrent need to appease Russia, however, Azerbaijan ratified its membership of the CIS in 1993.)

For Aliyev, the only way to secure Azerbaijan's longer-term development was to bypass Russia. His foreign policy team consisted of figures who were relatively pro-Western in their thinking, despite their Soviet backgrounds. They saw a Western-oriented foreign policy as the only way to guarantee domestic security, support oil exports and protect national interests. Alignment with Russia was not seen as an alternative.<sup>6</sup> Aliyev managed to overcome the two interlinked threats emanating from Russia: namely, Moscow's desire to send peacekeeping forces to the Line of Contact in Nagorny Karabakh and to be the sole mediator in conflict resolution. First, aided by active diplomatic efforts on the part of the US and Turkey, he lobbied to persuade the heads of state of members of the Organization for Security and Co-operation in Europe (OSCE) to agree on a multinational peacekeeping force. (In contrast, the earlier, Russian-drafted ceasefire agreement, signed with some reservations by Azerbaijan, had included the creation of a CIS peacekeeping force, which in effect meant a Russian force.)<sup>7</sup> Second, Aliyev sought to 'Westernize' the mediating OSCE Minsk Group, which by 1997 included the US and France as co-chairs alongside Russia. At the regional level, Azerbaijan established the GUAM grouping with Georgia, Ukraine and Moldova in 1997, and also decided not to renew its participation in the CIS Collective Security Treaty in 1999.

Energy policy considerations were also a factor. The completion of the Baku–Supsa pipeline – the early westward export route for Azerbaijan's oil – ensured that the government remained relatively pro-Western. Such projects served as a guarantee of stability and sovereignty (particularly in limiting potential Russian interference). Azerbaijan's approach in signing the 1994 'contract of the century' for the export of its oil was to share modest slices of the energy pie with some smaller Western companies, in addition to US and British oil majors, in order to gain support in Western capitals. In a balancing move, however, deals were also made with Russia's Lukoil. This marked a contrast with Elchibey's presidency, when both Russia and Iran had specifically been kept out of the

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<sup>4</sup> Interview with Sulheddin Akbar, April 2017.

<sup>5</sup> The Elchibey government invited Heydar Aliyev to take on the role of speaker of parliament in June 1993. This was intended to satisfy all regional powers, including Turkey; to avoid empowering someone under Moscow's patronage; and to stabilize the country. In time, Aliyev turned the situation to his own advantage: stabilizing the political situation in order to run for the presidency.

<sup>6</sup> Interview with Vafa Guluzade, Baku, April 2015.

<sup>7</sup> Interview with Eldar Namazov, a former chief aide to Heydar Aliyev, May 2017.

oil negotiations. Azerbaijan also started exporting its oil to Russia through the Baku–Novorossiysk pipeline.

Aliyev's supporters were from a semi-closed cadre from the *nomenklatura* that had been strong in the state bureaucracy since Soviet times, and they remained influential at the middle level of the state. Although they reconsolidated their positions, the administration ensured a domestic power balance by carefully sharing out government posts among regionally affiliated groups.<sup>8</sup> This gave Aliyev overall control, and stopped other interest groups from gaining influence over foreign policy. It also prevented the re-emerging former Soviet cadres, the majority of whom were more attuned to Russia than to the West, from driving a pro-Russian foreign policy.<sup>9</sup>

At the same time, Aliyev's strategy for pacifying pro-Russian cadres was to give them senior positions to ensure their loyalty. Although, when elected president in October 1993, he had filled key positions with his own cadres and had fired those sympathetic to other interests (including some sympathetic to Russia),<sup>10</sup> his compromises towards Russia were nonetheless seen by the elite as broadly sufficient, given that at the time Russian capacity to project power and influence in the former Soviet states was limited. Aliyev fully consolidated his hold on power during his second term (1998–2003) and strengthened Azerbaijan's ties with the West, although the influence of officials who saw pro-Westernism in terms of EU and NATO membership started to wane.

## Ilham Aliyev's presidency (2003 to date)

Heydar Aliyev was succeeded in 2003 by his son, Ilham, who initially presented himself as pro-Western. Under him, two giant energy projects – the Baku–Tbilisi–Ceyhan oil pipeline, and the Baku–Tbilisi–Erzurum gas pipeline – were realized, and ties with Western countries strengthened. However, Westernization remained limited to economic matters. It was never articulated as a political integration project, nor was it linked to membership of the EU and/or NATO or the adoption of Western values in the governmental system. In spite of this, until 2008, the strategic goals set in the 2007 National Security Concept of Azerbaijan emphasized movement in the Euro-Atlantic direction as the core element and final goal of foreign policy.<sup>11</sup> By 2008, the hitherto effective balancing act between Russia and the West had begun to fragment, reflecting the former's increasingly assertive power projection and the latter's relative disengagement from regional affairs.

Some historical context is needed to make sense of this shift. In the early part of Aliyev's presidency, relations with the West were mostly understood in terms of oil revenues. The president's early pro-Western stance did not extend to endorsement of democratic reform. Instead, to deter Western criticism, he fostered the impression that an 'old guard' of Soviet-era cadres was challenging him in domestic politics and hindering his democratization efforts.<sup>12</sup> The development of energy projects,

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<sup>8</sup> This elite settlement concerned two main networks: the Nakhchivanis (cadres from Aliyev's native Nakhchivan Autonomous Republic, an exclave of Azerbaijan); and Azerbaijanis from Armenia, also known as the YerAz.

<sup>9</sup> For example, a majority of them had voted in parliament against the declaration of independence in 1991.

<sup>10</sup> For instance, Aliyev appointed Suret Huseynov, who was under Russian influence as prime minister, but subsequently fired him after strengthening his position in the government (and also in light of an alleged 1994 plot, purportedly backed by Russia's intelligence services).

<sup>11</sup> Interview with senior Azerbaijani diplomat, Ministry of Foreign Affairs of Azerbaijan, Baku, April 2015.

<sup>12</sup> Interview with former senior officials in Baku, May–June 2017.

and more broadly the improvement of diplomatic relations, meant that for the most part Western countries did not challenge Azerbaijan over domestic affairs and tolerated this situation. Moreover, due to the relatively low level of Russia's regional influence and the delicate state of relations with the West in the early 2000s, there was no particular worry in Azerbaijan about a Russian threat.

During his first term (2003–08), Aliyev was dependent on his father's power network and was considered a political novice lacking control of the ruling elite.<sup>13</sup> Rising oil revenues from 2005 slightly changed the balance of power within this elite, as some at the top of the government became much wealthier through access to state resources. However, they were unable to use their wealth to influence foreign policy, as the balance of power remained dependent on the system of patronage managed by the president (and inherited from his father). Aliyev consolidated power during his second term, gaining full control of all elite factions in a 2009 constitutional referendum that removed the two-term limit for the presidency.<sup>14</sup>

A turning point for Azerbaijan's 'balanced' foreign policy was the Russian–Georgian war of August 2008. This weakened Azerbaijan's belief in the ability of the West to counter Russian power projection or provide security guarantees to countries in the region. Azerbaijan started seeking to deepen its relations with a more assertive Russia. Members of the political old guard, who had close links with Russian political elites, became increasingly important agents in dealings between the two countries.

This deepening relationship had three main dimensions. The first encompassed humanitarian and economic issues, the latter assuming particular importance after the 2010 border delimitation agreement opening up Russia's North Caucasus region to Azerbaijani businesses. An interregional dialogue format, aimed at improving economic cooperation between Azerbaijan's regions and bordering Russian regions, was managed by members of the Azerbaijani political old guard. Azerbaijan's rationale for cooperation with Russia was to pre-empt the possibility that Moscow might seek to exploit ethnic grievances, especially in border regions (e.g. in areas populated by the Lezgin ethnic minority). Economic stability was seen as a calming factor in this respect, as well as a means of helping to decrease the influence of religious radicalism emanating from the North Caucasus.

The second dimension to bilateral relations concerned the Azerbaijani diaspora in Russia, estimated to number more than 1 million people.<sup>15</sup> By uniting the majority of Azerbaijanis living in Russia under one diaspora organization and managing its activities from a single centre, the All-Russia Azerbaijanis Congress (ARAC) – founded in 2001 – provided a major political advantage for the old guard. But the government in Baku still remained anxious on occasion that wealthy members of the diaspora could form a counter-elite with Russia's support; this was especially the case around the presidential election in 2013.

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<sup>13</sup> The old guard's contacts with Russia and support for Russian interests did not emerge as an issue until Aliyev's second term. Until then, they had never been labelled domestically or internationally as pro-Russian.

<sup>14</sup> Interview with senior government official, May 2017.

<sup>15</sup> Prior to the Western sanctions against Russia over its 2014 actions in Ukraine, the diaspora's remittances to Azerbaijan had reached around \$1.2 billion per year (see Table 1 in Chapter 4).

The third dimension was the expansion of Russia's cultural and educational programmes in Azerbaijan, under the guidance of the Azerbaijani old guard and with the president's approval. This reduced Western influence in the country. The view that Russia's ideology and political system did not pose a threat in the way that the West's did played a considerable role in fostering such a development.

