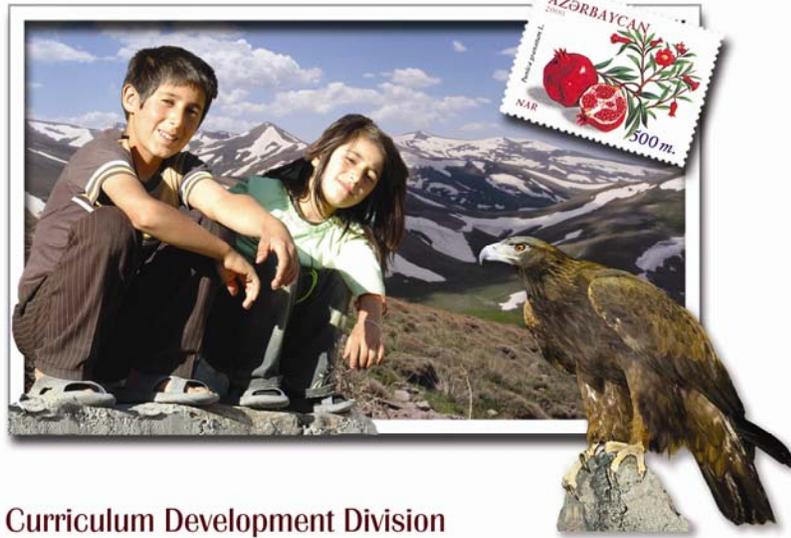


AZERBAIJAN in Perspective

An Orientation Guide



Curriculum Development Division
Educational Technology
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DEFENSE LANGUAGE INSTITUTE FOREIGN LANGUAGE CENTER

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Profile

Introduction

Azerbaijan is one of several nations that gained (or regained) their independence upon the dissolution of the Soviet Union in 1991. (The country was previously, 1918 to 1920, an independent state.)¹ Modern Azerbaijan comprises the northern half of a larger region in which Azerbaijani is the main language; the southern half is now incorporated into Iran. Due to its strategic location as a crossroads through the Caucasus, a region that lies between the Black Sea and the Caspian Sea, Azerbaijan has historically served as a vassal territory to various imperial powers, including the Romans, Mongols, Persians, Ottoman Turks, and Russians.



© Vagabondblogger / flickr.com
Caspian shipping, Baku

The majority of the Azerbaijani people speak Azerbaijani (or Azeri), a Turkic language that bears influence from the Oghuz Turks of the Seljuk dynasty, who migrated westward into the region in the 11th century C.E.² From that point, Azerbaijan fell for long periods under the domain of Persian or Russian/Soviet empires. Despite prolonged subjugation to their powerful neighbors to the south and north, the Azerbaijani people have managed to retain their cultural identity.

The first years after Azerbaijani independence in 1991 were troubled ones for the nation. In the early 1990s, an undeclared war over the predominantly ethnic Armenian region of Nagorno-Karabakh resulted in hundreds of thousands of refugees, an astronomical inflation rate, and the government's loss of control over the southwestern corner of Azerbaijan (including most of Nagorno-Karabakh).³ The Azerbaijani economy has since rebounded after a ceasefire went into effect in 1994, with the nation's oil reserves serving as a catalyst for much of the growth. Nevertheless, the country's economy continues to suffer from inflation concerns and lagging economic reforms.⁴ Governmental and institutional corruption also remains a serious problem.⁵

¹ CIA World Factbook. "Azerbaijan." 24 July 2008. <https://www.cia.gov/library/publications/the-world-factbook/geos/aj.html>

² Encyclopædia Britannica Online. "Azerbaijan: The People." 2008. <http://www.britannica.com/eb/article-44283/Azerbaijan>

³ *The Caucasian Republics*. Kaeter, Margaret. "Azerbaijan: The Economy [pp. 80–81]." 2004. New York: Facts on File, Inc.

⁴ Bureau of European and Eurasian Affairs, U.S. Department of State. "Background Notes: Azerbaijan." May 2008. <http://www.state.gov/r/pa/ei/bgn/2909.htm>

⁵ Global Integrity Commons. Abbasov, Farid. "Azerbaijan: Border Control." 4 June 2008. <http://commons.globalintegrity.org/2008/06/azerbaijan-border-patrol.html>

Facts and figures⁶

Location:

Southwestern Asia, bordering the Caspian Sea, between Iran and Russia, with a small European portion north of the Caucasus range.



Area:

86,600 sq km (33,400 sq mi)

Border countries:

Armenia (with Azerbaijan-proper) 566 km (352 mi), Armenia (with Azerbaijan-Naxçivan exclave) 221 km (137 mi), Georgia 322 km (200 mi), Iran (with Azerbaijan-proper) 432 km (268 mi), Iran (with Azerbaijan-Naxçivan exclave) 179 km (111 mi), Russia 284 km (176 mi), Turkey 9 km (6 mi)

Natural hazards:

Drought.

Climate

Dry, semiarid steppe.

Environment—current issues:

Local scientists consider the Abşeron Yasaqlığı (Apsheiron Peninsula) (including Baku and Sumqayıt) and the Caspian Sea to be the most ecologically devastated area in the world because of severe air, soil, and water pollution. The soil pollution results from oil spills, from the use of DDT pesticide, and from toxic defoliants used in the production of cotton.

Population:

8,177,717 (July 2008 est.)

Median age:

27.9 years (2008 est.)



⁶ Information in this section comes from the following source: CIA World Factbook. "Azerbaijan." 24 July 2008. <https://www.cia.gov/library/publications/the-world-factbook/geos/aj.html>

Population growth rate:

0.723% (2008 est.)

Life expectancy at birth:

66.31 years (2008 est.)

HIV/AIDS—adult prevalence rate:

Less than 0.1% (2003 est.)

Nationality:

noun: Azerbaijani(s)

adjective: Azerbaijani

Sex ratio:

at birth: 1.14 male(s)/female

under 15 years: 1.12 male(s)/female

15–64 years: 0.96 male(s)/female

65 years and over: 0.59 male(s)/female

total population: 0.97 male(s)/female (2008 est.)

Ethnic groups:

Azeri 90.6%, Dagestani 2.2%, Russian 1.8%, Armenian 1.5%, other 3.9% (1999 census)

note: Almost all Armenians live in the separatist Nagorno-Karabakh region.

Religions:

Muslim 93.4%, Russian Orthodox 2.5%, Armenian Orthodox 2.3%, other 1.8% (1995 est.)

note: Religious affiliation is still nominal in Azerbaijan; percentages for actual practicing adherents are much lower.

Languages:

Azerbaijani (Azeri) 90.3%, Lezgi 2.2%, Russian 1.8%, Armenian 1.5%, other 3.3%, unspecified 1% (1999 census).

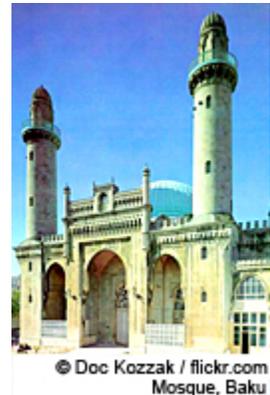
Literacy:

definition: Persons age 15 and over who can read and write.

total population: 98.8%

male: 99.5%

female: 98.2% (1999 census)



Country name:

conventional long form: Republic of Azerbaijan

conventional short form: Azerbaijan

local long form: Azərbaycan Respublikası

local short form: Azərbaycan

former: Azerbaijan Soviet Socialist Republic

Government type:

Republic.

Capital:

name: Baku (Bakı, Baky).

Administrative divisions:

59 rayons (rayonlar; rayon - singular), 11 cities (saharlar; sahar - singular), 1 autonomous republic (muxtar respublika) *rayons:* Abşeron Rayonu, Ağcabadi Rayonu, Ağdam Rayonu, Ağdas Rayonu, Ağstafa Rayonu, Ağsu Rayonu, Astara Rayonu, Balakan Rayonu, Barda Rayonu, Beyləqan Rayonu, Bilasuvar Rayonu, Cabrayıl Rayonu, Cəlilabad Rayonu, Daskasan Rayonu, Davacı Rayonu, Füzuli Rayonu, Gədəbəy Rayonu, Goranboy Rayonu, Gəncə Rayonu, Hacıqabul Rayonu, İmişli Rayonu, İsmayıllı Rayonu, Kalbəcər Rayonu, Kürdəmir Rayonu, Ləcin Rayonu, Lənkəran Rayonu, Lerik Rayonu, Masallı Rayonu, Neftçala Rayonu, Oguz Rayonu, Qabala Rayonu, Qax Rayonu, Qazax Rayonu, Qobustan Rayonu, Quba Rayonu, Qubadlı Rayonu, Qusar Rayonu, Saatlı Rayonu, Sabirabad Rayonu, Şəki Rayonu, Salyan Rayonu, Samaxı Rayonu, Səmkir Rayonu, Samux Rayonu, Siyazan Rayonu, Susa Rayonu, Tartar Rayonu, Tovuz Rayonu, Ucar Rayonu, Xacmaz Rayonu, Xanlar Rayonu, Xızı Rayonu, Xocalı Rayonu, Xocavənd Rayonu, Yardımlı Rayonu, Yevlax Rayonu, Zəngilan Rayonu, Zaqatala Rayonu, Zardab Rayonu



cities: Əli Bayramlı Saharı, Bakı Saharı, Gəncə Saharı, Lənkəran Saharı, Mingəçevir Saharı, Naftalan Saharı, Şəki Saharı, Sumqayıt Saharı, Susa Saharı, Xankəndi Saharı, Yevlax Saharı

autonomous republic: Naxçıvan Muxtar Respublikası.

Independence:

30 August 1991 (from Soviet Union).

National holiday:

Founding of the Democratic Republic of Azerbaijan, 28 May (1918).

Constitution:

Adopted 12 November 1995.

Legal system:

Based on civil law system; has not accepted compulsory International Court of Justice (ICJ) jurisdiction.

Suffrage:

18 years of age; universal.

Government:

chief of state: President Ilham Aliyev (since 31 October 2003).

head of government: Prime Minister Artur Rasizade (since 4 November 2003);

First Deputy Prime Minister Yaqub Eyyubov (since June 2006).

cabinet: Council of Ministers appointed by the president and confirmed by the National Assembly.

elections: President elected by popular vote to a five-year term (eligible for a second term); election last held 15 October 2003 (next to be held in October 2008); prime minister and first deputy prime minister appointed by the president and confirmed by the National Assembly.

election results: Ilham Aliyev elected president; percent of vote – Ilham Aliyev 76.8%, Isa Gambar 14%.



Courtesy of Wikipedia.org
Ilham Aliyev

Legislative branch:

Unicameral National Assembly or Milli Mejlis (125 seats; members elected by popular vote to serve five-year terms).

elections: last held 6 November 2005 (next to be held in November 2010).

election results: Percent of vote by party – NA; seats by party –Yeni 58, Azadliq coalition 8, Civic Solidarity Party (CSP) 2, Motherland 2, other parties with single seats 9, independents 42, undetermined 4.

Judicial branch:

Supreme Court.

International organization participation:

Asian Development Bank, Black Sea Economic Cooperation Zone, Council of Europe, Commonwealth of Independent States, Euro-Atlantic Partnership Council, European Bank for Reconstruction and Development, Economic Cooperation Organization, Food and Agriculture Organization, General Confederation of Trade Unions, Organization for Democracy and Development, International Atomic Energy Agency, International Bank for Reconstruction and Development (World Bank), International Civil Aviation Organization, International Red Cross and Red Crescent Movement, International Development Association, Islamic Development Bank, International Fund for Agricultural



Development, International Finance Corporation, International Federation of Red Cross and Red Crescent Societies, International Labor Organization, International Monetary Fund, International Maritime Organization, International Criminal Police Organization (Interpol), International Olympic Committee, International Organization for Migration, Inter-parliamentary Union, International Organization for Standardization, International Telecommunications Satellite Organization, International Telecommunication Union, International Trade Union Confederation, Multilateral Investment Geographic Agency, Nonaligned Movement (observer), Organization of American States (observer), Organization of the Islamic Conference, Organization for the Prohibition of Chemical Weapons (signatory), Organization for Security and Cooperation in Europe (partner), Partnership for Peace, Southeast European Cooperative Initiative (observer), United Nations, United Nations Conference on Trade and Development, United Nations Educational, Scientific, and Cultural Organization, United Nations Industrial Development Organization, World Tourism Organization, Universal Postal Union, World Customs Organization, World Federation of Trade Unions, World Health Organization, World Intellectual Property Organization, World Meteorological Organization, World Trade Organization (observer)

GDP—real growth rate:

23.4% (2007 est.)

GDP—composition by sector:

agriculture: 6.2%

industry: 63.3%

services: 30.5% (2007 est.)

Labor force—by occupation:

agriculture: 41%

industry: 7%

services: 52% (2001)

Telephones—main lines in use:

1.189 million (2006)

Telephones—mobile cellular:

3.324 million (2006)

Radio broadcast stations:

AM 10, FM 17, shortwave 1 (1998)

Television broadcast stations:

2 (1997)

Internet users:

829,100 (2006)

Airports:

35 (2007)

Airports—with paved runways:

Total: 27

Over 3,047 m (1.89 mi): 2

2,438–3,047 m (1.51–1.89 mi): 6

1,524–2,437 m (0.95–1.51 mi): 13

914–1,523 m (0.57–0.95 mi): 4

Under 914 m (0.57 mi): 2 (2007)

Military branches:

Army, Navy, Air and Air Defense Forces (2008).

Military service age and obligation:

Men between 18 and 35 are liable for military service; 18 years of age for voluntary military service; length of military service is 18 months and 12 months for university graduates (2006).



International disputes:

Armenia

Armenia supports ethnic Armenian secessionists in Nagorno-Karabakh, and since the early 1990s has militarily occupied 16% of Azerbaijan. Over 800,000 mostly ethnic Azerbaijanis were driven from the occupied lands and Armenia, and about 230,000 ethnic Armenians were driven from their homes in Azerbaijan into Armenia and Nagorno-Karabakh. Azerbaijan seeks a transit route through Armenia to connect to Naxçivan exclave. The Organization for Security and Cooperation in Europe (OSCE) continues to mediate the dispute.



Georgia

Azerbaijan and Georgia continue to discuss the alignment of their boundary at certain crossing areas.

Caspian Sea

Azerbaijan, Kazakhstan, and Russia have ratified Caspian seabed delimitation treaties based on equidistance, while Iran continues to insist on an even one-fifth allocation and challenges Azerbaijan's hydrocarbon exploration in disputed waters. Bilateral talks continue with Turkmenistan on dividing the seabed and contested oilfields in the middle of the Caspian.

Illicit drugs:

Limited illicit cultivation of cannabis and opium poppy, mostly for CIS consumption; small government eradication program; transit point for southwest Asian opiates bound for Russia and to a lesser extent the rest of Europe.

