
Azerbaijan And Russia At Loggerheads.

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Neither side willing to back down in energy dispute.

The year 2007 has begun in Azerbaijan with relations with Russia hitting a low point. Baku has stopped receiving gas from Russia and halted transport of its oil through Russia via the northern pipeline to the Black Sea. Experts see this is a sign of a new and significant shift in Azerbaijani foreign policy away from Moscow.

The relations between the two neighbours took a turn for the worse at the end of 2006, despite this being officially the "Year of Russia" in Azerbaijan. The Russian gas giant Gazprom declared it would increase the price of gas for Azerbaijan from 110 to 235 US dollars per 1,000 cubic metres and reduce supplies by two thirds. Meantime, the gas prices for Armenia, Azerbaijan's rival and enemy, were to remain unchanged.

Azerbaijan responded by declaring it would stop pumping oil to the Russian Black Sea port of Novorossiisk as from January 8 and use mazut (low-quality fuel oil) to compensate for the shortage of natural gas.

Azerbaijani president Ilham Aliyev lashed out at Russia in an interview to the Moscow radio station Ekho Moskvyy, saying, "I decided to find a way for Azerbaijan to get out of the situation with minimal losses but also with dignity. I can't allow Azerbaijan to become a country subject to commercial blackmail. Azerbaijan is no longer a state that can be forced to do things. Gazprom may claim 500 dollars or a thousand for its gas, as it is its right. And it is our right to refuse it."

Analysts in Baku say the standoff between the countries, which had seen an improvement in relations in recent years, has geopolitical causes, as well as economic ones. "Russia is demanding solidarity from Azerbaijan for its policies against Georgia, while it offers nothing serious on the Karabakh issue [with Armenia]," said political scientist Ilgar Mamedov. "Azerbaijan's refusal to accept this regional policy has annoyed Moscow. That is why cold winds are blowing in this relationship."

"This is a continuation of a big geopolitical confrontation between Russia and the West, above all, the USA," said Caucasus expert Arif Yunus. "Having secured large quantities of oil dollars, Moscow has adopted a more aggressive policy in the South Caucasus. Russian politicians began feeling certain they could recover what they lost in the Nineties of the last century."

Yunus said that Moscow had miscalculated by trying to rely on Azerbaijan for support in its campaign against Georgia and being rebuffed.

Azerbaijan was due to start shipping gas to Georgia on January 11, under an agreement struck in December whereby Georgia will receive one million cubic metres of gas, costing 120 dollars per 1,000 cubic meters, over a three-month period - around half the price of what Russia was offering. Georgia also hopes to receive some of Turkey's share of the gas from the new Baku-Tbilisi-Erzurum pipeline in February.

Yunus said the row could affect adversely Azerbaijani labour migrants in Russia, especially those trading in Russian markets. Up to two million Azerbaijanis live in Russia and their remittances are a major source of income for many families in Azerbaijan. Yunus believes that if the dispute escalates many of these migrants could be deported from Russia.

Some experts see this quarrel as a turning point in Azerbaijan's foreign policy. Rauf Mirkadyrov, political commentator for Zerkalo newspaper, wrote, "Pro-western political forces can blow their trumpets. It seems we are witnessing a new drastic historical shift in Azerbaijan's foreign policy."

"Azerbaijan had to determine its foreign policy priorities," said Arastun Orujlu, director of the East West research centre. "The current events show that Azerbaijan has made its choice and is now leaning to the West."

Orujlu said that Russia was trying to use gas as a political weapon but it had no impact against an energy producer such as Azerbaijan.

He predicted that Russia would try to put renewed pressure on Azerbaijan, perhaps using its influence in Armenia to do so.

Azerbaijan's response to the Russian measures has been tough. Besides halting the transport of oil via the Baku-Novorossiisk pipeline and supplying gas to Georgia, the government announced it would stop broadcasting Russian television channels from July this year. As if this was not enough, President Aliev described the Commonwealth of Independent States as a "useless" organisation for Azerbaijan.

Yunus argued, however, that the Russian-Azerbaijani quarrel would not be as intense as that between Russia and Georgia, saying the two sides still had many common interests.

"A certain way of thinking will play a role: it's better to be with Russia than with the democratic West, which consistently hints at problems with elections," said Yunus. "Also, we cannot forget about the large Azerbaijani diaspora in Russia. And the main thing is that the leaders of our country do not have a clear strategy on developing either our foreign or domestic policy."

"Everything depends on the internal political situation in Russia," concluded political analyst Ilgar Mamedov. "Putin will adhere to his policy of pressure so long as it does not threaten his interests in the 2008 election. But it's not beneficial for him to spoil his relations with Azerbaijan to the same extent as he has 'achieved' in his relations with Georgia, because in that case the actual result of his eight years' rule will be two South Caucasus republics completely turning away from Russia."

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