At the same time, Azerbaijan's relations with the West deteriorated from 2013 onwards, in line with Western criticism of the country's democratic credentials. Members of the old guard promoted anti-Western ideas, leading to the perception that there existed a powerful and reactionary pro-Russian camp in the government. Aliyev actively encouraged this impression, as a means to preserve his own reputation with Western governments. The leadership also adopted anti-Western rhetoric in response to Ukraine's 2014 revolution, and insinuated that the US was collaborating with the opposition to promote a similar revolution in Azerbaijan.<sup>16</sup> Worried about this prospect, the government enacted a repressive new law on non-governmental organizations (NGOs), closed down foreign-funded NGOs, cracked down on civil society and closed the local offices of Western institutions working on democracy.

This was evidence not so much of a pro-Russia camp gaining strength *per se*, but rather of increasing frustration with the West as a result of unmet expectations on security issues. It reflected Azerbaijan's recognition that Russia's strength in the South Caucasus was no longer balanced by Western influence. The belief emerged that Western criticism of Azerbaijan's lack of democratization was aimed at weakening the government. Aliyev, who had not previously criticized Western countries in public, began to echo the arguments of domestic figures sympathetic to Russia, for example saying in 2015 that 'the patrons of the remnants of the fifth column in Azerbaijan went on the offensive against us' and that 'the information war against us entered the toughest phase'.<sup>17</sup>

Relations with Western countries became increasingly problematic, but stabilized after 2017 as a dialogue was opened on a new Azerbaijan–EU strategic agreement. This led to EU countries becoming less outspoken on democracy issues or human rights violations. As one Western diplomat explained, the rationale was that it was 'better to be silent on democratic issues and strengthen cooperation rather than lose all contact with Baku, which can over time be influenced towards some reform agenda'.<sup>18</sup>

Domestic political realignment and constitutional change were a further complicating factor for Azerbaijan's external relations. In 2016, the constitution was amended again to extend the presidential term to seven years and to create the post of vice-president. The positions of head of the presidential administration and prime minister became less important. Aliyev appointed his wife, Mehriban Aliyeva, vice-president. There was a further decrease in the old guard's influence with the appointment of members of Aliyeva's inner circle to government positions.

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<sup>16</sup> The administration also used anti-Western rhetoric in this context to show Russia that Azerbaijan would not follow the same path as Ukraine, and thus to forestall any risk of Russian intervention.

<sup>17</sup> Trend News Agency (2015), 'Ilham Aliyev: Azerbaijan can't be dictated, but can be partnered with, befriended', 13 July 2015, <http://en.trend.az/azerbaijan/politics/2416654.html>.

<sup>18</sup> Interview with senior Western diplomat in Azerbaijan, December 2017.

The effects of these political developments continue to be felt today. The change in the power dynamics has brought into question the country's ability to maintain a fully functioning 'elite balance', absent the presence of an effective counter-elite capable of keeping the leadership and its privileged associates in check. It has also raised early questions around who will take over the management of engagement with Russia, or whether there will be a change in the format of dialogue with Russia.

### 3. Security Issues and Regional Integration

In the coming years, relations with Russia will be determined by the positions of Azerbaijan's ruling elite on issues from security to economic policy. In particular, this elite's members have diverse calculations on two fundamental issues of critical importance to relations with Russia: Nagorny Karabakh and regional integration.

#### The Nagorny Karabakh conflict

Negotiations to resolve the conflict in Nagorny Karabakh since the 1994 truce between Azerbaijan and Armenia are ongoing under the mediation of the Minsk Group co-chairs (Russia, the US and France). Since 1997, with the inclusion of US and French co-chairmanship, Russia's domination of this mediation body has decreased. However, due to Armenia's economic and military dependence on Russia, a privileged role continues to be afforded to Russia in the negotiations, as reflected in two agreements: the 1994 truce and the 2008 'Moscow declaration'. These are the only agreements that have been signed between the parties to the conflict, and both were achieved through Russian mediation.

The Azerbaijani ruling elite still believes that Russia is the only actor that can truly lead the negotiations or block any peace process. That said, attitudes have changed over the past decade. Until 2008, Azerbaijan wanted to weaken Russia's role in the Minsk Group while strengthening the involvement of the US and France in bilateral talks with Armenia.<sup>19</sup> That changed after 2008, however, when Russia saw conflict resolution as a better option than the status quo – a position consistent with its effort to mitigate reputational damage from the war with Georgia. A breakthrough on conflict resolution was seen as being of ultimate importance following that war, in light of Armenia's deepening isolation in the region and geographical connection to Russia via Georgian territory. The shift in Russia's tactical position aided the establishment of a constructive dialogue between Azerbaijan and Armenia, though this was not as fruitful as Baku had hoped. In the absence of a clear geopolitical goal, such as enticing Azerbaijan to join a Russian-led integration project, Russia's role was perceived positively among the Azerbaijani elite.

However, a trilateral, presidential-level format for dialogue between Azerbaijan, Armenia and Russia, which had been created by Russia's President Dmitry Medvedev in 2008, collapsed in 2011. At this point, Russia decided that it had little hope of finding a formula that would satisfy both Azerbaijan and Armenia; and that continuing with the trilateral format risked endangering relations with both countries. Russia's involvement in the conflict resolution process therefore weakened. Azerbaijan expected this to change with the return of Vladimir Putin to the Russian presidency in 2012. Instead, Russian engagement was downgraded from presidential level to foreign minister level. This offered an alternative to the increasingly inactive Minsk Group negotiations.

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<sup>19</sup> Interview with senior official at the Ministry of Foreign Affairs of Azerbaijan, May 2017.

Given the fall-out from the conflicts in Ukraine and Syria, the Minsk Group nonetheless provided a rare forum for cooperation between Russia and the West. This led the majority of the Azerbaijani elite to believe that Moscow might make a greater diplomatic effort in respect of Nagorny Karabakh as a means of improving Russia's image, showing cooperation with the West and getting sanctions lifted.<sup>20</sup>

From 2013 to 2016, Azerbaijan expected Russia to take a constructive and supportive position in the Nagorny Karabakh negotiations, on the grounds that Baku had invested in strengthening relations with Moscow for years (including via multi-million-dollar purchases of weapons and military equipment from Russia, and increased economic cooperation). The majority of the Azerbaijani elite believed that Russia could force Armenia to the negotiating table, or that Russia would not intervene if there were a brief flare-up in the conflict zone with Armenia. (This is precisely what happened during the April 2016 escalation between Azerbaijan and Armenia; Russia did not use aggressive rhetoric towards Baku, nor did it immediately interfere diplomatically.)<sup>21</sup> However, the dynamics in the Armenian–Russian relationship were either misunderstood or ignored. For example, Armenia saw joining the EAEU in 2013 as strengthening its hand on Nagorny Karabakh, as this potentially limited Russia's leverage in the negotiations. Azerbaijan, for its part, highlighted the fact that it was not pursuing closer integration with the West and was ready to join the EAEU once the conflict was resolved – a position intended to push Russia into helping settle the conflict in line with Azerbaijani interests.

At a minimum, this meant a rejection of the 'land for status' formula, on which Armenia seemed (and still seems) intransigent. Armenia wanted a formula whereby immediately following the signing of a peace agreement, all occupied territories surrounding Nagorny Karabakh would be returned to Azerbaijan in exchange for agreement that the status of the region would be decided by referendum. The rationale on the Armenian side was that the majority Armenian population of the de facto Nagorno-Karabakh Republic would vote in favour of independence. Azerbaijan, in turn, wanted (and still wants) the return of occupied territories to Azerbaijan and the deferral of a final-status agreement.<sup>22</sup>

However, Azerbaijan overestimated the extent of Russia's mediating role, which it wrongly perceived as offering a means of exerting pressure on Armenia. Russia was then, and still is, in a position in which *not* supporting Armenia is untenable; even the suggestion of a pro-Azerbaijan shift would damage Russia's reputation as a reliable ally of Armenia. After the war of April 2016, in order to compensate for having given that impression, Russia had had to send huge supplies of weaponry to Armenia. Being seen as a less-than-reliable ally would also have wider implications for Russia in terms of its relations with other members of the EAEU and the Collective Security Treaty Organization (CSTO).

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<sup>20</sup> Interviews with pro-government experts, May 2017.

<sup>21</sup> The elite sees the June 2016 meeting between the Azerbaijani and Armenian presidents in Saint Petersburg as proof of this notion. After the May 2016 Vienna meeting, Armenia had declared that it would return to the negotiating table if Azerbaijan were ready to implement the results of the meeting, namely agreement to establish an investigation mechanism along the Line of Contact and increase the number of OSCE observers. Armenia made these preconditions for reopening negotiations but then, under Russian pressure, rescinded its demands.

<sup>22</sup> Many representatives of the Azerbaijani ruling elite support granting Nagorny Karabakh political status that would be higher, in terms of autonomy and self-administration, than in Soviet times. But this agenda is a dead end, with no chance of being realized: the de facto Nagorno-Karabakh Republic will not acquire independence, nor will it be unified with Armenia.

