

CIRPET Osservatorio sul Caucaso (OC)

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Interview with Mr Petter Stålenheim and Mr Lachowski from SIPRI the Stockholm International Peace Research Institute (Sweden).

1. Presentation of SIPRI and your field of study:

Mr Petter Stålenheim:

Stockholm International Peace Research Institute (SIPRI) was established in the mid 1960's by the Swedish parliament to be a source for unbiased information to base international disarmament negotiations on. Over its forty years of existence, SIPRI has gained a worldwide recognition as an unbiased and reliable source of data and analysis. In 2007, SIPRI was recognized as one of the 'Top 30 Global Go-to Think Tanks' in a survey by the US-based Foreign Policy Research Institute.

My expertise lies in military expenditure and I have a regional focus on Asia and the Russian speaking part of the world. For the forthcoming SIPRI Yearbook 2008 – Armament, Disarmament and International Security I have written a piece on the driving forces behind military expenditure in the South Caucasus.

Mr Lachowski:

Established more than 40 years ago, SIPRI is an independent international institution dealing with problems of peace and conflict, particularly those of arms control and disarmament. Its research consists of three large areas: politico-military security and conflicts; military spending and armaments; and non-proliferation, arms control and disarmament.

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I come from Poland and have worked in the Institute for 17 years. I am a senior research fellow in the programme of Euro-Atlantic, Global and Regional Security and the project leader for conventional arms control at SIPRI.

2. At the moment, how is the political and social situation, in the Azerbaijan area?

Mr Lachowski:

I cannot say that I am an expert on Azerbaijan itself. Like other countries in the region it finds itself in a complex dilemma being placed in a quite volatile milieu, between Russia and the increasingly present West, whether it is the USA, NATO or the EU. Relations with Russia are difficult, especially due to the latter's support for and an alliance with Armenia and the lack of progress on Nagorno-Karabakh. However, Azerbaijani-Russian relations are not inimical, e.g. Russia has military installations on its territory (the Gabala radar facility). On the other hand, while Azerbaijan has officially chosen 'the path of Euro-Atlantic integration' it is still neither eligible for membership in either European security organization nor willing to heartily apply for it. Its undemocratic (in Western terms) credentials will remain the main obstacle in joining fully the OSCE acquis. The wealth stemming from the exploitation of oil fields is not used economically. Apart from corruption enriching the domestic elite circles, at the expense of the society, the money increasingly goes into armaments. (Reportedly much more resources go to armaments than to improving the social conditions of soldiers.) Whoever, Azerbaijan or Armenia, started the militarization drive in the South Caucasus, Azerbaijan can afford to and do boost its defence spending.

3. What about the military expenditure in this moment in Azerbaijan and Armenia? is it increasing?

Mr Petter Stålenheim:

Military expenditure in the South Caucasus is increasing very rapidly, this is especially due to the increasing trend in Azerbaijan but also Armenia and Georgia is increasing at a rate higher than the world average. During the past years, Azerbaijan has experienced a rapidly improving economic situation mostly due to its vast energy revenues but also partly due to economic reforms conducted

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in the 1990's. This windfall of resources has partly been put into the armed forces and it is now the explicit ambition of President Ilham Aliyev to increase Azerbaijan's military expenditure above the total government budget of Armenia. In 2006, the rationale for the very high increase in military spending was said to be that Russia covertly supported Armenia by moving some of the equipment from the emptied bases in Georgia into Armenia. Even if it was true that some of the equipment was moved to Russian bases in Armenia, it has been disputed whether it could be used by Armenia at least Russia claims that this would not be the case.

The rapid increases in 2007 and 2008 has on the other hand been argued for more directly with an edge towards a military solution to the restive conflict in Nagorno-Karabakh. It has been said that the build-up of the Azeri armed forces is meant to give Azerbaijan a better negotiating position and the ability to solve the issue by force if needed.

Also Armenia has increased their military spending during the past years but not as ferociously as Azerbaijan. As Armenia lacks the energy resources that Azerbaijan has and also has been put under embargo by Azerbaijan and Turkey, it is surprising that its economy has been growing as fast as it has. This is largely due to economic reforms in the 1990's and to vast remittances from the Armenian diaspora.

4. From which countries are they importing or supported? Are there any country like US or Russia have any influential to Azerbaijan or Armenia in relationship with arms controls?