Geography

Introduction

Azerbaijan lies on the eastern side of the South Caucasus, which is part of the mountainous region that separates the Black Sea and Caspian Sea. The country is bordered by the Caspian Sea to the east, Iran to the south, Armenia to the west, and Georgia and Russia to the north. Azerbaijan also holds a number of exclaves (regions not contiguous with the main portion of the country). The largest and most significant of these exclaves is Naxçivan, which is separated from the rest of Azerbaijan by the rugged mountains of southern Armenia. Iran lies to the south of Naxçivan, with the Aras River marking the boundary between the two countries. At the far western edge of Naxçivan lies a very short stretch of border with Turkey, where, similarly, the Aras River acts as the boundary.



© Vladimer Shioshvili
At the border of Georgia

Geographic Divisions

While Azerbaijan is not a large country (it is smaller than the state of Maine), it is nonetheless a nation of diverse terrain. To the north and west lie the mountain peaks of the Greater and Lesser Caucasus ranges, respectively, which are separated by a central lowland region that serves as the drainage area for the Aras and Kura rivers. Much of the eastern portion of these Aras-Kura River Lowlands lies beneath sea level. (In fact, if the waters of the Caspian Sea were to suddenly rise to sea level, a large portion of east-central Azerbaijan would become a shallow bay.)

At the far southeastern corner of Azerbaijan are the northernmost reaches of the Talysh Mountains, which run generally parallel to the Caspian Sea coast and extend southeast into Iran. Between the Talysh Mountains and the Caspian Sea is a coastal region known as the Länkäran Lowlands, which merge into the Aras-Kura River Lowlands to their north.



© Eliza Tasbihi
Aras river border with Iran

Just east of the high peaks of the Greater Caucasus Mountains lies the Abşeron Peninsula, which extends 60 km (37 mi) into the Caspian Sea.⁷ The narrow marine plain of the Abşeron Peninsula contains both Baku, Azerbaijan's capital and largest city, and Sumqayıt, the nation's third largest city and one of the world's most polluted cities.⁸

⁷ Encyclopædia Britannica Online. "Abşeron Peninsula." 2008.
<http://www.britannica.com/EBchecked/topic/1724/Abseron-Peninsula#>

⁸ Time.com. Walsh, Bryan. "The World's Most Polluted Places: Sumqayıt, Azerbaijan." 12 September 2007. http://www.time.com/time/specials/2007/article/0,28804,1661031_1661028_1661024,00.html

To Azerbaijan's far northeast is a coastal lowlands area lying between the northern slopes of the Greater Caucasus Mountains and the Caspian Sea. By the most common definition of continental land masses, this northeastern section of Azerbaijan is the only part of the country that lies within Europe.⁹

Topographic Features

The Greater Caucasus Mountains dominate the northern region of Azerbaijan, where the country's highest points are found. Bazardüzüdağ, whose peak lies on the Russian-Azerbaijani border, is the nation's highest point at 4,485 m (14,715 ft).¹⁰ Nearby, and only slightly lower in elevation, are the peaks of Shahdağ (4,423 m, 14,511 ft) and Tufandağ (4,191 m, 13,750 ft).



To the southwest, many of the highest peaks of the Lesser Caucasus Mountains, such as Gyamish (3,724 m, 12,218 ft), are either within the Azerbaijani region occupied by Armenia (Nagorno-Karabakh and adjacent areas to the west and south) or near the cease-fire line. The southeastern end of the Lesser Caucasus Mountains includes the Zangezur Range, which straddles the Naxçıvan-Armenia border region. The highest point of this range is Kaputjukh (3,904 m, 12,808 ft), a peak that lies astride the border. Nearby is Gamigaya (3,725 m, 12,221 ft), a remote mountain peak known for the ancient rock drawings on its cliffs.¹¹

Climate

Most of eastern and central Azerbaijan has a dry subtropical climate, with mild winters and hot, mostly dry summers that may last for four or five months.¹² Average July temperatures in this region are 27°C (80.6°F), and highs above 37.8°C (100°F) are not uncommon.¹³ The regions near the Caspian Sea tend to be the driest, with annual rainfall totals averaging between 20.3 and 30.5 cm (8 and 12 in).¹⁴ However, to the far southeast, this precipitation trend changes dramatically in the Lankaran Lowlands. In this



⁹ Encyclopædia Britannica Online. "Europe: Introduction." 2008.
<http://www.britannica.com/EBchecked/topic/195686/Europe#>

¹⁰ CIA World Factbook. "Field Listing – Elevation Extreme." 24 July 2008.
<https://www.cia.gov/library/publications/the-world-factbook/fields/2020.html>

¹¹ Azerbaijan Tourism Agency. "Nakhchivan Autonomous Republic: Ordubad." No date.
<http://www.bakitur.com/browsecat.php?vm=prod&leftcat=36&lan=2>

¹² Encyclopædia Britannica Online. "Azerbaijan: The Land: Climate." 2008.
<http://www.britannica.com/EBchecked/topic/46781/Azerbaijan#>

¹³ MSN Encarta. "Azerbaijan: Land and Resources: Climate." 2008.
http://encarta.msn.com/encyclopedia_761561983/Azerbaijan.html

¹⁴ *Cultures of the World: Azerbaijan*. King, David C. "Geography: Climate [p. 11]." 2006. Tarrytown, N.Y.: Marshall Cavendish Benchmark

region, rainfall averages between 119.4 and 139.7 cm (47 and 55 in), producing climate conditions suitable for the cultivation of crops such as tea and cotton.^{15, 16}

Inland regions experience colder winters than the coastal regions. In the mountainous areas of the Greater and Lesser Caucasus, winter snowfalls can keep mountain passes closed for several months per year. At elevations above 3,048 m (10,000 ft), the climate in these high mountain regions is similar to that of tundra. Annual precipitation in the foothills of the mountain areas is higher than in the adjacent central and eastern lowlands, with the highest rainfall totals occurring in a strip of foothills running southeast from the Georgian–Russian border into Azerbaijan.¹⁷

Rivers and Lakes

Azerbaijan has more than 1,000 rivers, but two in particular—the Kura and the Aras—dominate the nation’s landscape and provide the necessary resources for large-scale irrigation. The longest river is the Kura, which flows 1,364 km (848 mi) from its headwaters in northeastern Turkey to its mouth in the Caspian Sea.¹⁸



The river enters Azerbaijan near the point where the Armenian, Georgian, and Azerbaijani borders meet and thereafter flows southeastward toward the Caspian Sea. Near the middle of its passage through Azerbaijan, the Kura fills the Mingäçevir Reservoir behind a large hydroelectric dam built in 1953.¹⁹ The Sämkir Reservoir also lies on the Kura (at a point upstream from Mingäçevir), but it is only a fraction of the size of the latter reservoir.

Near the town of Sabirabad in the eastern lowlands, the Aras River flows into the Kura River. Well before this junction, however, the two rivers are connected by the Upper Kabarakh irrigation canal, which is fed with water from the Mingäçevir Reservoir.²⁰ Like the Kura, the Aras River originates in the eastern Turkish highlands. For much of its 914 km (568 mi) route, the Aras serves as a border between several countries; as it concerns Azerbaijan, the Aras forms the western and southern boundary of the exclave, Naxçıvan,

¹⁵ *Cultures of the World: Azerbaijan*. King, David C. “Geography: Climate [p. 11].” 2006. Tarrytown, N.Y.: Marshall Cavendish Benchmark

¹⁶ Encyclopædia Britannica Online. “Azerbaijan: The Land: Climate.” 2008. <http://www.britannica.com/EBchecked/topic/46781/Azerbaijan#>

¹⁷ BestCountryReports.com. “Precipitation Map of Azerbaijan.” 2008. http://www.bestcountryreports.com/Precipitation_Map_Azerbaijan.html

¹⁸ Encyclopædia Britannica Online. “Kura River.” 2008. <http://www.britannica.com/EBchecked/topic/325135/Kura-River#>

¹⁹ General Directorate of State Hydraulic Works (Turkey). Imanov, Farda A. “Water Infrastructure of Kura River Basin Within Azerbaijan.” 2007. http://www.dsi.gov.tr/english/congress2007/chapter_1/08.pdf

²⁰ Land and Water Division, Food and Agriculture Organization of the United Nations. Aquastat. “Azerbaijan.” 1997. <http://www.fao.org/nr/water/aquastat/countries/azerbaijan/index.stm>

and a portion of Azerbaijan’s southern border with Iran.²¹ The Aras is dammed near Naxçivan City, creating one of Azerbaijan’s largest reservoirs.

There are approximately 250 natural lakes in Azerbaijan, but none of them are of significant size, especially when compared with the country’s large reservoirs. Lake Hajikabul, located near the eastern lowland city of Āli Bayramlı, is the nation’ largest lake, with an area of 15.5 sq km (6 sq mi).²²

Population and Cities

City	Population estimate 2007 ²³
Baku	1,893,300
Gāncā	307,500
Sumqayıt	268,800
Mingāçevir	95,500
Naxçivan	70,400
Āli Bayramlı	69,600
Şāki	62,500
Yevlax	54,700

²¹ MSN Encarta. “Aras.” 2008. http://encarta.msn.com/encyclopedia_761572554/aras.html

²² *Cultures of the World: Azerbaijan*. King, David C. “Geography: Rivers and Lakes [p. 9]” 2006. Tarrytown, N.Y: Marshall Cavendish Benchmark

²³ The State Statistical Committee of the Republic of Azerbaijan. “Demographic Indicators: Population by Economic Regions at the Beginning of 2007.” 2007. <http://www.azstat.org/statinfo/demographic/en/013.shtml#s13>

Xankändi	49,300 ²⁴
Länkəran	48,500

Baku

Baku, Azerbaijan's capital city, is the largest city in the Caucasus region.²⁵ Its population of nearly two million people overshadows that of all other Azerbaijani cities. While Baku has a long history of habitation and is located on a natural harbor of the Caspian Sea, its explosive population growth came during the late 19th century when it became the center of one of the world's first oil rushes.



© Arash Shiva
Baku at dusk

Baku has long been associated with oil. From ancient times, the oil-laden soils around Baku were well known, and caravans from around the world came to Baku to trade for oil.²⁶ In 1806, Baku and the Abşeron Peninsula became (once again) part of the Russian Empire, and 40 years later the first modern oil well was drilled in the vicinity of Baku.²⁷ During the 1870s, the Russian government began auctioning the Baku oil reserves to private parties, thus triggering an oil rush that brought in representatives from oil firms throughout Europe and Russia.²⁹ By the turn of the century, half of the world's oil came from wells around Baku.³⁰

Due to the influx of foreigners and outsiders and the huge disparity of wealth between its residents (evidenced by the contrast between the slum dwellings of oil field workers and the grand mansions of the oil barons), Baku became a hotbed of ethnic conflict and labor unrest in the early 20th century. The Bolshevik wing of the Russian Social Democratic

²⁴ Republic of Nagorno-Karabach. "Table 1.1 De Facto and De Jure Population by Administrative Territorial Distribution and Sex." 2006. <http://census.stat-nkr.am/nkr/1-1.pdf>

²⁵ *Georgia, Armenia & Azerbaijan*, 2d Ed. Plunkett, Richard; and Tom Masters. "Baku (Bakı) [p. 198]." 2004. Footscray, Victoria, Australia: Lonely Planet Publications

²⁶ Window2Baku.com. Nasibov, Faig. "History of the City of Baku: Part I." No date. http://www.window2baku.com/eng/9001history_1.htm

²⁷ MSN Encarta. "Baku." 2008. http://encarta.msn.com/encyclopedia_761565300/baku.html

²⁸ *Azerbaijan International*, Vol. 10, No. 2. Mir-Babayev, Mir Yusif. "Azerbaijan's Oil History: A Chronology Leading Up to the Soviet Era." Summer 2002.

http://www.azer.com/aiweb/categories/magazine/ai102_folder/102_articles/102_oil_chronology.html

²⁹ Window2Baku.com. Nasibov, Faig. "History of the City of Baku: Part III." 2004.

http://www.window2baku.com/eng/9001history_3.htm

³⁰ Window2Baku.com. Nasibov, Faig. "Baku and Oil: The Period of Industrial Oil Extraction." 2004. <http://www.window2baku.com/eng/9oil2.htm>

Labor Party, which later transformed into the Communist Party of the Soviet Union, was very active in the city during this time. Nonetheless, control of the city was wrested from the Bolsheviks in September 1918, and Baku became the capital of the short-lived Azerbaijan Democratic Republic. In April 1920, the Red Army marched into the city, effectively initiating Azerbaijan's Soviet era.^{31, 32}

Baku's importance as an oil center declined during the second half of the 20th century as the Soviet Union pursued new oil ventures in Siberia. However, since Azerbaijan regained its independence in 1991, Baku's economy has revived due to large amounts of foreign investment in the area's onshore and offshore oil resources.³³

Gäncä

Azerbaijan's second-largest city is Gäncä, which is located in the western region of the country on a tributary of the Kura River. Known as "Kirovabad" during the Soviet era (it was renamed after Bolshevik leader Sergei Kirov), Gäncä lies at the center of a rich agricultural region that supplies cotton for the city's textile factories and food crops for its processing plants.³⁴ The city became a semi-industrial center during the Soviet era and thus has one of Azerbaijan's two aluminum industry plants. (The other, a notorious source of pollutants, is located in Sumqayıt.)³⁵



Gäncä's long history includes several incidents in which the city was leveled by various forces, either human (invading Persians, Arabs, Mongols) or natural (an earthquake in 1139 C.E.).³⁶ For a brief period in 1918, the city was the capital of the newly created Azerbaijan Democratic Republic, until Baku was wrested from Bolshevik control by a combined force of Ottoman Turks and Azeri volunteers.³⁷ The city's most famous local products are the 12th century poets Nizami Gänjavi and Mehsati Gänjavi, both of whom composed their works in Persian.

³¹ *Azerbaijan, with Excursions to Georgia*, 2nd Ed. Elliott, Mark. "History: Oil [pp. 42–43]." 2001. Hindhead, Surrey, U.K: Trailblazer Publications

³² *Georgia, Armenia & Azerbaijan*, 2d Ed. Plunkett, Richard; and Tom Masters. "Baku (Bakı) [p. 198]." 2004. Footscray, Victoria, Australia: Lonely Planet Publications

³³ *Georgia, Armenia & Azerbaijan*, 2d Ed. Plunkett, Richard; and Tom Masters. "Baku (Bakı) [p. 199]." 2004. Footscray, Victoria, Australia: Lonely Planet Publications

³⁴ MSN Encarta. "Gäncä." 2008.

http://encarta.msn.com/encyclopedia_761589829/g%C3%A4nc%C3%A4.html

³⁵ *Region Plus*, Vol. 34. Aliyeva, Sakina. "The Lamentable Shore of the Caspian" 15 July 2007.