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Overall, Azerbaijan's Russia-centric view of options for resolving the Nagorny Karabakh conflict has been tempered by uncertainty about the extent to which compromise with Moscow can ever lead the latter to engage genuinely in seeking a solution. There are two possible directions for Azerbaijan: joining Russia's regional integration projects, or agreeing to a significant role for Russia in a peacekeeping operation. The majority of the Azerbaijani elite now believes that Russia will inevitably be part of the conflict resolution process, and that it will therefore not be possible to avoid the presence of Russian peacekeepers.<sup>23</sup> This departure from the elite's previous opposition to the idea is pragmatic; its members understand that Russia could impose greater demands on Azerbaijan, such as the establishment of a permanent military base in Nagorny Karabakh after resolution of the conflict, in return for pushing Armenia to change its stance on resolution. In this sort of scenario, a small Russian force initially branded as peacekeepers would essentially evolve into a permanent military presence.

There is also a view in Azerbaijan that the war of April 2016 was a reality check for Russia, whose image was damaged in both Azerbaijan and Armenia.<sup>24</sup> Armenia was unhappy with Russia's neutrality over the conflict, and Azerbaijan with Russia's failure to push Armenia to reach a settlement. Azerbaijan was disappointed, in particular, by Russia taking the position that the belligerents would 'be able to reach a compromise settlement of the existing conflict – without winners or losers'.<sup>25</sup> The experience of the April 2016 war showed that Russia is not immune from negative publicity in either country, if perceived to be acting against the interests of the belligerents. The Azerbaijani elite thinks that sooner or later this new reality will lead Russia to change its policy.<sup>26</sup> Its hope is for Moscow to provide a security guarantee to Armenia in exchange for the return to Azerbaijan of the five territories surrounding Nagorny Karabakh. This would include granting long-term interim status to the de facto authorities in Nagorny Karabakh, which would be nominally under Azerbaijani jurisdiction but functionally independent.<sup>27</sup> In the long term, this would make both countries more dependent on Russia than is the case today. Armenia would need Russian security guarantees to preserve its interests in Nagorny Karabakh. Azerbaijan would have to pursue policies that would keep Russia on its side in order to see the conflict's full resolution. This could give Russia leverage to compel Azerbaijan to join the EAEU and the CSTO.

For the time being, and in the absence of progress negotiating a resolution to the conflict, the only alternative for Azerbaijan is to apply military pressure to Armenia. The degree to which it is able to do so is dependent on Russia. Russia's slow and lightweight response to the Azerbaijani offensive during the April 2016 war has been attributed by some observers to the close relations that have developed between Baku and Moscow, especially in terms of military-industrial cooperation. This has deepened since the signing in 2010–11 of major arms purchases.<sup>28</sup> Azerbaijan has also been able to establish relations with influential military-industrial figures in Russia who have sought to

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<sup>23</sup> In order to counterbalance Russia's involvement, some agree that there will need to be a quota system for a multinational peacekeeping force, with representation of co-chair countries capped at 10 per cent to ensure Russian troops remain in the minority.

<sup>24</sup> Mammadov, F. (2017), 'The lost years on the resolution of Nagorny Karabakh conflict' [Потерянный год нагорно-карабахского урегулирования], *Russia in Global Affairs*, April 2017, <http://www.globalaffairs.ru/global-processes/Poteryannyi-god-nagorno-karabakhskogo-uregulirovaniya-18662>.

<sup>25</sup> Trend News Agency (2016), 'OSCE MG hails Russia's role in Karabakh conflict settlement', 16 August 2016, <http://en.trend.az/azerbaijan/karabakh/2570631.html> (accessed 21 Aug. 2016).

<sup>26</sup> Interviews with officials at the Ministry of Foreign Affairs of Azerbaijan and other government organizations, May–June 2017.

<sup>27</sup> Interview with senior Azerbaijani government official, May 2017.

<sup>28</sup> Turan News Agency (2018), 'Azerbaijan Buys Military Products for \$ 5 Billion from Russia', 1 September 2018, <http://www.turan.az/ext/news/2018/9/free/politics%20news/en/74739.htm>.

counterbalance the more ideologically driven elements of their country's foreign policy establishment. These more moderate figures include Russian bureaucrats whose policies hitherto have not always been supportive of Azerbaijan, and who are likely to remain sceptical of any professed loyalty on Azerbaijan's part until it joins Russia-led military alliances and integration projects. To apply military pressure on Armenia, Baku needs at least to be able to secure Moscow's neutrality. Meanwhile all-out war remains out of the question, given Russia's opposition to such a scenario. Ultimately, therefore, Russia has the final say on the conflict, whether that means war or peace.

## Russia's regional integration projects

Until Russia's annexation of Crimea in early 2014 and support for separatist entities in eastern Ukraine, its integration projects in the post-Soviet space had not been seen as threatening Azerbaijan's sovereignty. In the immediate post-independence period, Azerbaijan had avoided a path towards full integration with either Western or Russian-led regional cooperation models, on the grounds that this would limit the sovereignty of government decision-making in sectoral areas (economy, security) or expose it to undue diplomatic influence from external power centres (whether Moscow, Brussels or Washington). For example, when Azerbaijan became a member of the CIS in 1993, there was an understanding that it would not join any CIS project that entailed cooperation on economic or security issues with Armenia.

The events in Ukraine since 2014 have changed this political calculus. They have made it clear that the economic benefits of Russia's integration models – in particular the EAEU – are far outweighed by the clear hegemonic impulses behind them. Purely economic integration would be attractive to Azerbaijan. It needs a long-term visa-free regime for its citizens in Russia, better conditions for the more than 1 million Azerbaijani labour migrants there, and secure access to the Russian market for its agricultural exports. However, Russia's aggression in Ukraine has demonstrated that the EAEU is in reality a purely geopolitical project.

Despite this, Azerbaijan's threat perception has continued to focus more on Armenia's mobilization of the EAEU against it than on potential Russian pressure and demands. For Armenia, such mobilization includes the idea of creating favourable economic conditions for Nagorny Karabakh, for example by eliminating customs barriers and requesting similar measures from other member states (though it has become clear that this is not going to happen). Azerbaijan's perception is that the de facto authorities in Nagorny Karabakh will indirectly reap economic benefits from Armenia's EAEU membership.<sup>29</sup>

Another challenge surrounds the CSTO, as Armenia has tried to stop other member states from selling arms to Azerbaijan. The latter's response has been to strengthen relations with Belarus and Kazakhstan, both of which on many occasions have defended its positions, especially on Nagorny Karabakh. By doing so, Azerbaijan has succeeded in protecting its national interest without joining the CSTO.

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<sup>29</sup> Interview with senior Azerbaijani diplomat, May 2017.

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Despite Russia's hegemonic agenda and a lack of immediate economic incentives, Azerbaijan's hitherto implacable opposition to EAEU membership has softened recently (it remains, nonetheless, fully opposed to joining the CSTO).<sup>30</sup> But this does not mean that there have not been forces or groups among the ruling elite who wish to see Azerbaijan join the CSTO. Since 2017, these voices have started to become bolder, unambiguously advocating membership. In 2018, their media activities reached a new level, when a member of parliament openly called on Azerbaijan to join the CSTO, thus triggering a public debate which would have been unimaginable several years ago. Baku is trying to use the prospect of EAEU accession as a tactic to encourage more active Russian engagement in the Nagorny Karabakh negotiations. The Russian response has been to ask Azerbaijan to join the EAEU if it wants this.<sup>31</sup>

Since 2016 Azerbaijan has been part of another economic integration project, in the shape of the trilateral format with Russia and Iran. The core initial agenda of this project was the construction of a railway connection between the three countries, as a part of an international transport route from Asia to Russia and Europe. For Azerbaijan, this would obviate the potential opening of a Georgia–Abkhazia railway linking Iran and Russia via Armenia. Russia's political aim with the trilateral format is the formation of an axis to limit the West's influence in the region, and to exclude it from regional development initiatives. The format has been characterized by Aleksandr Dugin, leader of the Eurasian Movement and a staunchly pro-Kremlin political commentator, as a triangle designed to eliminate 'the West's freedom of manoeuvre and [the West's] ability to generate provocations [...] in the South Caucasus region'.<sup>32</sup> At the second trilateral meeting in 2017, new customs procedures were introduced to eliminate barriers to the movement of goods and services between the three countries.

The trilateral format serves Azerbaijan's economic interests in a number of ways, especially in the absence of strong ties with the West. It gives the country access to an exclusive platform involving two major regional powers. It is also the first purely regional format that excludes Azerbaijan's strategic ally, Turkey. Ankara has been involved in the development of most regional integration models, including energy and transport projects with Baku and Tbilisi, since independence weakened Russia's domination of railway, energy and transport in both Azerbaijan and Georgia. This included an institutional trilateral Azerbaijan–Georgia–Turkey format, initiated by Turkey. There is also a trilateral regional integration model involving Iran, Azerbaijan and Turkey. However, this format indirectly increases Russia's influence over regional affairs, as development of the North–South transport corridor requires Azerbaijan to establish a better customs relationship with Russia. This could perhaps increase Russia's leverage in seeking to convince Azerbaijan to join the EAEU, even without the offer of political concessions on Nagorny Karabakh.

