

# Good Relations between Azerbaijan and Israel: A Model for Other Muslim States in Eurasia?

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## Brief Analysis

**N**ext to the Middle East lies another region with a large Muslim population and some acute problems with Islamist radicalism: the Caucasus. Aware of the danger that instability in the Caucasus (particularly since the dissolution of the Soviet Union) could spill over into the Middle East, Israel has actively sought to establish friendly relations with Azerbaijan, the only Caucasian state with a Muslim majority (the other two Caucasus republics, Georgia and Armenia, have Christian majorities). The dynamics of this relationship are worth exploring in depth.

### Regional Dynamics: Azerbaijan and Armenia

Azerbaijan, an oil-rich, predominantly Shiite and ethnically Turkic country of eight million people, is located in the Caucasus region between Russia and Iran. As a secular state, Azerbaijan espouses the Turkish Kemalist model and shares a strong ethnic and linguistic bond with Turkey.

Azerbaijan is currently enmeshed in a now-frozen conflict with Armenia over the self-proclaimed Republic of Nagorny Karabagh. The two countries fought a war in 1992–1994 over the disputed territory, and as a result approximately 20 percent of Azeri territory is now under Armenian occupation. According to Azerbaijani sources, the war caused almost one million Azeris to flee from Armenia and the occupied territories. In April 1993, in response to the Armenian occupation of Azeri lands, Turkey closed its border with Armenia. Israel supported the Azeri side in this conflict. According to the London-based Arabic-language weekly *al-Wassat*, both Turkey and Israel supplied Stinger missiles to Azerbaijani troops during the war. Since the war ended, talks between Azerbaijan and Armenia sponsored by the Organization for Cooperation and Security in Europe, known as the Minsk Process (which the United States co-chairs with France), as well as U.S.-led Key West meetings in 2001, have failed to bring resolution to the conflict.

Iran and Russia have traditionally supported Armenia. In April 1992, for example, Iran supplied natural gas and fuel to Armenia, which helped sustain Armenian military actions. Iranian-Armenian cooperation seems to be thriving. In May 2002, the U.S. State Department issued a statement indicating that Armenian companies were collaborating with Iran in nuclear proliferation. In particular, the Armenian company Lizin, based in Nagorny Karabagh, was suspected of such activities. For its part, Russia, between 1993 and 1996, provided military hardware worth \$1

billion to Armenia, including Krug surface-to-air missiles and Grad multiple missile systems. Between December 1998 and February 1999, Russia also delivered ten MiG-29 fighter aircraft as well as an S-300 anti-aircraft missile system to Armenia.

#### Disputes with Iran

Azerbaijan and Iran are connected through history and religion (both countries have Shiite majorities). Ethnic Azeris also constitute between 15 and 20 million of Iran's total population of 70 million. Nevertheless, Azerbaijan perceives the export of the Islamist revolution by Iran as an existential threat.

Azerbaijan possesses significant offshore oil and gas resources in the Caspian Sea. The Baku-Tbilisi-Ceyhan (BTC) pipeline is scheduled to begin operating in October 2005, allowing landlocked Azerbaijan to deliver its oil through the territory of friendly Georgia and Turkey to the west. However, since Tehran refuses to acknowledge Azerbaijani rights in the Caspian based on equal division of territorial waters among the five littoral states (Azerbaijan, Iran, Kazakhstan, Russia, and Turkmenistan), Azerbaijan faces Iranian claims on some of its offshore oil and gas fields. Iran claims that the Soviet-Iranian treaties of 1921 and 1941—which divided the sea between the two littoral countries at the time (the Soviet Union and Iran)—still give Iran exclusive rights to more than half of the Caspian at the expense of the other littoral states that emerged from the breakup of the Soviet Union. Accordingly, during the last twelve years, Iranian gunboats have made several incursions into Azerbaijani territorial waters. On July 23, 2001, for example, an Iranian warship ordered an Azerbaijani exploration ship hired by British Petroleum to withdraw from exploration operations in a disputed zone.

Particularly since Ilham Aliyev became Azerbaijan's president in October 2003, Iran has engaged in a campaign of intimidation toward the country. A group of high-level Iranian military officers visited Baku in August 2004, urging Azerbaijan to cease security cooperation with Israel and stop receiving Israeli military and intelligence officers—this in exchange for resolution of the ongoing dispute over Caspian exploitation rights. In sum, Iran—and Armenia—see Azerbaijan as part of a geostrategic axis that also includes Turkey, Israel, and Georgia. Tehran wants to disrupt that axis.

#### Economic and Security Relations between Israel and Azerbaijan

Since the early 1990s, Israeli-Azerbaijani relations have expanded to include cooperation in trade and security matters as well as cultural and educational exchanges, illustrated by an Israeli culture festival held in Azerbaijan this month. Relations accelerated in August 1997 during Israeli prime minister Benjamin Netanyahu's visit to Baku.

Israeli business involvement in Azerbaijan includes investment by the Israeli-owned Bakcell, a cell phone operator, which is the second largest in the Azerbaijani market after the Turkish-owned Turkcell. Also, many Israeli investors own significant assets in Turkish-operated Azerbaijani ventures. The prospects for economic cooperation depend in no small part on how well Azerbaijan is able to manage its oil wealth and how high oil prices rise. The real GDP growth rate reached 10.6 percent in 2003, with a GDP per capita of \$3,400, up from \$1,640 in 1998.

As a result of its disputes with Tehran and its official caution over the nature of the Iranian regime, Azerbaijan has developed close intelligence and security cooperation with Turkey and Israel, which both share that caution. Such cooperation, boosted with Israel after Netanyahu's visit, involves information exchange, routine briefings, and data analysis (including information collected by Israeli satellites). Israel also provides training for Azerbaijani security and intelligence services, as well as security for the Azerbaijani president during his foreign visits. According to some sources, the Israelis might have also set up electronic listening stations along the Caspian Sea and the Iranian border.

In response to the unresolved Nagorno Karabagh conflict, Azerbaijan is also pursuing a major program of modernizing its armed forces. According to Jane's Defense Weekly in October 1996, the Israeli military industry is a

major provider of battlefield aviation, artillery, antitank, and anti-infantry weapons to Azerbaijan.

## Implications for the United States

Initially, U.S.-Azerbaijani relations focused on the promotion of the BTC pipeline as a part of the East-West energy corridor. However, since September 11, a new sphere of cooperation has emerged in security. Azerbaijan has provided an air corridor for American military efforts in Afghanistan and Iraq and has joined the U.S.-led coalition in Iraq. Lately, there has been a lull in bilateral relations. Faced with deadlock on the Nagorny Karabagh issue, Azerbaijan has begun to seek Russian support on this matter. Baku also seems interested in diversifying its foreign policy portfolio, even by improving its ties with Iran. Washington has many reasons to further improve its relationship with Azerbaijan and to support that country in the international arena. In this context, it should applaud the Azerbaijani friendship with Israel.

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