<http://www.regionplus.az/eng/artic/34/socium/s1.php>

³⁶ *Azerbaijan, with Excursions to Georgia*, 2nd Ed. Elliott, Mark. "Gänjä [pp. 232–33]." 2001. Hindhead, Surrey, U.K: Trailblazer Publications

³⁷ *Azerbaijan, with Excursions to Georgia*, 2nd Ed. Elliott, Mark. "Gänjä [p. 232]." 2001. Hindhead, Surrey, U.K: Trailblazer Publications

Sumqayit

Sumqayit is located on the northern coast of the Abşeron Peninsula, roughly 30 km

(18.6 mi) from Baku. The city was founded in 1944 as an industrial hub for the Soviet war effort, and fueled by the oil and natural gas fields around Baku, it quickly grew into a major chemical and metallurgical industrial center. During the height of the industrial development of Sumqayit, environmental safeguards were minimized for the sake of production quotas, and the city subsequently suffered the effects of rampant pollution. Birth defects and first-year deaths of children in Sumaqyit have long been well above average levels, and at one point, the city had the world's highest infant mortality rate.^{38, 39} Cancer rates in the area continue to be 22% to 51% higher than those of other regions of Azerbaijan, a phenomenon that contributes to the city's frequent inclusion on lists of the world's most polluted places.⁴⁰ Even generally upbeat tourism guides today describe the city as a “dystopian industrial nightmare” and “environmental wasteland.”^{41, 42}



Many of the worst-polluting industries in Sumqayit closed down during the nation's post-Soviet recession. Despite such closures, however, the city's population has continued to grow, in part because many of the internally displaced Azerbaijanis from Nagorno-Karabakh and the surrounding regions now under Armenian control have relocated to the area. In 1988, a pogrom (an organized ethnic attack) directed against Armenians in Sumqayit violently escalated the mounting political crisis over the status of Nagorno-Karabakh.⁴³ It has been estimated that between 580,000 and 690,000 persons are presently internally displaced within the country.⁴⁴

Mingäçevir

The construction of Azerbaijan's largest dam and hydroelectric plant is responsible for the current incarnation of the city of Mingäçevir. Thousands of people came to the area in the late 1940s to build the dam, and the city of Mingäçevir formed just downstream from

³⁸ *Azerbaijan, with Excursions to Georgia*, 2nd Ed. Elliott, Mark. “Sumqayit [p. 150].” 2001. Hindhead, Surrey, U.K: Trailblazer Publications

³⁹ Azerb.com. “Sumgait (Sumqayit).” No date. <http://www.azerb.com/az-sumgait.html>

⁴⁰ Scientific American. Biello, David. “World's Top 10 Most Polluted Places.” 13 September 2007. <http://www.sciam.com/article.cfm?id=worlds-top-10-most-polluted-places>

⁴¹ *Georgia, Armenia & Azerbaijan*, 2d Ed. Plunkett, Richard; and Tom Masters. “Sumqayit [p. 215].” 2004. Footscray, Victoria, Australia: Lonely Planet Publications

⁴² Azerb.com. “Sumgait (Sumqayit).” No date. <http://www.azerb.com/az-sumgait.html>

⁴³ Conciliation Resources. de Waal, Thomas. “The Nagorny Karabakh Conflict: Origins, Dynamics, and Misperceptions.” 2005. <http://www.c-r.org/our-work/accord/nagorny-karabakh/origins-dynamics-misperceptions.php>

⁴⁴ CIA World Factbook. “Azerbaijan.” 24 July 2008. <https://www.cia.gov/library/publications/the-world-factbook/geos/aj.html>

the dam site on the Kura River. The dam was completed in 1953, and since then, the city's light industry (textiles, consumer goods, household items) has used the abundant hydroelectric power to help generate the local economy.⁴⁵

Naxçivan City

As the capital of the Naxçivan Autonomous Republic, an exclave of Azerbaijan, Naxçivan City is the most isolated of the country's large cities. In addition to its geographical separation, the region is further isolated from the rest of Azerbaijan by restrictions placed on travel through Armenia or Armenian-controlled areas of Azerbaijan. Thus, Naxçivan City residents have access to only two land border crossings: one to the northwest on the Turkish border, and another to the southeast into Iran. During the late 1980s and early 1990s, when Naxçivan was briefly threatened by Armenian forces, the exclave was led by Naxçivan native Heydar Aliyev, who would later serve as President of Azerbaijan for over a decade.



Naxçivan City lies on a plateau near the Aras River at a point where a large hydroelectric dam has created the Araz Su Reservoir. Grains, tobacco, cotton, and fruits are cultivated on nearby irrigated lands.⁴⁶ Naxçivan City has suffered economic decline since Azerbaijani independence, largely because of the Armenian-enforced blockade between it and the rest of the nation. The city has a limited light industrial base consisting of mining, food processing, cotton ginning, and the production of furniture and silk textiles.^{47, 48}

Environmental Concerns

Like other former republics of the Soviet Union, Azerbaijan has no shortage of remnant environmental problems. The nation's tainted environmental legacy largely stems from the poor condition of the Abşeron Peninsula, where years of quick and cheap exploitation of the oil reserves have left pools of oil and sludge on land and oil slicks that wash onto the beaches.⁴⁹ On the northern side of the peninsula, in the area around



⁴⁵ Azerb.com. "Mingechaur (Mingachavir/Mingecevir)." No date. <http://www.azerb.com/az-mingechaur.html>

⁴⁶ Encyclopædia Britannica Online. "Nakhichevan." 2008. <http://www.britannica.com/EBchecked/topic/402081/Nakhichevan#>

⁴⁷ Encyclopædia Britannica Online. "Nakhichevan." 2008. <http://www.britannica.com/EBchecked/topic/402081/Nakhichevan#>

⁴⁸ Azerb.com. "Nacheivan City (Naxcivan)." No date. <http://www.azerb.com/az-nakhchivan-city.html>

⁴⁹ *Cultures of the World: Azerbaijan*. King, David C. "Environment [p. 45]." 2006. Tarrytown, N.Y.: Marshall Cavendish Benchmark

Sumqayit, residual chemical waste—much of it from a local aluminum plant—continues to render the local beaches unsuitable for swimming or bathing.⁵⁰

Efforts have been made to clean up the remnant soil and water pollutants, and to mitigate the dangers caused by hazardous wastes that continue to be generated by working factories. However, economic considerations have often worked against the clean-up effort. For example, the World Bank worked with the Government of Azerbaijan to fund a disposal site near Sumqayit for mercury-laden industrial waste, but there have been several reports that some factories are not using it because they cannot afford the site's usage fees.^{51, 52}

Air pollution in Sumqayit decreased significantly after most of the Soviet-era chemical plants closed in the post-independence period. However, there are reports that air quality is once again declining as some of the old Sumqayit factories have increased production.⁵³ Meanwhile, in Baku, oil industry activities and increased motor traffic continue to impair the city's air quality.⁵⁴

Not all of Azerbaijan's environmental problems are to be found on the Abşeron Peninsula. During Soviet rule, toxic defoliants were used to clear forests in rural areas as a means to increase available farm land. Dichlorodiphenyltrichloroethane (DDT) produced in a Sumqayit chemical plant was widely applied to cotton fields, grape vineyards, and other agricultural areas until the late 1980s, long after most of the world (including the rest of the Soviet Union) had discontinued its usage.⁵⁵ Since the end of Soviet rule, there has been a dramatic decline in the use of mineral fertilizers, herbicides, and pesticides, but high levels of residual chemicals remain in the soil and groundwater of many agricultural regions.^{56, 57}

⁵⁰ *Region Plus*, Vol. 34. Aliyeva, Sakina. "The Lamentable Shore of the Caspian" 15 July 2007.

<http://www.regionplus.az/eng/artic/34/socium/s1.php>

⁵¹ BBC News, International Version. Cooke, Kieran. "Azerbaijan's Post-Industrial Hangover." 1 May 2005.

<http://news.bbc.co.uk/2/hi/europe/4498319.stm>

⁵² EurasiaNet.org. Ismayilova, Khadija. "Sumqayit Journal: With More Jobs, More Smog." 27 October 2007. <http://www.eurasianet.org/departments/insight/articles/eav102607.shtml#>

⁵³ EurasiaNet.org. Ismayilova, Khadija. "Sumqayit Journal: With More Jobs, More Smog." 27 October 2007. <http://www.eurasianet.org/departments/insight/articles/eav102607.shtml#>

⁵⁴ Asian Development Bank. *Azerbaijan Country Environmental Analysis*. "Executive Summary [p. x]." No date. <http://www.adb.org/documents/studies/ctry-environmental-analysis/2005/aze/execsum.pdf>

⁵⁵ International POPS Elimination Project. Mustafaev, Islam, Sakit Guseinov, and Nigyar Gulieva. "A Survey of the POPS-Related Situation in Azerbaijan." March 2006.

http://www.ipen.org/ipepweb1/library/ipep_pdf_reports/3aze_azerbaijan_country_situation_report.pdf

⁵⁶ *Ambio: A Journal of the Human Environment*, Vol. 32, No. 4. Shelton, Napier. "Azerbaijan: Environmental Conditions and Outlook [p. 304]." June 2003. <http://ambio.allenpress.com/archive/0044-7447/32/4/pdf/i0044-7447-32-4-302.pdf>

⁵⁷ *Cultures of the World: Azerbaijan*. King, David C. "Environment [p. 48]." 2006. Tarrytown, N.Y: Marshall Cavendish Benchmark

Natural Hazards

Azerbaijan lies in an active seismic zone and has frequently been struck by earthquakes. The country's most recent earthquake of substantial magnitude occurred in November 2000, when Baku was rocked by two successive jolts registering 5.9 and 6.3 on the Richter scale. In the immediate aftermath of the quake, 26 Baku residents died and 412 others required medical attention.⁵⁸ Several historical structures built during the early years of Baku's oil boom were extensively damaged and had to be evacuated.



While densely populated Baku is an area of concern for future earthquakes, the Greater and Lesser Caucasus Mountains and their surrounding regions have an even more extensive history of damaging quakes.⁵⁹ For example, Gāncā, which lies near the northern slopes of the Lesser Caucasus, was leveled by an earthquake in 1139 C.E.

Floods, landslides, and drought are recurring climate-related hazards in Azerbaijan. Most recently, in May 2003, several cities in northern Azerbaijan suffered landslides after intensive rainstorms, while, at the same time, over 6,000 homes in cities along the Kura River were flooded.⁶⁰ That year, the Asian Development Bank announced that it would provide a USD 22 million loan to Azerbaijan in order to fund a mitigation project for four of the nation's flood-prone areas.⁶¹

⁵⁸ International Federation of Red Cross and Red Crescent Societies. "Azerbaijan: Earthquake." 6 December 2000. <http://www.ifrc.org/docs/appeals/00/3500.pdf>

⁵⁹ Geology Institute, Azerbaijan National Academy of Sciences. Panahi, B. "Seismicity." 2002. www.gia.az/contents/default.aspx?lg=2&idpt=2401&id=7658

⁶⁰ ReliefWeb. "Azerbaijan – Floods/Landslides." 6 May 2003. [http://www.reliefweb.int/rw/fullMaps_Sa.nsf/luFullMap/313F5354AF601E1985256D1E00746500/\\$File/rw_aze060503.jpg?OpenElement](http://www.reliefweb.int/rw/fullMaps_Sa.nsf/luFullMap/313F5354AF601E1985256D1E00746500/$File/rw_aze060503.jpg?OpenElement)

⁶¹ Asian Development Bank. "Azerbaijan 2008: A Fact Sheet." 2008. http://www.adb.org/Documents/Fact_Sheets/AZE.pdf

History

Introduction

Azerbaijan's historical record is marked by conflict and political strife. Located near overland routes that once linked Anatolia and the Middle East with Central and Eastern Asia, the Azerbaijani region has experienced few prolonged periods of stability. The region comprising present-day Azerbaijan has for much of its history been divided into smaller provinces that have often been dominated by Persian (Iranian) or Turkic empires. As a result, the Azerbaijani identity was late to develop and is, in many ways, incongruous in its elements. For example, the modern Azeri language is Turkish-based, but the legendary poets of Azerbaijan's golden age wrote in Persian. Today, such dissonance continues, as there are those in Azerbaijan who wish to emphasize the Turkish elements of their national identity, whereas others favor a more inclusive approach that acknowledges the region's many cultural and ethnic influences.⁶²



© Nicolai Bangsgaard
Petroglyphs near Qobustan

The history of Azerbaijan can be confusing for several additional reasons. First, for many centuries, the region comprising the modern country of Azerbaijan was linked with a region to its south that is now incorporated into Iran but is still called Azerbaijan. In fact, many historians believe that the name "Azerbaijan" derives from the ancient Persian word for this modern-day region of Iran. Second, for stretches of its early history, the region that roughly approximates the borders of modern-day Azerbaijan was known by the name "Albania," even though Azerbaijanis (or, in shortened form, Azeris) have no cultural or linguistic connections with the inhabitants of the modern nation of Albania, which is located in the Balkans. Finally, as will be described, Azerbaijani culture bears great influence from the region's Turkish invaders, who, for the most part, arrived from the east rather than the west, where the modern country of Turkey is located.

Prehistory

The Caucasus region is one of the cradles of human civilization. In Azerbaijan, there are several sites of ancient rock carvings that have been traced to the Stone Age through Iron Age periods. Perhaps the best known of these sites is Qobustan (located south of Baku on the Caspian coast), which is famous for its petroglyphs of hunting scenes, animals, constellations, boats, and other prehistoric activities and interests. Some of these carvings have been estimated to be 40,000 years old. In 2007, the Qobustan Rock Art Cultural

⁶² *Crossroads and Conflicts: Security and Foreign Policy in the Caucasus and Central Asia*. Hunter, Shireen A. "The Evolution of the Foreign Policy of the Transcaucasian States [p. 37–38]." 2000. New York: Routledge.

Landscape was designated a World Heritage Site, one of only two such sites in Azerbaijan. (The other is the ancient Walled City of Baku).⁶³

Early History

Very little is known about the societies that occupied the region comprising modern-day Azerbaijan before the first millennium B.C.E. According to ancient historical sources, the kingdom of Media emerged during the 7th century B.C.E. when Cyaxares united the tribes of ancient Iran and defeated the armies of Assyria.⁶⁴ Ultimately, the Median Empire extended into the southernmost areas of modern Azerbaijan, most notably the Naxçivan region.