Azerbaijan's elite does not entirely reject the possibility of EAEU accession, but making a rational case for membership is difficult without corresponding political gains. EAEU membership would only be acceptable to Azerbaijan under two scenarios: first, if the EAEU were expanded to include

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<sup>30</sup> Turan.az (2019), 'Azerbaijan has no plans to join CSTO', 22 January 2019, <http://www.turan.az/ext/news/2019/1/free/politics%20news/en/78244.htm>.

<sup>31</sup> bne IntelliNews (2017), 'Putin aide: Bringing Azerbaijan under Kremlin's influence would solve Nagorno-Karabakh conflict', 17 October 2017, <http://www.intellinews.com/putin-aide-bringing-azerbaijan-under-kremlin-s-influence-would-solve-nagorno-karabakh-conflict-130779/>.

<sup>32</sup> Dugin's Directive Programme in Russian language, 'The Axis of Baku–Moscow–Tehran' [Ось Москва–Баку–Тегеран [Директива Дугина]], <https://www.youtube.com/watch?v=4VCtCxvoTXk> (accessed 2 Nov. 2016).

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countries from outside the post-Soviet space, which would change the perception of it being a Russia-controlled bloc or reincarnation of the Soviet Union; second, if a free-trade zone were created between Azerbaijan and the EAEU, as this would benefit Azerbaijan in the eventuality of further development of transportation links across Eurasia. If Turkey were to form a customs union with the EAEU, for example, this would be a game-changer for both the Azerbaijani ruling elite and the public, as Ankara's participation would be seen as a guarantee of Azerbaijani interests. It would make it much easier for the Azerbaijani government to address potential public anger about joining a Russian-led integration model. In recent years, the elite's position has changed from outright rejection of EAEU membership to seeking options for something less than full membership. In contrast, the elite seems to remain staunch in its belief that membership of a military organization such as the CSTO would be much riskier, even if Russia offered progress on conflict resolution in exchange for this.

An alternative option would be closer cooperation with Russia and other EAEU members through an organization that involved global economic powers. For instance, Azerbaijan might consider full membership of the Shanghai Cooperation Organisation (SCO), of which it has been a dialogue partner since 2016 (with Russia's support). This would have the additional benefit of strengthening relations with China, whose financial support in the event of future economic problems could be a key factor for political stability and harmony within the ruling elite. Moreover, China's 'Belt and Road Initiative' – a sprawling planned network of trade infrastructure investments spanning Central Asia and beyond – requires improved transport connections with Azerbaijan. Access to China's market would require compliance with the trade regulations of EAEU members such as Kazakhstan or Kyrgyzstan, and/or with other Central Asian states (Turkmenistan, Uzbekistan and Tajikistan) that stand between Azerbaijan and the Chinese border. Given the coordination with EAEU members (as well as, potentially, with non-EAEU members) that this would involve, it is possible that Azerbaijan might consider some kind of partial agreement with the EAEU, such as observer status or a special customs arrangement. As one observer has noted, 'Russia has declared a free trade zone between EEU [EAEU] and Iran and has mentioned facilitating closer ties between Tehran and SCO, relations that might draw Azerbaijan closer to both Moscow and SCO.'<sup>33</sup>

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<sup>33</sup> Altstadt, A. L. (2017), *Frustrated Democracy in Post-Soviet Azerbaijan*, New York: Columbia University Press, p. 227.

## 4. The Azerbaijani Diaspora in Russia

The number of Azerbaijanis in Russia grew from the early 1990s onwards, reaching more than 1 million in the late 2000s.<sup>34</sup> Half of them have Russian citizenship or permanent residence, while the other half are legal and illegal labour migrants, and seasonal workers. Although this diaspora has a largely apolitical presence in the country, this has not protected its members from occasional Russian threats of deportation, made to give Moscow political leverage over Azerbaijan.

Remittances from the diaspora are a significant source of income for millions of people in Azerbaijan. This was especially the case in the 1990s, when the country had limited financial resources and had yet to benefit from the huge oil revenues that accrued after 2005. Many experts say that the actual flow of remittances is higher than indicated by official statistics, because an estimated 60 per cent of all such transfers are made in cash through informal channels.<sup>35</sup> (That said, Azerbaijan is actually much less dependent on remittances than other post-Soviet countries, and the volume of inflows has declined sharply since 2014 as a result of economic and financial problems in Russia.)<sup>36</sup> In 2015, Russia imposed new immigration requirements, increasing work permit fees and introducing language and history tests for migrant workers from countries which are not members of the EAEU, including Azerbaijan.<sup>37</sup>

**Table 1: Remittances from Russia to Azerbaijan**

Year	Total, US\$
2010	794 million
2011	1,049 million
2012	1,132 million
2013	1,232 million
2014	1,221 million
2015	627 million
2016	482 million
2017	531 million

Source: Central Bank of the Russian Federation (undated), 'Cross-Border Transfers of Individuals (Residents and Nonresidents)', <http://www.cbr.ru/eng/statistics/Default.aspx?Prtd=lg> (accessed 20 Sep. 2018).

<sup>34</sup> According to Russia's last census (2010), there are over 600,000 Azerbaijani citizens in Russia. See Federal State Statistics Service of Russian Federation (2010), 'Census of 2010', [http://www.gks.ru/free\\_doc/new\\_site/perepis2010/croc/perepis\\_itogi1612.htm](http://www.gks.ru/free_doc/new_site/perepis2010/croc/perepis_itogi1612.htm). Unofficial estimates put the number at up to 2 million. No one has precise data on the number of Azerbaijanis in Russia, as many are there illegally. See Valiyev, A. (2013), 'Russia, Davay do Svidaniya' [Entering a New Era in Azerbaijani–Russian Relations], Ponars Policy Memo No. 270, <http://www.ponarseurasia.org/memo/russia-davay-do-svidaniya-entering-new-era-azerbaijani-russian-relations>.

<sup>35</sup> Kakhkharov, J. and Akimov, A. (2014), *Estimating Remittances in the Former Soviet Union: Methodological Complexities and Potential Solutions*, Griffith Business School Discussion Papers Finance, No. 2014-03, <https://www120.secure.griffith.edu.au/research/file/2c0673f3-8067-437f-a2f8-f2b84ac31f68/1/2014-03-estimating-remittances-in-the-former-soviet-union.pdf>.

<sup>36</sup> Walker, S. and Nardelli, A. (2015), 'Russia's rouble crisis poses threat to nine countries relying on remittances', *Guardian*, 18 January 2015, <http://www.theguardian.com/world/2015/jan/18/russia-rouble-threat-nine-countries-remittances>.

<sup>37</sup> Sinelschikova, Y. (2014), 'Changes to migration regulations aim to legalize shadow workers', *Russia Beyond the Headlines*, 5 December 2014, [http://rbth.com/arts/2014/12/05/changes\\_to\\_migration\\_regulations\\_aim\\_to\\_legalize\\_shadow\\_workers\\_42011.html](http://rbth.com/arts/2014/12/05/changes_to_migration_regulations_aim_to_legalize_shadow_workers_42011.html).

For Russia, the principal importance of the diaspora is in helping the spread of its soft power, especially in increasing interest in the Russian language in Azerbaijan. Migrants and temporary workers, with their extended personal and family connections and networks, offer a good propaganda channel for reaching Azerbaijanis, who get their information mainly from Russian sources.<sup>38</sup> Many Azerbaijanis see Russia as the primary job market, and push the new generation to participate in Russian-language courses and attend Russian-streamed schools.

At the same time, influential figures in Azerbaijan's presidential administration have long drawn political legitimacy and power from their management of the diaspora in Russia. This is a channel that can be used in two ways. The first is to demonstrate support to the Kremlin by asking the diaspora to provide financial contributions to the election campaigns of President Putin. The second is to gain support from the diaspora for Azerbaijan's own government, and especially President Aliyev, during domestic election campaigns. Preserving this channel has enabled those managing it – notably, key figures among the political old guard – to maintain influence over aspects of the relationship with Russia.

## Domestic concerns about the diaspora

After independence, the diaspora rapidly became an issue for Azerbaijan's authorities, due to its vulnerability to Russian manipulation. Ayaz Mutalibov took refuge in Russia after his ouster from the presidency in 1992, and other political figures did so too. They engaged in diaspora activities, with Mutalibov especially remaining politically active in exile and enjoying popularity among Azerbaijani labour migrants in Russia. President Heydar Aliyev was alarmed that Russia might use Mutalibov and others against him, a possibility occasionally hinted at by the Kremlin in the 1990s. The Azerbaijani government was concerned about the rise of a counter-elite among the diaspora at a time when, due to the economic situation, there were many more wealthy Azerbaijanis in Russia than at home. In 2002, Mutalibov was elected as head of the Community of Azerbaijanis in Russia, with the backing<sup>39</sup> of a strong segment of the diaspora in Russia. He declared his aim of running in the 2003 presidential election, which concerned the authorities in Baku.