Mr Petter Stålenheim:

Armenia and Azerbaijan both get basically the same amount of military aid from the USA. In addition, Armenia is thought to receive military aid from Russia and Azerbaijan is getting considerable help from Turkey. Strangely enough, Armenia is also cooperating militarily with Iran. This is not any exhaustive list though.

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Mr Lachowski:

Russia is the most influential actor in the region and seeks to play the role of an honest broker between the two countries (not always the equitable one). It maintains its presence in both countries and tries to contain more aggressive moves and attitudes of its former clients. Moreover, both the West and Eastern Europe bring political pressure to bear on the two nations' conduct through the CFE, OSCE, EAPC and other mechanisms. As long as they are interested in keeping closer to either to Russia or to 'Europe', these leverages seem to be relatively effective.

5. How is the situation of conventional arms control in the area?

Mr Lachowski:

In the context of continuing tensions in their relations, until 2000/2001 Armenia and Azerbaijan both exceeded the agreed maximum levels of heavy armaments under the Treaty on Conventional Armed Forces in Europe (CFE). Later the USA has also pointed to other improprieties by these countries in their compliance with the treaty, and both states have traded accusations of non-compliance by the other side. In 2006 Azerbaijan once again notified the other states parties that it had exceeded its maximum levels of holdings in tanks and heavy artillery pieces. Alongside sharp increases in military expenditure and accompanying militarization in the South Caucasian countries, this gave rise to international concerns. The spectre of an accelerating arms race in the region coincided with the NATO–Russia crisis over the CFE Treaty in 2007. Azerbaijan initially argued that the increase in its weapon holdings resulted from its armaments modernization process and delays in the removal of old equipment. At the same time it accused Armenia of keeping substantial unaccounted-for amounts of heavy armaments in Nagorno-Karabakh—amounts higher than its entire national entitlements under CFE.

These mutual accusations are nothing new. Russia's move to 'suspend' its CFE compliance was used as a pretext by Azerbaijan to indirectly suggest that it could increase its national weapon quotas. Eventually, in a political statement that came out of the last year's Madrid OSCE Ministerial, the two states agreed to continue the ongoing negotiation on the settlement of the Nagorno-Karabakh conflict. But no breakthrough is in the offing.

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6. How is the military expenditure in relation with Nagorno Karabakh problem?

Mr Petter Stålenheim:

Armenia did 'win' the war over Nagorno-Karabakh with Azerbaijan in the beginning of the 1990's and the de facto authorities of Nagorno-Karabakh are now with the help of Armenia holding not only Nagorno-Karabakh but also important land areas in neighbouring provinces inside Azerbaijan. The Armenian armed forces are so far seen as more powerful than the Azeri one but their advantageous position is also due to that they keep important heights around Nagorno-Karabakh, which are easy to defend.

Armenia's armed forces are also said to be more motivated than their underpaid and mistreated Azeri counterpart.

All of this is slowly changing as Azerbaijan is getting better equipment, reforms their armed forces and pays their forces better.

7. Are there any implication between military expenditure or conventional arms and Azerbaijan BTC pipeline?

Mr Lachowski:

I cannot say anything on the direct impact of the BTC on arms control. The situation, however, can change in case of a conflict between the two regional actors.

Mr Petter Stålenheim:

There is a clear link between the high and increasing military spending in Azerbaijan and the need to protect oil and gas resources in the Caspian region and transport routs. This is secondary to the Nagorno-Karabakh issue though.

8. Could be possible new a conflict between Armenia and Azerbaijan?

Mr Petter Stålenheim:

It is definitely not impossible with a conflict between Armenia and Azerbaijan but I'm not the right person to predict this. It has way too much with domestic politics of the two countries and their elections to do. It is for instance not impossible to see the recent skirmishes as an attempt to shift the national focus away from the discussions over possible irregularities in the election. Also Azerbaijan has an election coming up and this might also have an effect on the openness for negotiations and willingness to fight. You will have to find information about this elsewhere.

Mr Lachowski:

Well, regrettably one cannot exclude such a possibility. We already have to do with a 'low-intensity' or 'frozen' conflict there. The memory of the hostilities of the 1990s remains fresh. The issue of Nagorno-Karabakh is far from being resolved. Instead of strong political will, jingoism seems to prevail. Recently we have witnessed renewed minor clashes between the two sides. In such a volatile environment, with Russia undermining arms control obligations and the growing militarization of the policies leading to an arms race, the spectre of a conflict becomes more and more imminent.