The Median Empire quickly faded in the 6th century B.C.E. as another Iranian empire—the Achaemenian Dynasty centered in Persis—usurped the power of their former Median overlords. Led by their leader Cyrus II the Great, the Persians forged a vast empire that included all of present-day Azerbaijan. The Persians brought with them their Zoroastrian religion, which has been seen as a bridge between ancient polytheistic (“multiple Gods”) religions and the subsequent monotheistic religions represented by Judaism, Christianity, and Islam.⁶⁵

Around 330 B.C.E, the forces of Alexander the Great conquered the Achaemenian Empire and destroyed its fabled capital, Persepolis. Before Alexander left to continue his conquests, he installed loyal Persian *satraps* (“governors”) to oversee the former Achaemenian regions. One such ruler was the Persian general Atropates, whose region of rule was later named for him (Atropatene).⁶⁶ Today, this region comprises the northern portion of modern Iran that was formerly included in Azerbaijan. Many historians believe that the name “Azerbaijan” derives from the Middle Persian *Aturpatakan*, a form of the Greek *Atropatene*.⁶⁷



To the north of Atropatene, a group of tribes that would come to be called “Albanian” began to slowly unify under a single ruler.⁶⁸ Even as the tribes coalesced, however,

⁶³ World Heritage Committee, United Nations Educational, Scientific, and Cultural Organization (UNESCO). “World Heritage List.” 2008. <http://whc.unesco.org/en/list>

⁶⁴ Encyclopædia Britannica Online. “Cyaxares.” 2008. <http://www.britannica.com/EBchecked/topic/147792/Cyaxares#>

⁶⁵ Encyclopædia Britannica Online. “Zoroastrianism.” 2008. <http://www.britannica.com/EBchecked/topic/658081/Zoroastrianism#>

⁶⁶ Encyclopædia Britannica Online. “Azerbaijan.” 2008. <http://www.britannica.com/EBchecked/topic/46770/Azerbaijan#>

⁶⁷ Encyclopædia Iranica. Yarshater, Eshan, Ed. “Azerbaijan.” 2008. <http://www.iranica.com/newsite/articles/v3f2/v3f2a088a.html>

⁶⁸ Encyclopædia Iranica. Yarshater, Eshan, Ed. “Albania.” 2008. <http://www.iranica.com/newsite/articles/v1f8/v1f8a022.html>

external powers continued to exert influence over the region. Among these powers were the Seleucid Greeks, the weakened successors to Alexander's empire, and, later, the Parthians, another dynasty from Iran. The Romans arrived in the 1st century B.C.E. and made several incursions into the region.⁶⁹ In the 3rd century C.E., the Albanian region was annexed by the Sassanids, the last of the pre-Islam Persian dynasties.

Christianity

During the 4th century C.E., the Albanian king Urnayr traveled to Armenia to be baptized by Gregory the Illuminator, the patron saint of the Armenian Orthodox Church. Albania retained a separate church from Armenia until at least the 7th century C.E., when the first Arab invaders arrived. After the Arab invasion, the Albanian Christian church declined as Islam spread. The question of whether or not the Albanian and Armenian churches remained separate during the post-Arab period is a question that triggers different answers from the Azerbaijani and Armenian sides.⁷⁰ While historical connections between the two churches may seem inconsequential, the two sides in the Nagorno-Karabakh conflict continue to argue the legitimacy of their claims to the region on such fine points.

Azerbaijanis assert that the ancient churches in the Nagorno-Karabakh region were built by Christian Albanians, while Armenians claim that the churches were always part of the Armenian Apostolic Church.⁷¹



Courtesy of Wikimedia Commons
Saint Gregory the Illuminator

Islam

Sometime between 639 and 643 C.E., Caucasian Albania was invaded by Arab forces and designated as a vassal state to the Muslim Umayyad Caliphate. While this was one of the most important events in the history of the region, its effect was gradual as it took several centuries for most of the local population to convert to Islam. During the mid 8th century C.E., the Umayyad Caliphate was overthrown by the new caliph Abu al-Abbas. Within a few decades, the new Abbasid Caliphate faced a series of revolts in southern Albania. The most famous of these was led by Bābak, who resisted the Abbasid forces for over 20 years.⁷²

Arab power began to wane by the end of the 10th century, and in the following years the Albanian region dissolved into several small principalities. Meanwhile, to the east, tribes of Oğuz Turks from the steppes of Central Asia began migrating into the region. One

⁶⁹ Encyclopædia Iranica. Yarshater, Eshan, Ed. "Albania." 2008.

<http://www.iranica.com/newsite/articles/v1f8/v1f8a022.html>

⁷⁰ *Georgia, Armenia & Azerbaijan*, 2nd Ed. Plunkett, Richard and Tom Masters. "Nagorno-Karabakh [p. 183]." 2004. Footscray, Victoria, Australia: Lonely Planet Publications.

⁷¹ BBC News. "Regions and Territories: Nagorno-Karabakh." 23 July 2008.

http://news.bbc.co.uk/2/hi/europe/country_profiles/3658938.stm

⁷² *Georgia, Armenia & Azerbaijan*, 2nd Ed. Plunkett, Richard and Tom Masters. "The South [pp. 270-271]." 2004. Footscray, Victoria, Australia: Lonely Planet Publications.

group of tribes, whose founder was Seljuk Beg, was able to sweep across Iran into the Middle East, and eventually into Anatolia (modern Turkey). At the periphery of their conquered territory was Albania. While the empire of the Seljuk Turks was short-lived, the assimilation of the Turks into the Persianized Albanian culture was the final major step in the development of the Azerbaijani ethno-linguistic identity.⁷³

After the dissolution of the Seljuk Dynasty in 1121 C.E, the Azerbaijani principalities became a confederation under Georgian suzerainty. During this time, the region entered into a golden age of artistic production as many Azerbaijani artists and writers came to prominence. Azerbaijan's most famous poet, Nizami Gänjavi, whose statue can be found in cities throughout Azerbaijan today, wrote his five epic poems during this period.^{74, 75}

From about 1225 through the beginning of the 15th century, Azerbaijan underwent successive waves of assaults from various groups of Mongol invaders, including the ruthless Mongol-Turkic conqueror Timur.^{76, 77} Several cities were razed by the Mongol invaders, including Gänkä, which is today the country's second largest city.

Safavid and Ottoman Empires

Another century or so of consistent dueling between principalities followed the Mongol era before Azerbaijan united under the Safavid Dynasty. The Safavids originated in Ardabil (part of southern Azerbaijan) as a Sunni Sufi mystic order that later embraced Shi'ism. Under the leadership of Ismail I, the Safavids took control of most of modern-day Iran and Azerbaijan, and subsequently established Shi'a Islam as the state religion. Despite incursions made by the Sunni Ottoman Empire into Azerbaijan and western-most Iran during the last two decades of the 16th century, Shi'ism maintained its dominance, and, to this day, it continues to hold sway in these countries.



Courtesy of Wikimedia Commons
Shah Ismail I

A long period of constant warfare between the two powerful Muslim empires of the time—the Safavids and the Ottomans—placed Azerbaijan on the eastern front lines of the battle during the late 16th and early 17th centuries. From 1580 to the early 1600s, areas

⁷³ Encyclopædia Britannica Online. "Azerbaijani." 2008.

<http://www.britannica.com/EBchecked/topic/46833/Azerbaijani#>

⁷⁴ *Azerbaijan, with Excursions to Georgia*, 2nd Ed. Elliott, Mark. "Facts about the Country: History [p. 39]." 2001. Hindhead, Surrey, U.K: Trailblazer Publications.

⁷⁵ InternationalSpecialReports.com. van der Leeuw, Charles. "Azerbaijan's Classical Poetry Lost Outside Its Borders." No date.

<http://www.internationalreports.com/ciscentralasia/01/azerbaijan/azerbaijansclassical.html>

⁷⁶ *Azerbaijan, with Excursions to Georgia*, 2nd Ed. Elliott, Mark. "Facts about the Country: History [p. 39]." 2001. Hindhead, Surrey, U.K: Trailblazer Publications

⁷⁷ Encyclopædia Britannica Online. "Timur." 2008.

<http://www.britannica.com/EBchecked/topic/596358/Timur#>

of Azerbaijan fell several times to the Ottoman armies, but by 1612 the region was finally reclaimed by the Safavids.^{78, 79}

In 1722, the Safavid Dynasty fell to a group of invaders from Afghanistan after decades of decline and infighting among the empire's leaders.⁸⁰ Taking advantage of the power vacuum, the forces of Peter the Great of Russia swept down from the north, and in 1773, they briefly occupied the areas of Azerbaijan adjacent to the Caspian Sea. The Russians, however, were expelled 12 years later by the new Persian leader Nādir Shah, who utilized brutal methods in his control over the region.^{81, 82} In 1747, Nādir was assassinated, and for the remainder of the 18th century Azerbaijan was divided between several local khanates and sultanates that jockeyed for supremacy among each other.⁸³

The Russian Empire

Russia's foray into Azerbaijan was a harbinger of events to come. In 1795, Russian troops captured the Shirkan khanate capital of Shamakha, but were quickly forced out by Persian troops. The Russians returned roughly a decade later. A war with Persia left them in control of all of modern-day Azerbaijan, with the exception of Naxçivan. A second Russian-Persian war in the 1820s brought Naxçivan and neighboring Armenia within the borders of the Russian empire. The peace treaty of 1828 drew a line between Persia and Russia, splitting greater Azerbaijan between the two empires. Today, this division continues to mark the border between Iran to the south and Azerbaijan and Armenia to the north.⁸⁴ One effect of the Russian annexation of these regions was an increase in the migration of ethnic Armenians from Persian- and Ottoman-ruled areas to the Russian-controlled areas of Nagorno-Karabakh and modern-day Armenia, where they felt safer.^{85, 86}

⁷⁸ Bartleby.com. The Encyclopedia of World History. Stearns, Peter N., Ed. "The Middle East, 1501-1808: The Ottoman Empire: Decentralization and External Challenges." 2001.

<http://www.bartleby.com/67/799.html>

⁷⁹ *Azerbaijan, with Excursions to Georgia*, 2nd Ed. Elliott, Mark. "Facts about the Country: History [p. 41]." 2001. Hindhead, Surrey, U.K: Trailblazer Publications.

⁸⁰ Encyclopædia Britannica Online. "Safavid Dynasty." 2008.

<http://www.britannica.com/EBchecked/topic/516019/Safavid-dynasty#>

⁸¹ Encyclopædia Britannica Online. "Nādir Shah." 2008.

<http://www.britannica.com/EBchecked/topic/401451/Nadir-Shah#>

⁸² *Azerbaijan, with Excursions to Georgia*, 2nd Ed. Elliott, Mark. "Facts about the Country: History [p. 41]." 2001. Hindhead, Surrey, U.K: Trailblazer Publications.

⁸³ *Azerbaijan, with Excursions to Georgia*, 2nd Ed. Elliott, Mark. "Facts about the Country: History [p. 41]." 2001. Hindhead, Surrey, U.K: Trailblazer Publications.

⁸⁴ Encyclopædia Britannica Online. "Azerbaijan: History: Russian Suzerainty." 2008.

<http://www.britannica.com/EBchecked/topic/46781/Azerbaijan#>

⁸⁵ *Modern Hatreds: The Symbolic Politics of Ethnic War*. Kaufman, Stuart J. "Karabagh and the Fears of Minorities [p. 50]." 2001. Ithaca, N.Y: Cornell University Press.

⁸⁶ *Azerbaijan, with Excursions to Georgia*, 2nd Ed. Elliott, Mark. "Facts about the Country: History [p. 42]." 2001. Hindhead, Surrey, U.K: Trailblazer Publications.

The oil boom in Baku, beginning in 1872, opened a new chapter in Azerbaijani history. Whereas the region had previously been looked upon by the Tsarist government in Moscow as a remote outpost suitable for political exiles, it suddenly became the major source of oil for all of Russia.⁸⁷ Hordes of traders, workers, and speculators—many of whom came from other parts of the Russian empire—moved to the Abşeron Peninsula as its oil industry grew.



Courtesy of Wikimedia Commons
Oil wells in Balakhani, a suburb of Baku

During this period, the concept of an Azerbaijani identity began to take hold among the urban nationalists in Baku. Because the region had long been broken up into a number of local kingdoms that were often subservient to larger empires, the native population saw themselves first and foremost as Muslims rather than as any particular ethnic group. (At the time, the Russians incorrectly referred to the native Muslims as “Tatars.”) As a political and economic pecking order developed in Baku (placing Europeans on the top, Russians and Armenians in the middle, and Azeri Muslims at the bottom), ethnic divisions arose and ultimately erupted into inter-ethnic bloodshed between Armenians and Azerbaijanis in 1905, and later, in 1918.^{88, 89}

The Azerbaijan Democratic Republic

In the wake of the Russian Revolution of 1917 and the removal of Russian troops from the Caucasus region, Georgia, Armenia, and Azerbaijan briefly formed a Transcaucasian Federation, but the alliance fell apart within a matter of months. Azerbaijan declared itself an independent republic in May 1918, although the economic heart of the country, Baku, was under Bolshevik control.