Former officials were seen as potential candidates who could unite this powerful network against the government and its associates.<sup>40</sup> Another diaspora organization, Azeri Federal National Cultural Autonomy in Russia (AzerRos), was created in 1999 by Soyun Sadigov, an ethnic Azerbaijani construction mogul from Georgia. AzerRos was opposed to any control of the diaspora by Baku, and its leadership sometimes issued statements hostile to the government. These developments led the Azerbaijani authorities to try to unite the diaspora in one organization. In 2001, the authorities supported the creation of the All-Russia Azerbaijanis Congress (ARAC). The majority of diaspora groups were united under this new body, which was larger than AzerRos. The presidential administration controlled ARAC and tried to unite influential figures around it. ARAC was financed directly by the government, with its leadership also appointed by the government and reporting to it.

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<sup>38</sup> Shiriyev, Z. (2017), 'Betwixt and between: the reality of Russian soft-power in Azerbaijan', Henrich Böll Stiftung, 16 October 2017, <https://ge.boell.org/en/2017/10/16/betwixt-and-between-reality-russian-soft-power-azerbaijan>.

<sup>39</sup> RFE/RL (2002), 'Newslines – August 19, 2002', 19 August 2002, <https://www.rferl.org/a/1142740.html>.

<sup>40</sup> Interview with a former senior official of Heydar Aliyev's team, Baku, September 2018.

Neither of the above-mentioned organizations was under Russian control or influence. Russia did not seek to manipulate them in pursuit of its interests in Azerbaijan, nor did it create alternative bodies. Russia preferred to exploit ethnic tensions. In the 1990s it provided financial and logistical support to ethnic minorities in Azerbaijan seeking to rise up against Aliyev and his inner circle. Occasionally it supported such efforts by organizing conferences in Russia about violations of the rights of the Lezgin, Avar and Talysh minorities, and featuring anti-Azerbaijan speeches. Such conferences led to the re-establishment within Russia of separatist organizations, such as the Lezgin National Movement (Sadval) in Dagestan,<sup>41</sup> which had been banned in Azerbaijan; and to the creation of the Lezgin and Talysh Youth Organizations. In each case, Russia's support was active and visible.

Russian influence was again seen during the unsuccessful negotiations in 2012 over the extension of the lease to Russia of a radar installation in Azerbaijan.<sup>42</sup> Russia began to galvanize support from diaspora organizations opposed to Azerbaijan's government and from ethnic separatist groups. During the course of the talks, the Union of Azerbaijani Organizations in Russia (UAOR) was created by Abbas Abbasov, a former deputy prime minister who had gone to Moscow to pursue a career in business. He was assisted by AzerRos's chairman, Sadigov (who was not trusted in Baku due to his previous career with the Russian KGB and as a representative of President Putin). The UAOR included former government officials and wealthy ethnic Azerbaijanis in Russia, most of whom had long-standing and close ties with the political power centre in Azerbaijan.<sup>43</sup>

Initially, the UAOR enjoyed a dialogue with the government and even gained high-level endorsement, including from President Aliyev.<sup>44</sup> Azerbaijan's leadership supported not only the UAOR's establishment but also its function as an umbrella organization, and tasked Abbasov with uniting smaller diaspora groups.<sup>45</sup> As a result, Abbasov was elected chairman of a new body formed under AzerRos: the Council of Elders. The government requested that Sadigov be removed from any leadership position in the UAOR. Sadigov was also ejected from his position as chairman of AzerRos in January 2013, though he was allowed to stay on as honorary chairman in order to calm anxieties about his possible disruptive influence.

## The 2013 presidential election and the 'Billionaires' Union'

As the 2013 presidential election neared, there were rumours that Russia might seek to effect regime change through the diaspora and the newly created UAOR. It was further speculated that members of the Azerbaijani political old guard would lose their positions during a third Aliyev term. ARAC opposed the work of the UAOR, fearing that the new organization would erode its influence. The possibility of unification of the diaspora in Russia under the leadership of Abbasov alarmed Azerbaijani officials such as the head of the presidential administration, Ramiz Mehdiyev, whose

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<sup>41</sup> Politikus.ru (2012), 'Наихудший сон Баку становится реальностью' [Baku's worst nightmare becomes reality], 23 November 2012, <http://politikus.ru/events/3177-naihudshiy-son-baku-stanovitsya-realnostyu.html>.

<sup>42</sup> Azerbaijan and Russia signed an agreement on the 'status, principles and conditions' around the use of the Gabala radar station on 25 January 2002. The agreement established the station as an 'information-analysis centre', owned by Azerbaijan and leased to Russia for a 10-year period, with the possibility of an extension.

<sup>43</sup> Musavat.com (2012), 'Milyarderlər ittifaqı kimə qarşıdır?' [Billionaires' Union: Against Whom?], 10 November 2012, [http://musavat.com/news/gundem/MILYARDERLER-ITTIFAQI-KIME-QARSIDIR\\_136696.html](http://musavat.com/news/gundem/MILYARDERLER-ITTIFAQI-KIME-QARSIDIR_136696.html).

<sup>44</sup> Anspress (2012), 'İlham Əliyev Abbas Abbasovu qəbul edib' [İlham Aliyev meets with Abbas Abbasov], 26 December 2012, <http://www.anspress.com/index.php?a=2&lng=az&nid=181727>.

<sup>45</sup> Interview with Galib Aghayev, head of the Federal National Cultural Autonomy of Azerbaijanis in Moscow, May 2015, Moscow.

portfolio encompassed security, law enforcement, the media and diaspora issues. Using media propaganda, political insiders thus sought to disparage the UAOR by branding it as a 'Billionaires' Union' that included the tycoons Telman Ismayilov, Vahid Alakbarov and Araz Aghalarov. These figures had always been loyal to the Azerbaijani leadership, though, and were even part of ARAC. (In 2011 Aghalarov, Alakbarov and Abbasov had been elected to the presidium of the Central Council of ARAC before initiating the UAOR, which they saw as a way of supporting President Aliyev.) Abbasov was determined to preserve his position as a key figure in Russian–Azerbaijani relations by unifying the diaspora, but, despite early support from the leadership, met with opposition from the presidential administration and other members of the political establishment. Leading figures within this establishment accused him of being self-serving and claimed that his ultimate goal was to achieve a top-ranking position in Azerbaijan.<sup>46</sup>

The perception that Russia was behind the UAOR was reinforced by regional and domestic developments. The success of the party of Bidzina Ivanishvili – a billionaire who had made his fortune in Russia – in Georgia's 2012 parliamentary elections led to fears that a similar prominent figure could use the UAOR to unseat Azerbaijan's political establishment. Putin's visit to Baku in 2013, ahead of the Azerbaijani presidential election, further strengthened rumours that Russia was trying to engineer a change of government by supporting those members of the elite loyal to Abbasov and the UAOR. On the domestic front, Rustam Ibragimbekov, a dual citizen, was chosen as a presidential candidate by a new grouping of opposition parties in Azerbaijan.<sup>47</sup> As he had also been one of the founding members of the UAOR, this led to more accusations that the opposition was acting on Russia's orders.

Furthermore, the UAOR included Ramazan Abdulatipov, a Putin confidant who is not Azerbaijani and whose involvement was perceived in Azerbaijan as evidence of Russian support for the new diaspora organization. His appointment as head of the regional government in Dagestan in 2013 amplified anxiety among members of the Azerbaijani ruling elite, because the neighbouring Russian republic plays an important role in relations between Baku and Moscow. It conducts a significant volume of trade with Azerbaijan and is home to a large number of Azerbaijanis. In addition, there is a risk of ethnic separatist groups operating on both sides of Dagestan's border with Azerbaijan.

Another reason for the fear of Russian involvement in the UAOR was rooted in similarities to past events. In 2005, Rasul Guliyev, an oligarch and former speaker of parliament, had tried but failed to organize and finance an opposition faction in parliamentary elections. For the government, the difference between Guliyev and Abbasov was that the former lacked connections with external power brokers in Russia or the West. The latter, however, has good relations with high-level personalities in the Kremlin and among the Russian political elite.

The unification of the diaspora under the UAOR threatened to weaken ARAC and diminish the ability of those in Azerbaijan managing this channel to influence the relationship with Russia. Before the 2013 presidential election, members of the old guard who expressed negative views of

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<sup>46</sup> Lent.az (2012), "‘Milyarderlər İttifaqı’ na münasibətim mənfidir' [My Attitude towards the "Billionaires' Union" is negative], 3 December 2012, <http://news.lent.az/news/109859>.

