

Putin, Aliyev To Explore Fresh Chances For Cooperation.

Rovshan Ismayilov
EurasiaNet, NY ; 21/2/2006

Russian President Vladimir Putin's February 21-22 visit to Baku will mark a new high point for Russian political and economic influence in Azerbaijan, some observers say. Military cooperation and the Nagorno-Karabakh conflict are among the most critical issues up for discussion, but some experts believe that the Kremlin also hopes to secure Azerbaijani support for Moscow's position on Iran.

Officially, the 500-person Russian delegation, with more than 80 journalists in tow, arrived to mark the start of the Year of Russia in Azerbaijan, and to participate in a Russian-Azerbaijani Economic Forum on February 22. Official talks could yield new guideline for bilateral relations, as well as up to five different agreements, Azerbaijani Prime Minister Arthur Rasizade told journalists on February 17.

Experts

expect the documents to touch on cooperation on Caspian Sea issues, the purchase of energy equipment, formation of a joint military-technical commission, transportation, and investment in food processing.

Putin is also expected to receive the Sheykhulislam Orden, a medal awarded each year by the Caucasus Muslim Board to state leaders for their contributions to world peace and inter-faith dialogue. The visit is Putin's first state trip to Azerbaijan since 2003, when he attended the late President Heidar Aliyev's funeral. [For background see the Eurasia Insight archive].

Observers are focusing their attention on a February 22 closed-door meeting between the Russian and Azerbaijani leaders. A source in President Ilham Aliyev's administration, who asked not to be named, told EurasiaNet that Nagorno-Karabakh, a joint Caspian Sea defense pact and a bilateral commission on military-technical cooperation will be the main topics of discussion. [For additional information see the EurasiaNet archive].

According to the source, establishment of the military commission, envisaged as a "one-stop-shop" for Russian military equipment sales to Azerbaijan, might be one of the most important agreements from the Russian standpoint. One independent analyst suggested that such a deal would only occur as a quid-pro-quo for the conflict resolution discussion, and would not necessarily favor Azerbaijan. "Military supply deals are the most expected results of a conflict resolution discussion," Zardusht Alizade said. "The Russians usually come here to take something; for example, control over certain sectors of the economy, or to sell us outdated military equipment."

A spokesperson for the Russian Ministry of Foreign Affairs confirmed that Karabakh and Caspian security issues will be discussed, but sidestepped specifics on fresh proposals for ending the 18-year conflict with Armenia over Karabakh. [For background see the Eurasia Insight archive]. "Russia will support any decision that will satisfy both sides and even may become a guarantor of the settlement,"

stated Mikhail Kaminin on February 20, the Russian news agency Regnum reported.

Some local observers forecast that Iran and its nuclear research program could command much of Aliyev's and Putin's attention. The Kremlin, they argue, wants to ensure that Azerbaijan, which borders on Iran, will support any decision by Moscow to oppose United Nations sanctions against the Persian Gulf state should the international outcry over Iran's nuclear research program reach the Security Council. Recent talks between Russian and Iranian officials proved inconclusive on a compromise that would keep the nuclear issue out of the Security Council. [For background see the Eurasia Insight archive].

"I think Putin will try to connect Azerbaijan with Russia's diplomacy game on Iran," commented Hikmat Hajizade, vice-president of the FAR Center for Economic and Political Research and Azerbaijan's ambassador to Russia from 1992-1993. "Though maximum neutrality on this issue is the best course for Azerbaijan, Moscow's position and interests will be taken into consideration [by Aliyev's administration]."

Independent political analyst Ilgar Mammadov sees one reason why.

"Russia most likely will not support international sanctions against Iran and [will] have to make sure that Azerbaijan will do so as well," Mammadov said. "If officials in Baku will still hesitate on the issue, Mr. Putin has many tools to use to convince them [otherwise], particularly given the support Ilham Aliyev got from Moscow during the [heavily disputed November 2005] parliamentary elections." [For background see the Eurasia Insight archive].

By contrast, economic ties are one area where opportunities for controversy are far fewer. One of the main goals of the economic forum is to establish business contacts among Russian and Azerbaijani regions; to further that goal, large Russian companies representing interests ranging from agricultural and petroleum machinery to transportation and tourism have joined President Putin in Baku.

Trade between the two countries increased last year by 40 percent to stand at \$1.25 billion. Russian exports to Azerbaijan account for the overwhelming majority of this figure, or some \$964.7 million.

Azerbaijan hosts 350 Russian companies, 82 of which have 100 per cent Russian financing, and is hoping to be contracted for work on development of energy fields in the Russian sector of the Caspian Sea.

Some observers expect Russian companies to take a potentially dominant role in certain sectors of the Azerbaijani economy. Food processing plants, machinery factories, a chemical plant in Sumgayit and contracts for construction of refugee housing are among the envisioned areas of activity.

Sources within the government told EurasiaNet that Russian energy giant LukOil, headed by Vahid Alakbarov, a member of the Azerbaijani diaspora in Russia, is expected to purchase a national chain of gas stations owned by the country's largest oil company, AzPetrol.

(AzPetrol's former head, Rafik Aliyev, was arrested in October 2005 for alleged involvement in a coup attempt.) LukOil's potential purchase of the chain will reportedly be discussed on February 23, during a business meeting involving officials from the Ministry of Industry and Energy and representatives of various Russian companies.

Both Alakbarov, believed to be part of Putin's inner circle, and fellow Azerbaijani diaspora member Aras Agalarov, a construction company mogul whose son, Emin, is engaged to President Aliyev's elder daughter, Leyla, make up part of the Forum's organization committee.

The two rank among the top 20 richest individuals in Russia, according to a recent FORBES ranking, with an estimated personal wealth of \$1.4 billion and \$360 million, respectively.

Editor's Note: Rovshan Ismayilov is a freelance journalist based in Baku.