Courtesy of Wikimedia Commons
Armenians in Baku

The battle for control of Baku is remembered today for the vicious ethnic violence it unleashed. The Bolsheviks, in alliance with Armenian soldiers, staged a massacre of thousands of Baku Muslims during their capture of Baku in March 1918. In September of that same year, the Ottoman army, with the assistance of local Azeri forces, carried out a reciprocal massacre of Armenians when recapturing Baku from the Bolsheviks.⁹⁰

⁸⁷ *Azerbaijan, with Excursions to Georgia*, 2nd Ed. Elliott, Mark. “Facts about the Country: History [pp. 42, 238].” 2001. Hindhead, Surrey, U.K: Trailblazer Publications

⁸⁸ Encyclopædia Britannica Online. “Azerbaijan: History: Russian Suzerainty.” 2008. <http://www.britannica.com/EBchecked/topic/46781/Azerbaijan#>

⁸⁹ Human Rights Watch. “Playing the ‘Communal Card’: Communal Violence and Human Rights: Armenia-Azerbaijan.” 1995. http://hrw.org/reports/1995/communal/#P985_418640

⁹⁰ Human Rights Watch. “Playing the ‘Communal Card’: Communal Violence and Human Rights: Armenia-Azerbaijan.” 1995. http://hrw.org/reports/1995/communal/#P985_418640

Shortly after capturing Baku, the Ottoman Turks, having suffered a crushing defeat against British troops in Palestine, were forced to sign an armistice, thus ending their participation in World War I. As it attempted to gain traction in the post-war period, the Azerbaijan Democratic Republic earned *de facto* recognition from the Allied leaders. Nonetheless, when Bolshevik troops entered Baku in April 1920, they were met with limited opposition.⁹¹

Soviet Dominance

For the first 15 years of the Soviet era, Azerbaijan was part of the Transcaucasus Soviet Federated Socialist Republic. In 1936, this republic dissolved into the Georgia, Armenia, and Azerbaijan Soviet Socialist Republics. Because of its oil resources, Azerbaijan received a large amount of economic and industrial investment during the early years of the U.S.S.R., particularly on the Abşeron Peninsula.⁹²

Baku's oil resources made the city a key target for the German army during World War II, but German advances into the region were halted during the climactic Battle of Stalingrad in 1942–43.⁹³ The war also saw the Soviet forces occupy the southern portion of Azerbaijan that was part of Persia (Iran), and this occupation briefly spurred a Pan-Azerbaijan nationalist movement. However, after the war ended, the other Western Allies insisted that the U.S.S.R. withdraw from the region.⁹⁴



Courtesy of Wikimedia Commons
Monument to Azeri contribution to WWII

Baku's geographic vulnerability to attack and the declining supply of easily drilled onshore oil resources were two of the reasons that the Soviet Union decided to invest heavily in Siberian oil fields after World War II. Subsequently, Baku's share of Soviet oil production declined from 70% to 2% in the years from 1940 to 1970.⁹⁵ Despite the declining investment in oil, however, the Soviets continued to target areas of Azerbaijan for industrial development during the post-WWII period, with the metallurgical-chemical complex at Sumqayıt representing the centerpiece of this investment. Canning and textile industries were also expanded to take advantage of Azerbaijan's agricultural output.⁹⁶

⁹¹ Encyclopædia Britannica Online. "Azerbaijan: History: Independent Azerbaijan." 2008. <http://www.britannica.com/EBchecked/topic/46781/Azerbaijan#>

⁹² Encyclopædia Britannica Online. "Azerbaijan: History: The Soviet and Post-Soviet Periods." 2008. <http://www.britannica.com/EBchecked/topic/46781/Azerbaijan#>

⁹³ Encyclopædia Britannica Online. "Battle of Stalingrad." 2008. <http://www.britannica.com/EBchecked/topic/562720/Battle-of-Stalingrad#>

⁹⁴ *Cultures of the World: Azerbaijan*. King, David C. "History [pp. 25, 26]." Tarrytown, N.Y.: Marshall Cavendish Benchmark.

⁹⁵ *Azerbaijan, with Excursions to Georgia*, 2nd Ed. Elliott, Mark. 2006. "Facts about the Country: History [p. 45]." 2001. Hindhead, Surrey, U.K.: Trailblazer Publications

⁹⁶ Federal Research Division, Library of Congress. *Country Study: Azerbaijan*. Curtis, Glenn E. "The Economy: Industry." March 1994. [http://lcweb2.loc.gov/cgi-bin/query2/r?frd/cstdy:@field\(DOCID+az0047\)](http://lcweb2.loc.gov/cgi-bin/query2/r?frd/cstdy:@field(DOCID+az0047))

In general, religious practice, particularly that of Islam, suffered under Soviet rule. Most mosques were closed, religious education was banned, and many Muslim clerics were imprisoned.⁹⁷ Before the Soviets came to power, an estimated 2,000 mosques were actively operating in Azerbaijan, but by the 1980s this number fell to less than 20.⁹⁸

Ethnic Tensions

As the Soviet empire began to unravel during the late 1980s, Azerbaijan found itself in the midst of an escalating ethnic conflict. Violence began in February 1988 when 32 people, mostly Armenians, were killed in a pogrom (ethnic riot) in Sumqayıt. The riot occurred after Nagorno-Karabakh Armenians made increased demands to unify their autonomous oblast with the Armenian socialist republic. In 1989, the Supreme Soviet of Armenia passed a resolution unifying Nagorno-Karabakh with Armenia. With ethnic conflicts mounting, Azeris fled from Armenia and likewise, Armenians left Azerbaijan.

Baku soon became the central stage for the next act in the escalating crisis. Although most Armenians had left Baku by the end of 1989, strong anti-Armenian feelings simmered in the city. Such emotions were further stoked by a faction of the anti-government opposition group, the Popular Front of Azerbaijan (PFA). Pogroms against the city's Armenians began on 13 January 1990 and continued for several days. During this time, Soviet Ministry of Interior forces did little to intervene against the ethnic violence.^{99, 100} Six days later, after the pogroms had largely subsided, Soviet Premier Mikhail Gorbachev finally declared a state of emergency in Baku. Ministry of Interior forces in Baku immediately clamped down on anti-communist and anti-Soviet protests led by the PFA. At least 130 citizens were left dead after this crackdown, which came to be known by Azerbaijanis as "Black January." Five years later, Gorbachev described his decision to send troops into Baku as "the biggest mistake in my political life."¹⁰¹



© Carpetblogger / flickr.com
Remembering victims of Black January

⁹⁷ *Cultures of the World: Azerbaijan*. King, David C. "History [p. 24]." Tarrytown, N.Y: Marshall Cavendish Benchmark.

⁹⁸ Federal Research Division, Library of Congress. *Country Study: Azerbaijan*. Curtis, Glenn E. "Language, Religion and Culture: Religion." March 1994. [http://lcweb2.loc.gov/cgi-bin/query/r?frd/cstdy:@field\(DOCID+az0035\)](http://lcweb2.loc.gov/cgi-bin/query/r?frd/cstdy:@field(DOCID+az0035))

⁹⁹ Human Rights Watch. "Playing the 'Communal Card': Communal Violence and Human Rights: Armenia-Azerbaijan." 1995. http://hrw.org/reports/1995/communal/#P985_418640

¹⁰⁰ *Black Garden: Armenia and Azerbaijan through Peace and War*. de Waal, Thomas. "1988-1990: An Azerbaijani Tragedy [pp. 87-91]." 2003. New York: New York University Press.

¹⁰¹ EurasiaNet.org. Ahmedov, Rufat. "Notes from Baku: Black January." 16 February 2003. <http://www.eurasianet.org/departments/rights/articles/pp021603.shtml>

The Nagorno-Karabakh War

During the spring and summer of 1991, in the waning days of the Soviet Union, Soviet Army and Ministry of Interior troops joined forces with Azerbaijani militias to carry out “Operation Ring,” a mission intended to disarm Armenian guerilla groups operating in the provinces of Azerbaijan that lay immediately north of Nagorno-Karabakh. After many Armenians living in these areas were forced to relocate to Armenia, a new wave of violence began as Armenian irregular forces fought to reclaim the villages. By the spring of 1992, full-scale fighting had broken out between Nagorno-Karabakh Armenians and Azerbaijan. By that time, the Soviet Union had officially dissolved, and Armenia and Azerbaijan had become independent nations. Nagorno-Karabakh had also declared its independence.



The Armenia-Azerbaijan-Nagorno-Karabakh war continued until May 1994, resulting in the devastation of numerous villages in the region. Agdam, an Azeri-populated city of more than 100,000 people, became a ghost town by the end of the war.^{102, 103} Ultimately, the remains of its buildings were salvaged to rebuild the Nagorno-Karabakh capital of Xankāndi (Stepanakert). To this day, hundreds of thousands of Azeri and Armenian refugees remain distanced from their pre-war homelands. Some residents of Nagorno-Karabakh—most notably the villagers of Khojaly—were killed by enemy forces before they could reach a friendly border.¹⁰⁴

Political Chaos

The Nagorno-Karabakh war led to political instability in Azerbaijan during the nation’s first years as a post-Soviet independent state. The country’s first leader, Ayaz Mutalibov, a former head of the Azerbaijan Communist Party who was elected president in September 1991, remained in power only until May 1992. At that time, his government was overthrown by the Azerbaijani Popular Front (APF) after continued military defeats in Nagorno-Karabakh.^{105, 106} A month later, Abulfaz Elçibay, the



¹⁰² Human Rights Watch. “Playing the ‘Communal Card’: Communal Violence and Human Rights: Armenia-Azerbaijan.” 1995. http://hrw.org/reports/1995/communal/#P985_418640

¹⁰³ *Georgia, Armenia & Azerbaijan*, 2nd Ed. Plunkett, Richard and Tom Masters. “Agdam [p. 186].” 2004. Footscray, Victoria, Australia: Lonely Planet Publications.

¹⁰⁴ Human Rights Watch. “Human Rights Watch World Report 1993: The Former Soviet Union.” 1993. <http://www.hrw.org/reports/1993/WR93/Hsw-07.htm>

¹⁰⁵ Encyclopædia Britannica Online. “Azerbaijan: History: The Soviet and Post-Soviet Periods.” 2008. <http://www.britannica.com/EBchecked/topic/46781/Azerbaijan#>

¹⁰⁶ Federal Research Division, Library of Congress. *Country Study: Azerbaijan*. Curtis, Glenn E. “Historical Background: After Communist Rule: Political Instability.” March 1994. [http://lcweb2.loc.gov/cgi-bin/query/r?frd/cstyd:@field\(DOCID+az0026\)](http://lcweb2.loc.gov/cgi-bin/query/r?frd/cstyd:@field(DOCID+az0026))

APF's candidate for president, became Azerbaijan's first democratically elected non-communist leader.

Elçibay's presidency lasted only slightly longer than that of Mutalibov. After an Azerbaijani counter-offensive in Nagorno-Karabakh sputtered, a paramilitary rebellion led by Suret Huseynov, a former Azerbaijani troop commander, compelled Elçibay to flee to his native province of Naxçıvan in June 1993. He did not resign, however.¹⁰⁷ Naxçıvan Parliamentary leader, Heydar Aliyev, became the new chairman of the Azerbaijani legislature and the country's acting president.¹⁰⁸ Aliyev defused the rebellion by bringing Huseynov into the government; one month later, he solidified his hold on power by organizing a national referendum that resulted in an overwhelming vote of no confidence in the Elçibay government.¹⁰⁹ In October 1993, Aliyev was elected to a five-year term as president, winning 99% of the vote in a contest that many international observers criticized as biased.^{110, 111}

Aliyev was much more than a provincial authority figure. During the 1970s and 1980s, he had been one of the most powerful men in the Soviet Union and the only Azerbaijani to have been appointed to the Soviet Politburo. He suffered a serious reversal of fortune during the Gorbachev regime, when he was removed from the Politburo and placed into forced retirement. However, as the Soviet Union began to crumble in 1990, Aliyev returned to his native Naxçıvan and reinvented himself as a fierce Azerbaijani nationalist, resigning from the Communist Party shortly after the Black January events.

The Aliyev Era

In May 1994, Azerbaijan agreed to a Russian-brokered ceasefire with Armenia and Nagorno-Karabakh. The agreement has held to the present day, although the border region continues to be subject to occasional violent incidents (such as sniper fire and landmine explosions) that leave an average of 100 people dead each year.¹¹² Within Azerbaijan, there remains great



¹⁰⁷ *Cultures of the World: Azerbaijan*. King, David C. "History [pp. 29]." Tarrytown, N.Y.: Marshall Cavendish Benchmark.

¹⁰⁸ Federal Research Division, Library of Congress. *Country Study: Azerbaijan*. Curtis, Glenn E. "Government and Politics: The Coup of 1993." March 1994. [http://lcweb2.loc.gov/cgi-bin/query/r?frd/cstdy:@field\(DOCID+az0060\)](http://lcweb2.loc.gov/cgi-bin/query/r?frd/cstdy:@field(DOCID+az0060))

¹⁰⁹ Federal Research Division, Library of Congress. *Country Study: Azerbaijan*. Curtis, Glenn E. "Government and Politics: The Coup of 1993." March 1994. [http://lcweb2.loc.gov/cgi-bin/query/r?frd/cstdy:@field\(DOCID+az0060\)](http://lcweb2.loc.gov/cgi-bin/query/r?frd/cstdy:@field(DOCID+az0060))

¹¹⁰ Bureau of European and Eurasian Affairs, U.S. Department of State. "Background Note: Azerbaijan." May 2008. <http://www.state.gov/r/pa/ei/bgn/2909.htm>

¹¹¹ Federal Research Division, Library of Congress. *Country Study: Azerbaijan*. Curtis, Glenn E. "Aliyev and the Presidential Election of October 1993." March 1994. [http://lcweb2.loc.gov/cgi-bin/query/r?frd/cstdy:@field\(DOCID+az0061\)](http://lcweb2.loc.gov/cgi-bin/query/r?frd/cstdy:@field(DOCID+az0061))

¹¹² Bureau of European and Eurasian Affairs, U.S. Department of State. "Background Note: Azerbaijan." May 2008. <http://www.state.gov/r/pa/ei/bgn/2909.htm>

frustration as nearly one seventh of the country is under Armenian occupation. Both the Azerbaijani and Armenian sides have invested heavily and suffered greatly over the course of the Nagorno-Karabakh dispute. As a result, both sides have found it nearly impossible to take the first step during repeated attempts to negotiate a settlement.¹¹³

In 1994, as active hostilities with Nagorno-Karabakh subsided, the Aliyev government sought to improve the nation's moribund economy. A significant step in this process came in September 1994, when the country signed a Production Sharing Agreement with an international oil consortium (the Azerbaijan International Operating Company, or AIOC) to develop three offshore oil fields in the Caspian Sea. This agreement has since been frequently referred to as the "deal of the century." While offshore oil production was slow to increase, by 2007, the AIOC fields were producing 860,000 barrels of oil per day (bbl/d), making Azerbaijan the largest contributing nation to non-OPEC oil supply growth for that year.¹¹⁴

In 1995, Azerbaijan held its first parliamentary elections, with Aliyev's New Azerbaijan Party winning a majority of seats. In 1998, Aliyev was reelected as president, although once again the election suffered from voting irregularities.¹¹⁵ During his decade in power, Aliyev's government strongly suppressed all forms of dissent, which may partially explain why Azerbaijan has not developed indigenous Islamic militant groups.¹¹⁶

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By 2003, Aliyev's health began to deteriorate, and his plans to run for yet another term were cancelled. (Less than two months after the October 2003 election, Heydar Aliyev died in a Cleveland hospital.) Instead, his son Ilham, who had been groomed for several years to succeed his father, was appointed to the position of prime minister and made the New Azerbaijan Party candidate for president. Not surprisingly, he won the election in a landslide. Ilham's victory was not convincing for all, however, as some believed that he would only be a transitional figure because he lacked his father's charisma and political skills.¹¹⁷



¹¹³ Council on Foreign Relations. Beehner, Lionel. "Nagorno-Karabakh: The Crisis in the Caucasus." November 2005. <http://www.cfr.org/publication/9148/>

¹¹⁴ Energy Information Administration, U.S. Department of Energy. "Azerbaijan: Oil." December 2007. <http://www.eia.doe.gov/cabs/Azerbaijan/Oil.html>

¹¹⁵ Bureau of European and Eurasian Affairs, U.S. Department of State. "Background Note: Azerbaijan." May 2008. <http://www.state.gov/r/pa/ei/bgn/2909.htm>

¹¹⁶ The Jamestown Organization. *Terrorism Monitor*, Vol. 3, No. 3. Kotchikian, Asbed. "Secular Nationalism Versus Political Islam in Azerbaijan." 10 February 2005. <http://www.jamestown.org/terrorism/news/article.php?articleid=2369245>

¹¹⁷ BBC News, International Version. Mulvey, Stephen. "Profile: Ilham Aliyev." 16 October 2003. <http://news.bbc.co.uk/2/hi/europe/3194422.stm>

Five years later, however, as Azerbaijan approached its presidential elections in October 2008, the younger Aliyev seemed firmly in control and remained favored to earn another election victory. Musavat, one of the country's main opposition parties (its candidate finished second in the 2003 presidential elections), withdrew from the elections in August 2008, citing "restrictions on campaigning" and "continued persecution of the opposition" as reasons for the boycott.¹¹⁸

¹¹⁸ Reuters. Yevgrashina, Lada. "Azeri Opposition Blame Persecution in Vote Boycott." 4 August 2008. <http://www.reuters.com/article/rbssEnergyNews/idUSL427409520080804?pageNumber=1&virtualBrandChannel=0>

Economy

Introduction

In the course of less than two decades of independence, Azerbaijan has transitioned from a state of total economic collapse to become the country with the world's fastest growing gross domestic product (GDP).¹¹⁹ To achieve this remarkable turnaround, Azerbaijan has relied upon the industry that first put it on the world's economic map in the 19th century: oil production.