<sup>47</sup> After the Azerbaijan Electoral Commission's refusal to register Ibragimbekov as a presidential candidate because of his dual Russian/Azerbaijani nationality, historian and former member of parliament Jamil Hasanli was chosen to stand for the opposition.

the so-called Billionaires' Union found themselves in trouble. Videos were released that purported to expose a corruption scandal implicating Mehdiyev and ministers.<sup>48</sup> The allegations were later dismissed as unfounded by government authorities, but the episode certainly affected the image of Mehdiyev, who had previously been considered politically 'untouchable'. These developments led to rumours that there could be a change in key positions, and increased suspicions that Abbasov harboured political ambitions. Privately, and in meetings with the leaders of diaspora organizations across Russia, Abbasov expressed the view that Aliyev should reshuffle the cabinet.<sup>49</sup> As a result, though, the old guard was successfully able to argue that the UAOR was seeking to unseat the president. This led to the rapid disintegration of the organization, and its activities in Azerbaijan were suspended before the election.

In the end, the UAOR had no real impact on the 2013 presidential election. In fact, there are strong indications that it was a sort of 'phantom' entity: it was unregistered, its members met only twice, and they did not produce any agenda for Azerbaijan's domestic affairs; nor, despite the rumours, was there any visible support for it from Russian authorities. Although there was a belief among entrenched political figures that Abbasov threatened their ability to control diaspora issues, in reality the members of the so-called Billionaires' Union were wealthy Azerbaijanis loyal to Aliyev and included people with family ties to him. Several even made statements declaring their loyalty to the president.

In short, it seems that the UAOR, rather than being a tool used by Russia to influence Azerbaijan's domestic politics, was in fact the manifestation of an internal elite power struggle. This contest between incumbent and former members of the old guard had mixed outcomes. The old guard not only survived the presidential election but became more powerful by consolidating control over the diaspora issue. It used the allegations that Russia was backing the Billionaires' Union to gain support from the West and reduce Western criticism over the election. At the same time, although rumours that the UAOR's goal had been to oust Aliyev were largely unfounded, the speculation provided Russia's leadership with an opportunity to create the *appearance* of a threat that significantly influenced Azerbaijan's domestic affairs.

## Russia's lessons

As the above details have elaborated, the claim that Russia was seeking regime change in Azerbaijan through the diaspora is flawed. High-level bilateral ties are strong, despite occasional differences. The weak and fragmented opposition is more critical of Russia than of the Aliyev administration. Furthermore, the public is inclined towards anti-Russian sentiment due to historical factors. Thus, any attempt at undue external influence would damage Russia's already poor image in Azerbaijan.<sup>50</sup> Russia learned this lesson from the Billionaires' Union episode. Yet it also gained a better understanding of how members of the diaspora could be deployed against Azerbaijan's government. While the government succeeded in reuniting diaspora organizations under ARAC (and weakened

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<sup>48</sup> Abbasov, S. (2013), 'Azerbaijan: Secret Videos Threaten Top Presidential Aide', Eurasianet.org, 29 January 2013, <http://www.eurasianet.org/node/66467>.

<sup>49</sup> Interview with Ilgar Hajiyev, executive director, All-Russia Azerbaijanis Congress, Moscow, May 2015.

<sup>50</sup> Email correspondence with Sergey Markedonov, associate professor at the Russian State University for the Humanities in Moscow, September 2015.

the alternative grouping, AzerRos), the Russian authorities eventually shut down ARAC in 2017. This led to various lines of speculation: for example, that Russia intended to create a new diaspora organization; and that until then there would be no possibility of a new diaspora organization, and thus no management of diaspora issues by the Azerbaijani government. This development has fragmented the diaspora and reduced the Azerbaijani authorities' control of it. It also opens up a potential future channel for Russia to engage with groups other than the current ruling elite in Azerbaijan. Despite its weakness and small size, AzerRos is now the biggest officially registered diaspora organization of Azerbaijanis in Russia.

The diaspora remains an important tool for Russian interests in two respects. First, there is the threat of deportation, which could create severe socio-economic problems for Azerbaijan by cutting off remittances. (Such inflows are the main source of income for many people on the periphery of society.) The return of thousands of people harbouring grievances over their treatment could foment instability and generate anti-government sentiment. Second, the diaspora could be used to push Azerbaijan towards joining the EAEU, since the latter is supposed to allow the free flow of labour between member states. However, the current state of affairs means that, while the diaspora remains a *potential* political lever, Russia's primary mechanism for bringing Azerbaijan into its sphere of influence remains, as with other post-Soviet countries, its agenda to strengthen ties through the use of soft-power tools such as the media and education.

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## 5. Russian Soft Power in Azerbaijan

The steps that Azerbaijan has taken to pacify Russia in recent years and reassure it of its loyalty have helped strengthen the latter's soft power. Moscow is trying to fill the vacuum that emerged after many Western institutions left Azerbaijan following the restrictions imposed by the government from 2013 onwards. Its main tools consist of politically engaged movements and pro-Russian media outlets. This soft power is underpinned by two main Soviet legacies in Azerbaijan: the Russian language and the education system.

The Russian language has always been Azerbaijan's principal channel of engagement with Western culture, and it retained its importance after independence. Nevertheless, at independence, the country gained direct access to the West and pursued a relatively Western-oriented foreign policy. Russia's influence at that time was curtailed. The appeal of the Russian language also diminished in line with the post-Cold War outlook of many Azerbaijanis, as the younger generation turned to English as a way of reaching the West. Russian was declared a foreign language without official status. The other reason why the Russian language lost its privileged place was that only a small number of ethnic Russians had lived in Azerbaijan in Soviet times; few of them remained in the country after the collapse of the Soviet Union. Their number fell from 392,300 in 1989 to 119,300 in 2009.<sup>51</sup>

The shift was also evident in the increased role of the Azerbaijani language in the education system. While 45 per cent of pupils in Baku schools were taught in Azerbaijani in the 1988/89 academic year, that proportion rose to 78 per cent in 1995/96.<sup>52</sup> The number of students learning Russian in elementary and higher schools declined, after it having been a compulsory subject for over 70 years. In 2013/14, learners of Russian as a foreign language in elementary and high schools in Azerbaijan accounted for 21.8 per cent of students, while those studying English made up 83.5 per cent of the total.<sup>53</sup> While Russian is taught as a foreign language in 2,292 out of 4,194 schools in Azerbaijan, English is taught in 3,651 of them. According to 2014 figures, Russian is the language of instruction in only 7 per cent of elementary and high schools in the country. By way of comparison, however, English is the medium of instruction in only 0.1 per cent of schools.<sup>54</sup>

In the past five years, Russian-language education has regained some impetus. For example, the number of pupils in public schools in which Russian was the medium of instruction in Baku was 55,809 in 2015/16, up from 42,860 in 2013/14. (The equivalent numbers for those studying in Azerbaijani were 279,616 and 246,250 respectively.)<sup>55</sup> In Azerbaijan as a whole, the number of pupils studying in public schools in which the language of instruction was Russian was 130,000 in

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<sup>51</sup> State Statistical Committee of Azerbaijan (2017), data on population by ethnic groups, [http://web.archive.org/web/20150317030025/http://www.stat.gov.az/source/demography/az/1\\_15.xls](http://web.archive.org/web/20150317030025/http://www.stat.gov.az/source/demography/az/1_15.xls).

<sup>52</sup> Gulshan Pashayeva (2016), 'Мировые языки как составная часть публичной дипломатии', SAM Комментарии. No. 16, 2016, p. 44. [World languages as a part of public diplomacy, SAM Comments].

<sup>53</sup> Interview with Namig Ramazanov, representative of the Azerbaijani Ministry of Education, Baku, April 2015.

<sup>54</sup> Official statistic provided by the Ministry of Education, April 2015.

<sup>55</sup> BBC Azerbaijan (2016), 'Azərbaycanda rus dilində danışmaq "problemi"' [The problem of speaking Russian language in Azerbaijan], 3 March 2016, [https://www.bbc.com/azeri/azerbaijan/2016/03/160303\\_russian\\_language](https://www.bbc.com/azeri/azerbaijan/2016/03/160303_russian_language).

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2017/18, up from 90,234 in 2010/11.<sup>56</sup> There remains a prevailing popular belief that Russian-language education is superior in quality to Azerbaijani-language education. Although the curriculum is similar in both languages, and accredited by the Ministry of Education, most educational materials from Russia are believed to be of better quality. Russian-language literature is rich, and the teachers in Russian-language schools tend to be better-trained. Lack of reform means that Russian-language materials continue to dominate the curriculum.<sup>57</sup> The Ministry of Education nominally oversees and checks the quality of Russian-language materials for educational purposes, but it mostly accepts them as is, only raising queries about content with the Russian authorities in isolated cases. Crucially, a Russian-language education is free, as is an Azerbaijani-language education, whereas most English-language schools charge tuition fees far beyond the means of the majority of families.<sup>58</sup>

The lingering 'natural' influence of Russian also supports the presence of a number of Russian-language media outlets in Azerbaijan, mainly online. This does not automatically imply that they are actively controlled by Russia. In fact, in many cases their 'political language' or messaging is controlled by Baku, and even sometimes results in their taking an anti-Russia stance. The increase in the number of such outlets is partly a function of public demand, and reflects the presence of a language barrier for many people in accessing non-local and non-Turkish media outlets. It also reflects the ongoing information war with Armenia, which is played out in Russian.<sup>59</sup> The state-controlled Azerbaijani-language media also follow the government line as it pertains to criticism or approval of Russia and/or Western countries.

