

Azerbaijan Goes to the Polls

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Brief Analysis

The Republic of Azerbaijan, a secular, predominately Shii-populated state, will hold presidential elections on October 15, 2003. The state borders Iran, produces significant quantities of oil and gas, and conducts a pro-American foreign policy. The capital, Baku, maintains extremely close ties with Turkey, including military cooperation, and is friendly to other U.S. allies, including Israel.

The imminent presidential elections represent a turning point for Azerbaijan because the current president, Heydar Aliyev -- who has led Azerbaijan through most of the last three decades -- is not a candidate. The leading candidates are Ilham Aliyev (Azerbaijans current prime minister, son of the current president, and former first vice-president of the state oil company) and Isa Gambar (a leading opposition figure who heads the Musavat Party).

Over the last decade, Washington has had remarkable success in establishing a U.S. presence in the Caspian region in various spheres (e.g., economic, political, military). Neither of the main presidential candidates is expected to alter Azerbaijan's primary foreign policy decisions; the country's pro-American orientation will continue regardless of the election results.

Election Conduct and Implications

As with most of the other states of the Caucasus and Central Asia, the democratization of Azerbaijan has not progressed as Washington had hoped it would when the Soviet Union first began to dissolve. During the past six months, President Aliyev has been incapacitated by failing health. The problems that emerged as a result of his illness demonstrated that Azerbaijan has not yet succeeded in building government institutions that are sufficiently independent of the leadership. Hence, if the elections are not conducted in a fair and free manner, foreign disappointment with the government may increase.

At the same time, the election campaign has shown that the Azerbaijani press is fierce, diversified, and active -- an important sign of progress toward establishing an open society. The opposing campaigns have been conducted in a heated manner. The mudslinging from each of the major camps has been intensive and unprecedented, but apart from creating an unsavory political atmosphere, it is unlikely to impact the country's stability.

The United States and the Organization for Security and Cooperation in Europe have each aired concerns regarding both the nature of the campaigns and the potential conduct of the elections themselves. Nevertheless, Washington has deemed the pre-election process to be legally in order. Specifically, Washington does not see Ilham Aliyev's

status as son to the current president as a reason to dismiss him as a legitimate presidential candidate. Although the Western media has been characterizing the situation as a potential dynasty or monarchy, the Azerbaijani public views him as a legitimate candidate who can offer continuity and stability. In contrast, the opposition's chances for success have been compromised by its inability to unite around a single candidate; in addition to Gambar, a number of other opposition figures are seeking office.

Although neither of the two frontrunners would likely change Azerbaijan's current foreign policy orientation, the new president may have to worry about vulnerability to foreign meddling during his initial efforts to consolidate power. Aliyev would be in a better position than Gambar vis--vis Russia, given his excellent working relations with Moscow. Under either leader, Azerbaijan would continue to have problematic relations with its neighbor to the south, Iran, over such issues as Tehran's refusal to demarcate the states border in the Caspian Sea and Iranian threats against ships and planes levied as a means of pressing Baku on the border dispute.

Two of the primary tasks of the incoming government would be regaining control of the nearly 20 percent of Azerbaijani territory currently under Armenian occupation and finding permanent solutions for over 800,000 Azerbaijan refugees, both results of the Nagorno-Karabakh war with Armenia. A ceasefire has been in place since 1994, but the conflict remains unresolved, despite periodic negotiations with Armenia.

In addition, the new administration would presumably continue economic reforms and liberalization. The Azerbaijani economy is showing favorable growth, and the majority of the population has seen increasing improvement in the standard of living over the past three to five years.

Importance to the United States

Azerbaijan has helped the United States in several ways in recent years. It has played a role in containing proliferation by cooperating in operations to halt illicit transfers of materials from Russia and elsewhere that could contribute to Iran's nuclear program. Baku also cooperates extensively with U.S. counterterrorism efforts, including operations to capture foreign terrorist suspect that traverse Azerbaijani territory. Moreover, Baku supported U.S. operations in both Afghanistan and Iraq (e.g., by granting overflight rights to U.S. aircraft en route to both theaters) and has deployed its own forces in each of these arenas.

In general, Azerbaijan has enhanced U.S. policy options toward Iran. Azerbaijan's own independence has played a role in encouraging members of Iran's ethnic minorities to push for greater rights. Nearly half of Iran's population is non-Persian, with Azerbaijanis constituting the largest ethnic minority -- approximately one third of the Iranian population. Few Iranian Azerbaijanis are interested in joining the Azerbaijani areas of Iran (East Azerbaijan, West Azerbaijan, and Ardebil) with the Republic of Azerbaijan. Yet, the existence of the independent secular republic to the north -- now a mainstay of Azerbaijani culture -- has served as a catalyst for increased ethnicity-based demands among Azerbaijanis in Iran. In addition, the direct trade between Azerbaijan proper and the Azerbaijani-populated provinces of Iran has helped fuel economic improvement in these provinces and their subsequent drive for greater autonomy.

In the early 1990s, some expected Azerbaijan to play a major role in achieving Washington's goal of improved world energy security and diversity of energy sources. Based on current oil and gas discoveries, however, Azerbaijan's actual contribution will be more modest (though still significant, particularly in its impact on oil prices). By 2008, Baku will be exporting 1 million barrels of oil per day, mostly along an east-west route through its main export pipeline, the Baku-Tbilisi-Ceyhan (BTC), which will end in the Turkish Mediterranean port of Ceyhan once completed. The BTC is expected to become operational in early 2005. Significant gas reserves have also been discovered in Azerbaijan; the Baku-Erzurum gas pipeline to Turkey will be constructed parallel to the BTC and is anticipated to begin operation by late 2006.

U.S. Policy toward Azerbaijan: Moving Forward

The Nagorno-Karabakh conflict remains a major issue in U.S. policy toward Azerbaijan. A U.S. initiative for favorably resolving the conflict would help cement U.S.-Azerbaijani relations, in addition to promoting stability throughout the region. Azerbaijanis still expect the United States and the international community to help resolve the matter without Baku having to resort to violence in order to call attention to their cause. This attitude could change, however, creating a risk of renewed fighting. Indeed, the zone between Armenian and Azerbaijani forces has become volatile in recent months. Moreover, the disputed Nagorno-Karabakh region is now an uncontrolled area, with the potential to become a haven for illicit transactions and other dangerous activity. Nagorno-Karabakh has recently attempted to expand its financial institutions internationally, which could open a new route for banned financial activity.

In general, the new president of the Republic of Azerbaijan will want to work with Washington to shore up his country's security. Just as important for the United States will be determining how to pick up the pace of economic and political liberalization. Despite Azerbaijan's many imperfections, the general trend in the country over the last decade has been a slow but progressive improvement in these fields.

Brenda Shaffer is research director of the Caspian Studies Program at Harvard University's Kennedy School of Government and author of *Partners in Need: The Strategic Relationship of Russia and Iran* (The Washington Institute, 2001).

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