Nonetheless, there is much more to the Azerbaijani economic story than the extraction of “liquid gold” from beneath the seabed of the Caspian. During Soviet rule, Azerbaijan was an industrial and agricultural center that supplied much of the rest of the U.S.S.R. Since Azerbaijani independence, these non-oil related economic sectors have struggled to reclaim their previous level of significance. However, having already experienced one boom-and-bust oil cycle, Azerbaijan fully understands the importance of developing a diversified economy in order to help distribute the country's wealth and soften the economic shock in the event that its oil and gas fields begin to decline in productivity.



Industry and Manufacturing

Oil and natural gas extraction form the largest and most significant component of the Azerbaijani industrial sector. Oil production is not only responsible for a large share of the country's economic revenue, but it also sustains a number of other important industrial sectors, such as petroleum refining, oilfield equipment manufacturing, and petrochemical processing.¹²⁰ In 2007, the oil sector accounted for over 52% of the country's GDP.¹²¹ Within the industrial sector itself, oil and natural gas generated over 72% of the gross value of all products in 2006, a percentage that has ballooned since 2004 as the Caspian Sea fields have increased their output and world crude oil prices have increased.

Outside the oil and gas industry and its related sectors, the most important areas of the industrial economy include food processing, power production and distribution, light industries (e.g., textiles and clothing, leather goods, furniture), chemical products, and



¹¹⁹ CIA World Factbook. “Rank Order: GDP – Real Growth Rate.” 7 August 2008. <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2003rank.html>

¹²⁰ MSN Encarta. “Azerbaijan: Economy: Mining and Manufacturing.” 2008. http://encarta.msn.com/encyclopedia_761561983_4/Azerbaijan.html

¹²¹ Bureau of European and Eurasian Affairs, U.S. Department of State. “Background Notes: Azerbaijan.” May 2008. <http://www.state.gov/r/pa/ei/bgn/2909.htm>

metallurgy (mostly iron, steel, and aluminum products).¹²² Home to such cities as Baku and Sumqayıt, the Abşeron Peninsula is the nation's center of industrial activity, followed by the cities of Gəncə, Āli Bayramlı (Şirvan), and Mingäçevir.

After the dissolution of the Soviet Union, which had provided the raw materials and external markets for many of Azerbaijan's produced goods, the nation's manufacturing output dropped sharply and continued to lag for several years. Since 1999, the manufacturing sector industries have shown signs of partial recovery, although overall production remains less than half of what it was in 1990.¹²³

Agriculture

Despite its many mountains and semi-arid regions near the Caspian Sea coast, Azerbaijan is a surprisingly rich agricultural region. Roughly 40% of the nation's land is suitable for agriculture, and more than half of this arable land is currently under cultivation. During the Soviet era, Azerbaijan supplied 10% of the total Soviet agricultural output.¹²⁴

Grains are Azerbaijan's primary agricultural products,¹²⁵ most of which are consumed within the country. Despite this substantial domestic production, however, grains are still Azerbaijan's leading agricultural import, particularly in the form of wheat from Russia and Kazakhstan.^{126, 127} Other important crops include cotton, walnuts, hazelnuts, fruits, and spring vegetables. Much of the cotton is grown in irrigated fields in the plains south of the Kura River and is ginned in regional *rayon* centers, such as Āli Bayramlı (Şirvan), Bārdā, Salyan, Neftçala, Sabirabad, and others.^{128, 129} While cotton is still an important cash crop in Azerbaijan, its production has



¹²² State Statistical Committee of the Republic of Azerbaijan. "Sectoral Structure of Industry, Relative to Gross Total, in Percentage." 2007. <http://www.azstat.org/statinfo/industry/en/ind08.shtml>

¹²³ State Statistical Committee of the Republic of Azerbaijan. "Indexes in Industrial Production, in Percentage." 2007. <http://www.azstat.org/statinfo/industry/en/ind05.shtml>

¹²⁴ *Cultures of the World: Azerbaijan*. King, David C. 2006. "Economy: Agriculture [pp. 40, 41]." 2006. Tarrytown, N.Y: Marshall Cavendish Benchmark.

¹²⁵ Encyclopædia Britannica Online. "Azerbaijan: The Economy: Agriculture." 2008. <http://www.britannica.com/EBchecked/topic/46781/Azerbaijan#>

¹²⁶ International Trade Centre/World Trade Organization. "Trade Performance HS: Imports of Azerbaijan (2006, in USD Thousands)." 2008.

http://www.intracen.org/appli1/TradeCom/TP_IP_CI.aspx?RP=031&YR=2005

¹²⁷ International Trade Centre/World Trade Organization. "Trade Performance HS: Imports of Azerbaijan – 10 Cereals (2006, in USD Thousands)." 2008.

http://www.intracen.org/appli1/TradeCom/TP_IP_CI_P.aspx?IN=10&RP=031&YR=2006&IL=10
Cereals&TY=I

¹²⁸ Encyclopædia Britannica Online. "Azerbaijan: The Economy: Economic Regions." 2008. <http://www.britannica.com/EBchecked/topic/46781/Azerbaijan#>

¹²⁹ Azerbaijan. Heydar Aliyev Foundation. "Economic Map." http://www.azerbaijan.az/_Maps/_economic_e.html

decreased significantly since the 1970s and 1980s, when about one million tons of cotton were produced annually.¹³⁰ The most recent figures for Azerbaijan's cotton production are less than one-fifth than those of the 1970s and 1980s.¹³¹

During Soviet rule, Azerbaijan was a major producer of wines. In 1985, 268,000 ha (662,000 a) of Azerbaijani farmlands were vineyards, but by 2004 only 8,000 ha (20,000 a) were still used to produce grapes for wine production. Nonetheless, a modest revitalization of Azerbaijan's wine industry has occurred in recent years, with production of wine grapes up over 70% from 2004 to 2006.¹³²

Sugar beets were grown in Azerbaijan prior to the Soviet era, but they were phased out by Soviet agricultural planners. Today, sugar beet cultivation has returned to the southern Kura River plains. In 2006, Azerbaijan's first sugar refinery opened in İmişli, quickly creating a new export market for Azerbaijan. Sugar beet acreage has increased from zero to over 8,000 ha (20,000 a) in the period since 1990,¹³³ and Azersun Holding, the owner of the sugar factory, has initiated its plans to substantially expand its cultivation of sugar beet crops.¹³⁴

Banking and Currency

The *manat* (ISO code: AZN) is the national currency of Azerbaijan. At the beginning of 2006, the country introduced a new version of the *manat*, with an exchange rate of 5,000 "old *manats*" (ISO code: AZM) to AZN 1. The change was made in part to bolster confidence in the *manat*, as the low value of the old *manat* (in comparison with the U.S. dollar [USD]) made it unwieldy for large cash purchases, thus encouraging the use of USD.¹³⁵ As of August 2008, the exchange rate for the AZN was 0.82 AZN per USD 1.¹³⁶



Azerbaijan's central bank is the National Bank of Azerbaijan, which was founded in 1992 shortly after independence. Two banks—the Kapital Bank and the International Bank of

¹³⁰ *Azerbaijan International*, Vol. 8, No. 3. Aghayeva, Arzu. "Seeds of Change: Transition in Azerbaijan's Agriculture." August 2000.

http://www.azer.com/aiweb/categories/magazine/83_folder/83_articles/83_agriculture.html

¹³¹ State Statistical Committee of the Republic of Azerbaijan. "Crop Production." 2008.

<http://www.azstat.org/statinfo/agriculture/en/024.shtml>

¹³² State Statistical Committee of the Republic of Azerbaijan. "Grapes: Cultivated Area, Harvest and Yield." 2007. <http://www.azstat.org/statinfo/agriculture/en/027.shtml>

¹³³ State Statistical Committee of the Republic of Azerbaijan. "Agriculture, Forestry, and Fishing." 2007. <http://www.azstat.org/statinfo/agriculture/en/023.shtml>

¹³⁴ Agro-Info. "Azerbaijan: Sugar: Farmlands for Planting Sugar Beets Will be Increased 3 Times." 25 May 2007. <http://www.agro-info.ru/states/state.php?brid=5&stid=3&mid=1&en=1>

¹³⁵ EurasiaNet. Ismayilov, Rovshan. "Azerbaijan's Manat Makeover: Good Times Ahead?" 3 January 2006. <http://www.eurasianet.org/departments/business/articles/eav030106.shtml>

¹³⁶ Coinmill.com. "Azerbaijani Manats (AZN) and United States Dollars (USD) Currency Exchange Rate Conversion Calculator." 7 August 2008. http://coinmill.com/AZN_USD.html#USD=1

Azerbaijan (IBA)—hold almost 50% of the banking market in the country. Both of these banks were state owned until 2007, when 50% of Kapital Bank was sold off for USD 28 million. (The remaining 50% of Kapital Bank was privatized in June 2008.)¹³⁷ As of 2008, there were 46 banks in Azerbaijan, a number that has dropped from roughly 250 as the National Bank has continued to increase the minimum capital requirements for licensed banks operating in the country.^{138, 139}

Trade

As Azerbaijan's oil exports have rapidly increased in recent years, the country has shown an increasingly large surplus in its balance of trade. In 2006, the National Bank of Azerbaijan reported a trade surplus of USD 15.2 billion, up from USD 7.7 billion in 2006 and USD 3.3 billion in 2005.¹⁴⁰ Oil accounted for 95% of Azerbaijan's export revenue in 2007, up sharply from 60% in 1995.¹⁴¹



Beyond oil, Azerbaijan's top exports in 2006 were inorganic chemicals (almost all of which is alumina), plastics, fruits and nuts, ships and offshore drilling platforms, and aluminum.¹⁴² Major imports for 2006 included machinery and machine parts, energy and fuels (mostly natural gas), electrical equipment, iron and steel products, and trucks and cars.¹⁴³ Only the last of these product categories was significantly oriented towards the consumer market.¹⁴⁴

¹³⁷ BusinessNewsEurope. "Azerbaijan: Kapital Bank Privatisation Completed." 13 June 2008.

<http://www.businessneweurope.eu/pdf/5193/bneEURASIA130608.pdf>

¹³⁸ United World. "Azerbaijan: The Velocity of the Manat." 28 February 2007. <http://www.unitedworld-usa.com/reports/azerbaijan/banking.asp>

¹³⁹ Business News Europe. Klemm, Heiner. "Azerbaijan Banks Burn Bright." 8 August 2008.

<http://www.businessneweurope.eu/story1187>

¹⁴⁰ The National Bank of the Republic of Azerbaijan. "Table 1.6: Foreign Trade of the Republic of Azerbaijan (Based on a Balance of Payments Methodology)." 2008.

http://www.nba.az/download/statistika/makroiqtisadi_g/x_ticaret.pdf

¹⁴¹ The Economist. "Azerbaijan: Factsheet." 9 July 2008.

<http://www.economist.com/countries/Azerbaijan/profile.cfm?folder=Profile-FactSheet>

¹⁴² International Trade Centre/World Trade Organization. "Trade Performance HS: Exports of Azerbaijan (2006, in USD Thousands)." 2008.

http://www.intracen.org/appli1/TradeCom/TP_EP_CI.aspx?RP=031&YR=2006

¹⁴³ International Trade Centre/World Trade Organization. "Imports of Azerbaijan (2006, in USD Thousands)." 2008. http://www.intracen.org/appli1/TradeCom/TP_IP_CI.aspx?RP=031&YR=2005

¹⁴⁴ International Trade Centre/World Trade Organization. "Stage of Processing: Azerbaijan (2006, in USD Thousands)." 2008.

http://www.intracen.org/appli1/TradeCom/TP_IP_CI_StageP.aspx?RP=031&YR=2005

The list of Azerbaijan's key trading partners for exports, not surprisingly, generally consists of the major recipients of the country's oil exports. For many years, Italy has been the primary recipient of Azerbaijani oil exports and has thus been the leading trade partner with Azerbaijan on the export side. With much smaller percentages of Azerbaijan's oil exports, Israel, France, and Turkey are also notable trading partners. In the summer of 2007, Turkey, a close diplomatic relation of Azerbaijan, began receiving shipments of natural gas from Azerbaijan's large Shah Deniz field in the Caspian Sea via the South Caucasus Pipeline.¹⁴⁵ These gas exports should soon make Turkey Azerbaijan's second-largest export partner. Georgia, which has become a key intermediary country on Azerbaijan's new oil and gas pipeline routes, will also soon see a spike in their gas imports from Azerbaijan.¹⁴⁶



Azerbaijan's primary trading partners for imports are Russia, the European Union (most notably the United Kingdom and Germany), and Turkey.¹⁴⁷

Investment

Azerbaijan has received large infusions of foreign direct investment (FDI) as international oil and gas companies have developed drilling and transport operations in the country. After dramatic increases during the early 2000s, foreign investment has declined considerably since 2006 as some oil companies have discontinued their exploration operations and others have moved beyond the initial development period.¹⁴⁸ Foreign investment outside the oil and gas sector has been limited due to concerns over corruption, inadequate legal protections, and governmental bureaucracy.¹⁴⁹ To date, the largest non-energy-related foreign investments have been made in the areas of mobile telephony, soft-drink bottling, cement, and the hotel industry.¹⁵⁰ Recent initiatives have been announced to combat corruption and regulatory system abuse, but it remains to be seen if these reforms will be successful in improving the investment environment for foreign enterprises.¹⁵¹