Since its war with Georgia in 2008, Russia has refined its soft-power tools in Azerbaijan. The Russian government has focused on introducing more centralized mechanisms such as *Russkiy Mir* and *Rossotrudnichestvo*, both propaganda instruments to different degrees. *Russkiy Mir* is a government-funded organization aimed at promoting the Russian language, and commissions projects for the advanced study of Russian in Azerbaijan's schools. *Rossotrudnichestvo* is an autonomous Russian government agency, under the jurisdiction of the Russian Ministry of Foreign Affairs, that supports long-term humanitarian aid programmes. Several Russian universities have opened branches in Azerbaijan, and a number of institutes that serve as propaganda channels (including several projects conducted by Russia's Institute of Eurasian Studies Development Fund) have opened. A Russian Information and Cultural Centre was established in Baku in 2011. In order to strengthen the position of the Russian language in the school curriculum, the Russian embassy in Baku signed a cooperation agreement with the Ministry Education of Azerbaijan to teach Russian in 50 schools (35 in Baku and 15 in regions) in 2009/10 in which the language of instruction was Azerbaijani. This pilot project remained ongoing until 2017, when the Ministry of Education signed a decree adopting the programme on a permanent basis for the 50 schools.<sup>60</sup>

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<sup>56</sup> Azvision Azerbaijan (2018), 'Ölkəmizdə rus dilinə maraq niyə artır? - Səbəblər' [Exploring the reasons for interest in learning the Russian language in Azerbaijan], 22 June 2018, <https://azvision.az/news/148902/olkemizde-rus-diline-maraq-niye-artib-sebebler.html>.

<sup>57</sup> Azadliq Radiosu (2009), 'Azərbaycanda rusdillilər artır, yoxsa azalır?' [Are Russian speakers increasing or decreasing in Azerbaijan?], 29 August 2009, <http://www.azadliq.org/content/article/1810273.html>.

<sup>58</sup> The annual tuition fees for English-language schools range from \$8000 to \$40,000, 20–30 times more than the minimal annual salary of families of Azerbaijan. Qafqazinfo (2014), 'Özəl liseylərin əl yandıran qiymətləri' [High tuition fees of private schools], 3 July 2014, <http://qafqazinfo.az/news/detail/ozel-liseylerin-el-yandiran-qiymetleri-81679>.

<sup>59</sup> Interview with Rauf Arifoglu, editor-in-chief of *Yeni Musavat* newspaper, Baku, April 2015.

<sup>60</sup> See the decree of the Minister of Education at Ministry of Education Republic of Azerbaijan (2018), 'On intensive Russian language teaching', decree No. 258, 28 August 2017, <https://edu.gov.az/az/page/303/14233>.

Bringing Azerbaijani students to its universities is also a priority for Russia. Until recently, it had lagged behind Western countries and Turkey as a destination for those seeking undergraduate and graduate education abroad. However, the support available for Western education via various US-led programmes and the Azerbaijani government has been significantly reduced. This has had an important impact on education choices. The government had been increasingly concerned about Western-educated Azerbaijanis who, upon returning home, have sought to change the value system and bring about open discussion of national problems. Limitations on these programmes were imposed from 2009 onwards, and much more markedly in 2013, as young people who had studied abroad began to advocate for political freedoms and introduce new projects to mobilize the population to ask for their rights. Even these small civic initiatives were seen as politically dangerous, with the government perceiving them as a potential pathway to major societal and political mobilization – as occurred in other post-Soviet states. By contrast, the Russian education system is not tied to a liberal value system, and its graduates do not seek to challenge the political status quo; they are easily integrated into the system. For this reason, the government does not oppose Russian university education. Recent data show that approximately 14,000 of the 72,000 international students in Russia are Azerbaijani.<sup>61</sup> In addition, the Russian Ministry of Education through Rossotrudnichestvo has been providing full scholarships for Azerbaijani students in Russian universities. The quota for scholarships has risen from 151 in 2014/15 to 208 in 2017/18.<sup>62</sup> The popularity of Russian education programmes among Azerbaijanis, and of Russian-language schools in the country, also reflects their status as the products of market demand – bearing in mind the non-competitive environment that enables them to flourish, and the paucity of other educational options in the country.

One of the main goals of Putin's third term has been to build public support for the EAEU project across the post-Soviet space by using soft-power tools. The implementation of this strategy, in place since his first presidential term, has seen the establishment of Russian media tools and organizations in the post-Soviet space, including in Azerbaijan, since 2012. An important element of this project has been the establishment of NGOs such as the Eurasian Club, which focuses on uniting students from universities in Azerbaijan with the aim of promoting Eurasianist ideas. There are also various programmes for young experts (such as the Caspian School), financially supported by Russia's Alexander Gorchakov Public Diplomacy Fund. The establishment of NGOs such as the Slavic-Turkic Union (in 2013) indicates that Russia's promotion of Eurasianism is based on emphasizing the Caspian region as the centre of a wider Eurasia – and as the junction between three great civilizations. This is likely to gain traction because it supports Turkic and Muslim identities, and differs from the neo-Eurasianism promoted by Aleksandr Dugin. Dugin's main argument is the need to thwart what he perceives as the conspiracy of Atlanticism, led by the US and NATO, that aims to contain Russia within rings of newly independent states.<sup>63</sup> This strong anti-Western and pro-Russian narrative is not well received in Azerbaijan. On the other hand, Eurasianist propaganda has gained traction in the universities, with Russian or Slavic cultural

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<sup>61</sup> Grove, J. (2017), 'Emphasis on soft power leads to focus on those from former Soviet states', *Times Higher Education*, 16 March 2017, <https://www.insidehighered.com/news/2017/03/16/russia-focuses-soft-power-its-international-student-strategy>.

<sup>62</sup> Ministry of Science and Higher Education of the Russian Federation (2018), 'How to Get Scholarship (Quota)', 19 December 2018, <https://studyinrussia.ru/en/actual/articles/how-to-get-scholarship-quota/>.

<sup>63</sup> Clover, C. (2014), 'In Moscow, A New Eurasianism', *Journal of International Security Affairs*, (27), <http://www.securityaffairs.org/issues/number-27/moscow-new-eurasianism>.

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centres offering seminars and workshops on Russian culture and history, financially supported by Russia.

Russia's soft-power insertion into the country has been helped by the creation of the Eurasian Movement, an Azerbaijani organization run by people directly connected to Russia's military and political establishments. This clearly political manoeuvre, supported by Russia, was originally announced soon after the annexation of Crimea in 2014. The organization was then officially relaunched in 2015, when Azerbaijan's ongoing crackdown on civil society, Western institutions and supporters of democracy had created a conducive social and political environment for Russia to develop its soft-power profile.

Until recently, the missing element in Moscow's soft-power matrix had been the presence of a pro-Russia media outlet in the Azerbaijani language, backed by the Kremlin and tolerated by Azerbaijan's authorities. However, this changed in the wake of the events in Ukraine in 2013–14. Not only did the Ukrainian revolution prompt a crackdown in Azerbaijan on Western-funded NGOs and limits on foreign aid to independent institutions, it also saw an increased trend of Russian investment in pro-Russian Azerbaijani-language media/news agencies. The availability of the Sputnik News internet portal since May 2015 is a prime example. Its content includes anti-Western rhetoric, and it takes a line supporting Azerbaijan's government. In particular, Sputnik shares the administration's view that the West supports revolutionary change through NGO funding and infiltration, echoing fears about the threat of a 'fifth column'. Since July 2015, the Sputnik Azerbaijan radio station has broadcast on the Araz FM frequency, which is owned by the family of Ali Hasanov, a top aide to Aliyev.<sup>64</sup>

The influence of Moscow-sponsored Russian-language media over public opinion has often been perceived as limited. However, a 2015 survey showed that, due to their exposure to it, the majority of Azerbaijanis believed the Russian narrative blaming the US and the West for the Ukraine conflict.<sup>65</sup> The Russia-based media effectively used the Azerbaijani government's anti-Western rhetoric for its own purposes. Even though Azerbaijan ostensibly supported Ukraine – based on upholding the principle of territorial integrity in connection to Nagorny Karabakh – Russian disinformation still had an impact.<sup>66</sup> Although the Azerbaijani government considers the possibility that pro-Kremlin media could monopolize the information space inside the country to be remote, in the long term such efforts could gather momentum. Russia now openly provides official financial support for Russian-language programmes broadcast by Azerbaijan's media outlets.<sup>67</sup> It is likely that the number of Russian soft-power instruments aimed at media manipulation will increase.

