
Medvedev Makes Splash In Baku

By Shahin Abbasov
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The Russian president pulls out all the stops in Azerbaijan, but is it more style than substance?

Russian leader Dmitry Medvedev concluded 3 July talks with Azerbaijani President Ilham Aliyev by pronouncing Baku to be Moscow's "strategic partner." Meanwhile, the head of the Kremlin-controlled conglomerate Gazprom, Alexei Miller, announced that talks would soon begin on the Russian firm's purchase of Azerbaijani gas. But experts remain unconvinced that the upbeat rhetoric surrounding Medvedev's visit will lead to any change in the existing bilateral relationship.

During their meeting in Baku, Medvedev and Aliyev issued a declaration of friendship and presided over the signing of four intergovernmental agreements covering such areas as customs and privatization. The friendship declaration was vaguely worded and short on specifics, although Russia did seem to endorse Baku's position that any political settlement of the Nagorno-Karabakh conflict should not undermine Azerbaijan's territorial integrity, according to a report distributed by the APA news agency. At the same time, Medvedev was non-committal in his public comments, saying that Russia favors resolution of the Karabakh conflict through direct talks between the Azerbaijani and Armenian presidents.

The two sides expressed a desire for better coordination in the security sphere, and announced an intention to complete the delimitation of their shared border. In another section of the friendship declaration, Baku and Moscow pledged to promote a "central role in international affairs" for the United Nations.

Miller, the Gazprom CEO, made perhaps the biggest news of the visit, telling journalists that Russia and Azerbaijan had agreed to start talks covering the purchases of Azerbaijani gas. "Azerbaijan will become another country where Gazprom can buy gas while just few years ago, our [Russian] gas was purchased by Azerbaijan," Miller said. He declined to speculate on how much gas Gazprom was hoping to buy from Azerbaijan, saying only that the company was prepared pay market prices to obtain "maximum volume."

While on its surface the Kremlin's ability to cajole Azerbaijan into talking about gas sales may seem like a diplomatic coup. But Azerbaijani experts are skeptical that Medvedev's visit alone will prompt Baku to make a geopolitical shift in Moscow's direction.

Elhan Shahinoglu, head of the Baku-based Atlas non-governmental think-tank, suggested that Aliyev, not wanting to antagonize Russia, was stringing Medvedev and Gazprom along, essentially playing for time. "Baku will try to delay the issue [of gas sales] for as long as possible," Shahinoglu said to EurasiaNet.

According to Shahinoglu, Baku would prefer not to see Russia become a middleman for Azerbaijani gas exports to Europe. Instead, Azerbaijani officials are more interested in pursuing the US- and EU-supported Nabucco project, which would evade Russia and link Caspian Basin natural gas directly to European markets. The dilemma for Baku is that Nabucco has not yet received the final go-ahead, and remains stuck in the feasibility-study stage.

Another question mark for Azerbaijani export plans is the fact that Turkmenistan has yet to make a firm commitment to shipping gas via a trans-Caspian pipeline that would connect into the Nabucco network. Such uncertainty reinforces Baku's inclination to "not rush with answer to Russia's offer," Shahinoglu said.

Baku-based energy expert Ilham Shaban believes that, at present, the maximum amount of gas that Azerbaijan is willing to sell Russia annually is 1 billion cubic meters. In addition, Azerbaijani officials are disinclined to accede to Gazprom's desire to purchase large volumes from the Shah Deniz field. "Baku is unlikely to agree to sell gas from Shah Deniz to Russia," Shaban told EurasiaNet.

Other experts, such as political scientist Hikmet Hajizade, say that while Russia currently seems keen on energy cooperation with Azerbaijan, that stance would change quickly if Nabucco became a reality. Azerbaijani participation in Nabucco would automatically transform Baku and Moscow into bitter competitors. In this event, Hajizade added, Moscow would likely institute economic and diplomatic policies designed to coerce Baku.

Shahinoglu, the think-tank expert, predicted that if Baku pursues an export strategy that is not to Moscow's liking, then the Kremlin would retaliate in other areas. "It is likely that Russia will use the Nagorno-Karabakh conflict to pressure Baku," he said.

Shahinoglu and other experts are also wary of Russia's tendency to use corporate investment as a cudgel to compel former Soviet states to follow the Kremlin's line. Many Russian firms, especially energy companies, are awash in capital and are always on the outlook to obtain stakes in neighboring countries' infrastructures, such as energy distribution networks. During his visit to Baku, Medvedev was accompanied by large group of Russia's business leaders, including Gazprom's Miller, LukOil President Vagit Alekperov, and VTB Bank chairman Andrei Kostin.

While Shahinoglu characterized the current state of Azerbaijani-Russian relations as "normal," he and other experts pointed to a trouble spot on the immediate horizon. The dilemma concerns a border spat involving two Azerbaijani villages - Xraxoba and Uryanoba, located in the Khachmaz Region along the border with the Russian autonomous republic of Dagestan.

The two villages were transferred to Russia for a period of 20 years during Soviet times, and although the transfer agreement expired in 2004, Russia has shown no signs of returning the settlements.

Indeed, the fate of the villages is perhaps the largest impediment to the completion of border delimitation, as the residents of those villages have received Russian citizenship and have been thoroughly integrated in Russia's political and economic system.