¹⁴⁵ Energy Information Administration, U.S. Department of Energy. "Country Analysis Briefs: Azerbaijan: Natural Gas." December 2007. <http://www.eia.doe.gov/cabs/Azerbaijan/NaturalGas.html>

¹⁴⁶ Energy Information Administration, U.S. Department of Energy. "Country Analysis Briefs: Azerbaijan: Natural Gas." December 2007. <http://www.eia.doe.gov/cabs/Azerbaijan/NaturalGas.html>

¹⁴⁷ International Trade Centre/World Trade Organization. "Imports of Azerbaijan 00 – All Industries (2006, in USD Thousands)." 2008.

http://www.intracen.org/appli1/TradeCom/TP_IP_CI_P.aspx?TY=I&IN=00&RP=031&YR=2006

¹⁴⁸ United Nations Conference on Trade and Development. *World Investment Report 2007*. "Country Fact Sheets: Azerbaijan." 16 October 2007. http://www.unctad.org/sections/dite_dir/docs/wir07_fs_az_en.pdf

¹⁴⁹ U.S. Commercial Service, U.S. Department of Commerce. "Azerbaijan: Investment Climate Statement 2008." 2008. <http://www.buyusa.gov/azerbaijan/en/azeics2008.html>

¹⁵⁰ U.S. Commercial Service, U.S. Department of Commerce. "Azerbaijan: Investment Climate Statement 2008." 2008. <http://www.buyusa.gov/azerbaijan/en/azeics2008.html>

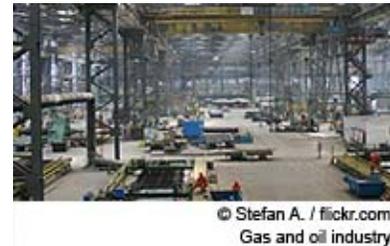
¹⁵¹ U.S. Commercial Service, U.S. Department of Commerce. "Azerbaijan: Investment Climate Statement 2008." 2008. <http://www.buyusa.gov/azerbaijan/en/azeics2008.html>

As foreign investment has decreased and oil and gas revenues have flowed into the country, the Azerbaijan government has expanded its public investment in social services and key infrastructure. Unfortunately, one of the adverse side effects of this investment has been a spike in the nation's inflation rate.¹⁵²

Energy and Mineral Resources

Energy

It is hard to overstate the importance of Azerbaijan's oil and natural gas resources to its overall economy. Since 1999, the country's oil revenues have been flowing into a State Oil Fund, which has been used to invest in areas such as education, poverty reduction, and the improvement of rural living standards. At the end of 2006, the fund contained assets of nearly USD 2 billion, and this amount is forecasted to grow dramatically over the next several years.¹⁵³



The majority of Azerbaijan's oil production comes from the Azeri-Chirag-Guneshli (ACG) field in the Caspian Sea, which is operated by the consortium known as the Azerbaijan International Operating Company (AIOC). Recent estimates place Azerbaijan's oil reserves at 7 billion barrels, the ninth-largest among non-OPEC-member countries.¹⁵⁴ Several older fields in the Caspian are managed by the government-owned State Oil Company of the Azerbaijan Republic (SOCAR), but production from these fields is in decline.¹⁵⁵

Azerbaijan's Caspian waters are also home to the country's natural gas resources. Until recently, production from these fields was not enough to offset the nation's domestic consumption of natural gas. However, in 2007 production began at the Shah Deniz field in the Caspian, and Azerbaijan soon became a net exporter of natural gas.

The gas is delivered via pipeline to Turkey through Georgia, following the same route as an oil pipeline. The oil pipeline to Turkey began operations in 2005, and the gas pipeline made its first deliveries in December 2006. Prior to that point, land-locked Azerbaijan delivered most of its energy resources to market via the Russian pipeline system.¹⁵⁶ In

¹⁵² International Monetary Fund. "Azerbaijan—2008 Article IV Consultation, Preliminary Conclusions of the IMF Mission." 12 March 2008. <http://www.imf.org/external/np/ms/2008/031208.htm>

¹⁵³ Energy Information Administration, U.S. Department of Energy. "Country Analysis Briefs: Azerbaijan: Background." December 2007. <http://www.eia.doe.gov/cabs/Azerbaijan/Background.html>

¹⁵⁴ Energy Information Administration, U.S. Department of Energy. "World Proved Reserves of Oil and Natural Gas: Most Recent Estimates." 9 January 2007.

<http://www.eia.doe.gov/emeu/international/reserves.html>

¹⁵⁵ Energy Information Administration, U.S. Department of Energy. "Azerbaijan: Oil." December 2007.

<http://www.eia.doe.gov/cabs/Azerbaijan/Oil.html>

¹⁵⁶ BBC News, International Version. "Giant Caspian Oil Pipeline Opens." 25 May 2005.

<http://news.bbc.co.uk/2/hi/business/4577497.stm>

August 2008, an explosion on the Turkish segment of the oil pipeline disrupted oil deliveries for several weeks. A Kurdish separatist group banned in Turkey claimed responsibility for the explosion.¹⁵⁷

Most of Azerbaijan's electricity needs are generated by oil and gas-powered plants. Since 2000, many of these plants have shifted to gas, causing the country to be a net importer of gas until recently.¹⁵⁸ Six state-owned hydroelectric plants generate slightly less than 15% of Azerbaijan's total production of electricity.¹⁵⁹

Minerals

Although Azerbaijan maintains some natural resource wealth outside of its oil and gas reserves, the country's mineral extraction industries have been overshadowed by the energy sector. Azerbaijan's metal deposits are mostly located in the Lesser Caucasus Mountains of the western part of the country, but only a few are currently mined. A factory in Gäncä produces alumina using nearby alunite deposits, and some of this alumina is subsequently shipped to Sumqayıt to be processed into aluminum.¹⁶⁰



Azerbaijan's iron ore deposits are also located in the mountainous regions near Gäncä. Recently, these mines were auctioned by the government, and the purchasing company has announced plans to upgrade and expand the mining operations.¹⁶¹ Azerbaijan's steel production facilities have historically been located on the Abşeron Peninsula, but construction has begun on a large steel-making facility in Gäncä which will use the iron ore condensates from the local mines.¹⁶²

¹⁵⁷ Today's Zaman. Altunsoy, Ismail. "PKK Claims Responsibility for BTC Pipeline Explosion." 8 August 2008. <http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=149686&bolum=105>

¹⁵⁸ International Energy Agency. "Evolution of Electricity Generation by Fuel from 1990 to 2005." 2007. http://www.iea.org/textbase/stats/pdf_graphs/AZELEC.pdf

¹⁵⁹ Energy Information Administration, U.S. Department of Energy. "Country Analysis Briefs: Azerbaijan: Electricity." <http://www.eia.doe.gov/cabs/Azerbaijan/Electricity.html>

¹⁶⁰ New Europe. "Azerbaijan Aluminum to Double Output by 2008." 23 April 2006. <http://www.neurope.eu/articles/50810.php>

¹⁶¹ Trend Capital News Agency. "Det.AI Limited Won Investment Competition for Sale of Shares of Dashkesen Ore Mining and Processing Enterprises." 11 October 2006.

<http://capital.trendaz.com/index.shtml?show=news&newsid=863855&catid=502&subcatid=386&lang=EN>

¹⁶² Rusmet.com. "Azerbaijan Investment Company Acquires 25% Equity Stake in a Metallurgical Plant to be the Largest in Azerbaijan." 1 July 2008. <http://rusmet.com/news.php?id=14053>

Standard of Living

Azerbaijan's oil wealth has yet to raise a significant portion of the country's population out of poverty, although there are definite signs of improvement. As of 2006, the national poverty rate stood at nearly 21%.¹⁶³ This number contrasts considerably with the country's past poverty rates of 68% in 1995 (shortly after the Nagorno-Karabakh war left the country with hundreds of thousands of internally displaced refugees) and 50% in 2001 (before the current oil boom had begun).¹⁶⁴



As oil revenues have increased in the last few years, the Azerbaijani government has made substantial investments in social services and infrastructure. However, long before this recent expansion of public development projects, Azerbaijan had initiated similar projects with the help of foreign investors. Since its independence, Azerbaijan has received economic assistance from several international finance groups, including the World Bank and the Asian Development Bank, and a share of this lending has targeted improvements in health, education, infrastructure, and economic institutions.¹⁶⁵

Tourism

While it is unlikely that Azerbaijan will ever become a renowned tourist destination, the government has made attempts to develop a tourism industry. One small advantage that tourism officials can claim is the recent development of a built-in travel clientele. Each year Baku hosts a number of foreign visitors who travel to the region on oil business, and many stay to explore other parts of the country. In fact, the country's first comprehensive travel guide for visitors was sponsored by an oil company.¹⁶⁶

However, there are significant factors that work against the Azerbaijani tourism industry. The country's scenic natural attractions, most notably the Caucasus Mountains, are desired tourist destinations, but unfortunately some of the most beautiful mountain regions in Azerbaijan are under Armenian control (in the Nagorno-Karabakh area) or dangerously close to the cease-fire line. Another notable problem is the country's lack of reliable tourist-grade hotel accommodations outside of Baku.¹⁶⁷ Naxçivan has its own



¹⁶³ Asian Development Bank. "Azerbaijan 2008: A Fact Sheet."

http://www.adb.org/Documents/Fact_Sheets/AZE.pdf

¹⁶⁴ UN Data. "Population Below National Poverty Line, Total Percentage." 2008.

<http://data.un.org/Data.aspx?d=MDG&f=seriesRowID%3A581>

¹⁶⁵ Bank Information Center USA. "Azerbaijan: Overview." 11 August 2008

<http://www.bicusa.org/en/Region.11.aspx>

¹⁶⁶ *Azerbaijan, with Excursions to Georgia*, 2nd Ed. Elliott, Mark. "Introduction [p. 7]." Hindhead, Surrey, U.K: Trailblazer Publications.

unique tourism difficulties due to the Armenian travel restrictions that force visitors traveling by means of ground transportation to enter the region via Iran or Turkey. Finally, most mountainous regions are also very close to the heavily guarded Armenian border.

Despite these obstacles, the Azerbaijani government has channeled resources into further development of its tourism industry. An Azerbaijan Tourism Institute has been created in order to train tourism specialists who will help guide the nascent industry. The government is also establishing Tourist Information Centers in Baku, Gāncā, and the country's other most likely tourist destinations.¹⁶⁸

Transportation

Azerbaijan has a relatively functional transportation network, with most major cities connected to Baku by both road and railway. However, significant portions of the road system are in need of repair or upgrades.¹⁶⁹ A major highway runs roughly parallel to the Caspian coast, spanning from the Russian border in the north to the Iranian border in the south, with Baku serving as the central hub. Another highway runs east–west and connects Baku to the Georgian capital of Tbilisi, and ultimately, to the Black Sea coast. Both routes are also followed by the rail system. Highways and railways to Armenia and Naxçivan exist, but have been closed for over a decade due to hostilities.

There are three commercial airports in Azerbaijan, but Baku's Heydar Aliyev International Airport is the entry point for virtually all foreign travelers to the country. Azerbaijan Airlines (AZAL) is the national air carrier, and it competes with numerous international carriers on routes from Europe and the Middle East into Baku. It also operates several daily flights into Naxçivan City's airport, thereby providing virtually the only direct access to that region from the rest of Azerbaijan. Less frequent routes also serve Gāncā's airport from Baku, as do flights from Istanbul and Moscow on foreign carriers. All three airports (Baku, Naxçivan, and Gāncā) have been renovated since 1999.¹⁷⁰



Courtesy of Wikimedia Commons
Heydar Aliyev International Airport

¹⁶⁷ The Organization for Security and Cooperation in Europe. "Azerbaijan Tourism Sector Development Program." March 2004. http://www.osce.org/documents/ob/2004/03/2505_en.pdf

¹⁶⁸ United Nations Development Programme. "The Government of Azerbaijan and UNDP Expand Cooperation in the Field of Tourism Development." 4 April 2007. www.un-az.org/undp/news/2007/4-4-2007/4-4-2007.php

¹⁶⁹ World Bank. "Transport: Azerbaijan." 3 March 2006. <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/ECAEXT/EXTECAREGTOPTRANSPOR T/0,,contentMDK:20647640~pagePK:34004173~piPK:34003707~theSitePK:571121,00.html>

¹⁷⁰ World Bank. "Transport: Azerbaijan." 3 March 2006. <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/ECAEXT/EXTECAREGTOPTRANSPOR T/0,,contentMDK:20647640~pagePK:34004173~piPK:34003707~theSitePK:571121,00.html>

Although Azerbaijan is technically a landlocked nation, it maintains the largest port on the Caspian Sea at Baku. Plans to move the port to Alät, roughly 60 km (37 mi) to the southwest of Baku, are presently in the design phase.¹⁷¹

Business Outlook

Since 2006, Azerbaijan has had one of the world's highest GDP growth rates, which has been driven by oil and gas production from the newly developed fields in the Caspian Sea. The country's economic expansion has produced many benefits, but several challenges have arisen as well.

For example, economists express strong concerns over the country's rate of inflation. The nation's oil revenues have contributed to the rapid expansion of governmental investment in social programs and infrastructure, helping to fuel an abrupt increase in wages and other forms of compensation.¹⁷² The National Bank of Azerbaijan has tried to control inflation through traditional means (e.g., tightening monetary policy, adjusting interest rates), but its efforts have been offset by governmental spending.¹⁷³ By December 2007, Azerbaijan's inflation rate had reached nearly 20%.¹⁷⁴

Another concern for the Azerbaijani economy is diversification. The non-oil sector of the economy has failed to expand significantly since the beginning of the oil boom. In part, this modest growth reflects the success of the oil and gas sector, which has brought massive amounts of foreign currency into the country and thereby placed appreciation pressures on the *manat*. This, in turn, has made it difficult for Azerbaijani products to compete on the world market.¹⁷⁵ Agriculture has particularly suffered from the appreciation of the *manat*, which has led to an increase in food imports from neighboring countries.¹⁷⁶



Two problems that continue to inhibit investment in non-oil ventures are corruption, and in some sectors, a non-competitive economic structure. Simplified business regulations and greater guarantees on property security and contract rights have also been identified as important reforms needed to attract private investment. The Azerbaijani government

¹⁷¹ Dredging News Online. "Azerbaijan to Announce Tender for New Port." 18 June 2008. <http://www.sandandgravel.com/news/article.asp?v1=11057>

¹⁷² Asian Development Bank. Abbasov, Rafael; and Norio Usui. "Asian Development Outlook 2008: Azerbaijan." 2008. <http://www.adb.org/Documents/Books/ADO/2008/AZE.pdf>

¹⁷³ International Monetary Fund. "Azerbaijan—2008 Article IV Consultation, Preliminary Conclusions of the IMF Mission." 12 March 2008. <http://www.imf.org/external/np/ms/2008/031208.htm>

¹⁷⁴ International Monetary Fund. "Azerbaijan—2008 Article IV Consultation, Preliminary Conclusions of the IMF Mission." 12 March 2008. <http://www.imf.org/external/np/ms/2008/031208.htm>

¹⁷⁵ TheEconomist.com. "Azerbaijan and Oil: Too Much of a Good Thing." 17 August 2006. http://www.economist.com/research/Backgrounders/displaystory.cfm?story_id=7796434

¹⁷⁶ Asian Development Bank. Abbasov, Rafael; and Norio Usui. "Asian Development Outlook 2008: Azerbaijan." 2008. <http://www.adb.org/Documents/Books/ADO/2008/AZE.pdf>

has already taken legal and regulatory steps to address some of these issues, but enforcement will be the key to their success.^{177, 178}

International Organizations

Azerbaijan is a member of several regional economic organizations, such as the Economic Cooperation Organization, the Commonwealth of Independent States (CIS), and the Black Sea Economic Cooperation Zone. It has signed free-trade agreements with many of its partners in the CIS, including its neighbors, Russia and Georgia.¹⁷⁹ Azerbaijan is also a member of most international economic organizations, such as the World Bank.