Azerbaijan does not have the capacity to fully prevent Russian soft-power efforts. However, Russia's attempts to improve public perceptions of itself have had a limited impact. This is partly due to the fact that the media is strictly supervised by the Azerbaijani government, which pursues a careful

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<sup>64</sup> BBC Azerbaijan (2014), 'Əli Həsənov: "Ailəmin malik olduğu adı çəkilmə şirkətlərlə fəxr edirəm"' [Ali Hasanov: "I'm proud of my family's businesses"], 27 June 2014, [http://www.bbc.com/azeri/azerbaijan/2014/06/140627\\_ali\\_hasanov\\_family\\_business.shtml](http://www.bbc.com/azeri/azerbaijan/2014/06/140627_ali_hasanov_family_business.shtml).

<sup>65</sup> Gerber, T. P. and Zavisca, J. (2016), 'Does Russian Propaganda Work?', *The Washington Quarterly*, 39:2, pp. 79–98, at p. 94, doi: 10.1080/0163660X.2016.1204398.

<sup>66</sup> Shiriyev (2017), 'Betwixt and between: the reality of Russian soft-power in Azerbaijan'.

<sup>67</sup> RIA Novosti (2015), 'Москва выделила 12 млн рублей на помощь русскоязычным СМИ за рубежом' [Moscow has allocated 12 million rubles to support Russian-language media abroad], 15 June 2015, <http://ria.ru/society/20150615/1070064221.html>.

policy of neither promoting nor prohibiting the few outlets that serve Russian interests. A second reason has been the presence and activities of Western-funded NGOs, at least until the crackdown against them in 2013–14, which have provided a counterbalance to Russian influence. There has been a visible trend in Azerbaijan of pro-Russian actors creating quasi-NGOs using names such as 'Eurasia', 'Slavic Studies' and 'Slavic-Turkish World Union'. Such groups are strengthening their voice in Azerbaijani media: never crossing the line in terms of provocative argument or antagonizing the government of Azerbaijan, but nonetheless steadily injecting a Russian narrative into the public discourse. Overall, there is evidence that Russia has been improving its use of soft-power instruments in Azerbaijan, especially in recent years. Ultimately, the success of such efforts will depend on how much Russia is able to invest, and the extent to which the Azerbaijani authorities will tolerate its intrusions.

## 6. Conclusion

Azerbaijan's balancing act between Russia and the West, pursued since independence in 1991, seems to be disintegrating. The risk with this shifting power dynamic is that Russia could compel Azerbaijan to make foreign policy adjustments in its favour. Azerbaijan's ruling elite also mistakenly believes that Russia can resolve the issues that are critical for Azerbaijan, while Russia seeks to strengthen and entrench this perception through the use of its soft-power tools, among other things.

Four particular risks stand out for Azerbaijan's foreign policy. The first is Russia's potential to force policy change in respect of Nagorny Karabakh. Baku sees Moscow's role as significant for potentially resolving the conflict – either through its involvement in negotiations (and ability to pressure Armenia to reach a compromise), or through a military scenario. The recent political revolution in Armenia has caused Russian–Armenian relations to deteriorate. This has been seen by some in Baku as an opportunity to start a conflict similar to the one of April 2016, or even all-out war. For this, Azerbaijan would need Russia to give approval and to renege on its substantial commitments to Armenia. Although Baku tends to exaggerate Moscow's role, the perception creates a readiness on Azerbaijan's part to accommodate Russia's foreign policy agenda.

The Russian expectation is that Azerbaijan will join the EAEU and/or the CSTO. Over the years, the Azerbaijani ruling elite has tried to link membership of the EAEU to conflict resolution in Nagorny Karabakh, on the basis that Azerbaijan would join only on the condition of a peace agreement being achieved. However, Russia's rejection of this formula has changed perceptions in Baku. Russia has hinted that it might act differently and take a more pro-Azerbaijan stance once the country has joined its regional integration projects. This could lead to a customs union with the EAEU, at the very least, and even perhaps to full membership. Some members of Baku's ruling elite compare membership of the EAEU to Azerbaijan's accession to the CIS in 1993. That move did not draw the country into Russia's orbit as had been feared, and the CIS ultimately became more of a symbolic entity than an effective instrument for Russian influence.

The Azerbaijani ruling elite's understanding of the EAEU has evolved in recent years. The same is true to an extent for attitudes towards the CSTO, long perceived as posing a far greater threat in terms of its potential to pull Azerbaijan into Russia's sphere of influence. The evolution in Azerbaijani thinking on this issue – and the conviction that Russia can solve the Nagorny Karabakh conflict once it abandons its concern for Armenia's interest – could lead to Azerbaijan taking a dangerous new policy direction, the potential endgame of which is membership of one (or both) of these Russian-led organizations. Instead, in the opinion of this author, Azerbaijan needs to use the new realities in Armenia, after that country's mid-2018 'Velvet Revolution', to build up direct communications with Armenia and to consider the development of a peace plan without the intervention of Russia or other mediators. However, one problem in this case is that while in Azerbaijan there has been a marked shift of government rhetoric in favour of a peaceful solution, there is less clarity around Armenia's intentions and plans. A full elaboration of Yerevan's strategy for a peaceful solution, and how the new government's approach is different from the previous one's, would be welcome.

The second risk for Azerbaijan concerns Russia's growing use of soft power. Although the Azerbaijani government sees this as manageable, the absence of Western-led media and educational opportunities, and the lack of government strategy in either sphere, risks allowing Russian-led or pro-Russian outlets to monopolize the media. Russian-language educational opportunities are growing rapidly, and more people are learning the language without having access to similar English-language opportunities. The number of Azerbaijani students in Russian universities is growing. Along with the reduction in opportunities for Azerbaijanis to gain a Western education, this means that the Russian-language information space will be enlarged as Russian speakers and consumers of Russian propaganda grow in number. (The trend is likely to be supported by the poor quality of most Azerbaijani-language media and by the low level of non-Russian foreign-language skills, especially in English, across the majority of the population.) At the same time, Russian university education will increase the number of Azerbaijani graduates with a Russia-oriented worldview that may include a rejection of Western liberal values, the rule of law and democratic freedoms. These graduates will support integration with Russia rather than with the West, and eventually their presence in public positions and in government will influence policymaking at a growing rate.

The third risk concerns the large number of Azerbaijanis living in Russia. This diaspora is fragmented, and its members are more open to the control of Russian authorities. Since Russia eased its citizenship requirements for people from post-Soviet countries, the number of Azerbaijanis receiving Russian citizenship has increased, despite Azerbaijan's legal prohibition of dual nationality. Remittances from the diaspora remain a critical source of income for people living outside Baku, especially in the northern part of the country. This gives Russia political leverage in terms of its ability to threaten the deportation of labour migrants. The return to Azerbaijan of large numbers of expatriates could have catastrophic socio-economic effects, potentially destabilizing the political situation. This threat strengthens Russia's hand in terms of potentially pushing Azerbaijan towards integration into the EAEU, whose member states have agreed to provide better conditions for migrants and workers – a major draw for Azerbaijani migrants who are not Russian citizens. Yet the answer to overcoming this risk is not the creation of diaspora organizations, but rather to address domestic issues such as unemployment and poverty that have led so many to go to Russia in order to support their families.

Finally, there is a risk that the West's tendency to view developments in Azerbaijan through one-dimensional, liberal democratic lenses will accelerate the growth of Russian influence. Such limited perspectives work to the advantage of certain groups within the Azerbaijani ruling elite that wish to push for closer alignment with Russia. Conversely, the conventional perception of the West among the Azerbaijani ruling elite is also simplistic: mistakenly interpreting its agenda as seeking to overthrow the government and install a new elite that would exist to serve Western interests. Instead, through support for policy and institutional reforms in Azerbaijan, economic diversification and increased trade and investment – as well as through a more nuanced foreign policy and greater involvement in regional affairs – the West has an opportunity to at least preserve the traditional balance with Russia.

## About the Author

**Zaur Shiriyev** has more than 10 years of experience in academia and think-tanks, with expertise in security, conflict resolution and foreign policy issues pertaining to the South Caucasus region. He was an Academy fellow with the Russia and Eurasia Programme at Chatham House from February to November 2015. Currently he is an associate of The Queen Elizabeth II Academy for Leadership in International Affairs at Chatham House.

He joined the International Crisis Group as an analyst in February 2018. Prior to this, he was coordinator of the PeaCE programme, aimed at strengthening and re-engaging Azerbaijani civil society and youth (from geographic areas affected by the Nagorny Karabakh conflict) in peacebuilding activities. He was a senior research fellow at ADA University, Baku, from May 2014 to March 2017. Previously, he worked as a leading research fellow at the Center for Strategic Studies (SAM) from 2009 to 2014 in Baku, at the Turkish Asian Center for Strategic Studies in Istanbul, and at the International Strategic Research Organization in Ankara.

He has authored academic articles as well as a wide range of policy briefings and papers relating to Azerbaijan's foreign and security policies. This research paper was written before the author joined the International Crisis Group.

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I remain solely responsible for any errors of fact or judgment in this paper.

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The Royal Institute of International Affairs  
Chatham House  
10 St James's Square, London SW1Y 4LE  
T +44 (0)20 7957 5700 F +44 (0)20 7957 5710  
contact@chathamhouse.org www.chathamhouse.org

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