Courtesy of Wikimedia Commons
Flag of the Commonwealth of Independent States

However, one key world economic organization that Azerbaijan does not belong to is the World Trade Organization (WTO), the world's foremost trade organization. Azerbaijan applied for membership in the WTO in 1997, but negotiations for WTO accession only began in earnest in 2002 and they are presently ongoing.¹⁸⁰ The Azerbaijani government is now optimistic that their membership to the WTO will be approved by 2009.¹⁸¹

¹⁷⁷ Asian Development Bank. Abbasov, Rafael; and Norio Usui. "Asian Development Outlook 2008: Azerbaijan." 2008. <http://www.adb.org/Documents/Books/ADO/2008/AZE.pdf>

¹⁷⁸ International Monetary Fund. "Azerbaijan—2008 Article IV Consultation, Preliminary Conclusions of the IMF Mission." 12 March 2008. <http://www.imf.org/external/np/ms/2008/031208.htm>

¹⁷⁹ United Nations Economic and Social Commission for Asia and the Pacific. Jumayev, Farrukh. "Information on Current Status of Trade Facilitation Reform in the Republic of Azerbaijan: Foreign Trade." No date. http://www.unescap.org/tid/projects/tfspeca_azer.pdf

¹⁸⁰ World Trade Organization. "Accessions: Azerbaijan." 2008. http://www.wto.org/english/thewto_e/acc_e/a1_azerbaidjan_e.htm

¹⁸¹ Azerbaijan Business Center. "Azerbaijan Still Expects Possible Completion of WTO Membership Multilateral Talks Within 1 or 1/5 Year." 28 January 2008. http://abc.az/cgi-bin/wnews_one.cgi?nid=20841&lang=eng

Society

Ethnic Groups and Language

Azerbaijan lies in a region that has been conquered and occupied by numerous powers throughout its recorded history. Various degrees of assimilation between the local inhabitants and foreign invaders and migrants have left a complex cultural footprint in modern times. Most ethnic classifications of Azerbaijan acknowledge this complexity by using primary language as the distinguishing factor in determining the ethnic composition of the population.



© Oleg Litvin
Azeri Folk Dancers

According to the most recent census (1999), Azeris comprise 90.6% of the country's population. Azeris speak a northern version of the Azerbaijani language, which is closely related to Turkish. (The southern version of Azerbaijani is spoken in northern Iran.) The Azerbaijani language is presently written in a modified Latin script, but during the Soviet era it was written in Cyrillic. Prior to Soviet rule, several versions of Arabic script were used.¹⁸²

Most of the ethnolinguistic minorities in Azerbaijan live in the mountainous regions of the country. The Lezgins, a Sunni Muslim group that accounts for 2.2% of the country's total population, live on the southern slopes of the Greater Caucasus Mountains, in the Qusar rayon adjoining the Russian republic of Dagestan.¹⁸³ To the southwest of the Lezgins live the Muslim Tats, who speak a language closely related to Farsi.¹⁸⁴ Judeo-Tat, a dialect of Tat, is spoken by the people referred to as Mountain Jews, who inhabit the all-Jewish village of Krasnaya Sloboda, which is located just outside the northern city of Quba.^{185, 186}

In Azerbaijan's northwestern region, close to the Georgian border, live the Avars and Tshakurs. Both of these groups, as well as the Lezgins, speak Caucasian languages that are significantly different from Azerbaijani and other Turkic languages. In the far southeast of Azerbaijan, the Talysh speak an Iranian-based language and constitute about 1% of the Azerbaijani population. In 1993, a Talysh-Mughan Autonomous Republic was briefly declared in this region by Talysh separatists before government forces intervened.

¹⁸² Encyclopædia Britannica Online. "Azerbaijan: The People." 2008.

<http://www.britannica.com/EBchecked/topic/46781/Azerbaijan#>

¹⁸³ The State Statistical Committee of the Republic of Azerbaijan. "Population by Ethnic Groups (Based on Census)." 2008. <http://www.azstat.org/statinfo/demographic/en/007.shtml#s7>

¹⁸⁴ *Ethnologue: Languages of the World*, 15th Ed. "Languages of Azerbaijan." 2005.

http://www.ethnologue.com/show_country.asp?name=AZ

¹⁸⁵ Azerb.com. "Krasnaya Sloboda." No date. <http://www.azerb.com/az-krasnaya.html>

¹⁸⁶ *Azerbaijan with Excursions to Georgia*, 2nd Ed. Elliott, Mark. "Excursions from Quba: Krasnaya Sloboda [p. 165]." 2004. Hindhead, Surrey, U.K: Trailblazer Publications.

Azerbaijan's other ethnolinguistic minorities include Russians, Volga Tatars, Georgians, Armenians (who live almost exclusively in the Nagorno-Karabakh region), and Kurds.¹⁸⁷ The Kurds formerly lived in the narrow strip between Armenia and the Nagorno-Karabakh Autonomous Region, but they became internally displaced refugees when Armenia began to occupy the region during the Nagorno-Karabakh war.¹⁸⁸

Religion

Over 95% of the people in Azerbaijan identify themselves as Muslim,¹⁸⁹ with roughly 70% following the Shi'a sect, making Azerbaijan one of the few predominantly Muslim countries with a Shi'a majority.¹⁹⁰ It should be noted, however, that differences between Azerbaijani Shi'ites and Sunnis have historically been less clearly defined than in other Muslim regions.¹⁹¹



During the Soviet era, severe restrictions were placed on the practices of all religions and the activities of their respective religious leaders. Although Azerbaijan has experienced something of a religious resurgence since the dissolution of the Soviet Union (numerous mosques have reopened or been constructed), today, the majority of Azerbaijani Muslims do not actively practice their religion.¹⁹²

In Azerbaijan, Islamic practices retain some elements of ancient animist and Zoroastrian traditions.^{193, 194} Azerbaijani Muslims, especially those living in rural mountainous regions, are as likely to visit sacred shrines (*pirs*) and the graves of "saints" as they are to visit mosques.¹⁹⁵ Such practices have been branded as contrary to the tenets of Islam by Salafist Muslims, who practice a strain of the religion that is generally associated with fundamentalist Islam. In areas of northern and western Azerbaijan, where Sunni Muslims are more prevalent, Salafist organizations have made some progress in promoting a less tolerant, "purer" form of Islam. There are, however, differing opinions regarding the

¹⁸⁷ The State Statistical Committee of the Republic of Azerbaijan. "Population by Ethnic Groups (Based on Census)." 2008. <http://www.azstat.org/statinfo/demographic/en/007.shtml#s7>

¹⁸⁸ CIA World Factbook. "Azerbaijan." 19 June 2008. <https://www.cia.gov/library/publications/the-world-factbook/geos/aj.html>

¹⁸⁹ Bureau of Democracy, Human Rights, and Labor, U.S. Department of State. "International Religious Freedom Report 2007: Azerbaijan." 14 September 2007. <http://www.state.gov/g/drl/rls/irf/2007/90164.htm>

¹⁹⁰ *Middle East Review of International Affairs*, Vol. 9, No. 4. Valiyev, Anar. "Azerbaijan: Islam in a Post-Soviet Republic." December 2005. [http://meria.idc.ac.il/journal/2005/issue4/jv9no4a1.html#Anar Valiyev](http://meria.idc.ac.il/journal/2005/issue4/jv9no4a1.html#Anar%20Valiyev)

¹⁹¹ Bureau of Democracy, Human Rights, and Labor, U.S. Department of State. "International Religious Freedom Report 2007: Azerbaijan." 14 September 2007. <http://www.state.gov/g/drl/rls/irf/2007/90164.htm>

¹⁹² *Middle East Review of International Affairs*, Vol. 9, No. 4. Valiyev, Anar. "Azerbaijan: Islam in a Post-Soviet Republic." December 2005. [http://meria.idc.ac.il/journal/2005/issue4/jv9no4a1.html#Anar Valiyev](http://meria.idc.ac.il/journal/2005/issue4/jv9no4a1.html#Anar%20Valiyev)

¹⁹³ *Azerbaijan with Excursions to Georgia*, 2nd Ed. Elliott, Mark. "Facts about the Country: Religion [p. 47]." 2004. Hindhead, Surrey, U.K: Trailblazer Publications.

¹⁹⁴ *Middle East Review of International Affairs*, Vol. 9, No. 4. Valiyev, Anar. "Azerbaijan: Islam in a Post-Soviet Republic." December 2005. [http://meria.idc.ac.il/journal/2005/issue4/jv9no4a1.html#Anar Valiyev](http://meria.idc.ac.il/journal/2005/issue4/jv9no4a1.html#Anar%20Valiyev)

¹⁹⁵ *Cultures of the World: Azerbaijan*. King, David C. "Religion: Ancient Traditions [pp. 76–78]." 2006. Tarrytown, N.Y: Marshall Cavendish Benchmark.

extent to which Azerbaijan's more secular brand of Islam is threatened by these groups.¹⁹⁶

In Azerbaijan, Christianity is primarily represented by the Armenian Orthodox Church, which is strictly confined to Nagorno-Karabakh and the adjacent areas under Armenian control, and the Russian Orthodox Church. Adherents of the latter church are primarily located in Baku and the Abşeron Peninsula. Catholics, Protestants, and other Christian groups maintain very small numbers.

Approximately 16,000 Jews live in Azerbaijan, with the majority of them found in Baku. Much of Baku's Jewish population consists of Mountain Jews who have moved to the area. Besides Krasnaya Sloboda, small pockets of Mountain Jews can also be found in the small villages of Oğuz and Privolnoe.¹⁹⁷

Traditions: Celebrations and Holidays

The majority of Azerbaijan's official holidays are secular, but the most celebratory of them are religious. Among the secular non-working holidays are New Year's Day (1 January), International Women's Day (8 March), Victory Day (9 May, commemorating Azerbaijan's contributions to World War II), Republic Day (28 May, marking the founding of the Azerbaijan Democratic Republic in 1918), National Salvation Day (15 June, commemorating the date that the Azerbaijani parliament invited Heydar Aliyev to lead the country), Armed Forces Day (26 June), and Solidarity Day (marking the fall of the Soviet wall on the Azerbaijani–Iranian border in 1989).¹⁹⁸

The most celebrated Azerbaijani holiday is Novruz Bayram, an ancient festival (predating Islam) that occurs around the spring equinox, the beginning of the new year in the ancient Persian solar calendar. In the weeks leading up to the holiday, Azerbaijanis clean their homes and perform traditional leaps over bonfires in the street. Sprouts of wheat and barley are grown on special plates called *samani* during this time as well. The holiday itself is celebrated with processions, dancing, performances, sports contests, and of course, much feasting.^{199, 200, 201}



© Today is a good day / flickr.com
Novruz Bayram decorations

¹⁹⁶ Jamestown Foundation. *Global Terrorism Analysis*, Vol. 5, No. 19. Valiyev, Anar. "Azerbaijan Increasingly Caught Between Salafism and Iran." 11 October 2007.

<http://www.jamestown.org/terrorism/news/article.php?articleid=2373711>

¹⁹⁷ Jewish Virtual Library. Sloame, Joanna. "Azerbaijan." 2008.

<http://www.jewishvirtuallibrary.org/jsource/vjw/Azerbaijan.html>

¹⁹⁸ Q++Studio. "Public Holidays and Bank Holidays for Azerbaijan." 2008.

<http://www.qppstudio.net/publicholidays2008/azerbaijan.htm>

¹⁹⁹ *Azerbaijan with Excursions to Georgia*, 2nd Ed. Elliott, Mark. "Facts About the Country: Novruz Bayram [p. 51]." 2004. Hindhead, Surrey, U.K: Trailblazer Publications.

²⁰⁰ *Cultures of the World: Azerbaijan*. King, David C. "Festivals: The New Year [p. 112]." 2006. Tarrytown, N.Y: Marshall Cavendish Benchmark.

²⁰¹ Tourism in Azerbaijan. "National Traditions." No date. <http://azerbaijan.tourism.az/cerem.html>

Of the Muslim holidays, Gurban Bayram (Eid al-Adha) and Ramazan Bayram (Eid al-Fitr) are the most widely celebrated. Gurban Bayram (also known as the Feast of Sacrifices) marks the time when the patriarch Abraham was tested by God with a request to sacrifice his son Isaac. Today, Azerbaijani Muslims commemorate this event by slaughtering a sheep and distributing a portion of the meat to the poor, saving the rest for family, friends, and neighbors. Ramazan Bayram is the feast that follows the month-long fasting period known as Ramadan. In addition to feasting, the festival is marked by music, prayers, and the exchange of presents.²⁰²

Cuisine

Kebab, known locally by the Russian word *shashlyk*, is a ubiquitous food item in Azerbaijan. The typical kebab consists of skewered chunks of marinated meat (*tika*), but, unlike in the United States, the meat (typically lamb) is grilled on separate skewers from the vegetables.^{203, 204} A variation of this item is the *lūla* kebab, in which minced lamb is mixed with spices and herbs, shaped into a ball, and then grilled on skewers.



© Cody Abram
Kabobs being grilled in Baku

Another popular Azerbaijani dish is the dolma, which comes in several varieties based on the type of casings and ingredients. Spiced lamb and rice mixtures wrapped in grape leaves are known as *yarpaq dolmasi*, whereas cabbage leaves are used as the wrappings for *kalam dolmasi*. Tomatoes, sweet peppers, and eggplants are also sometimes used as the dolma casing.^{205, 206}

Other traditional Azerbaijani dishes include *dovğa* (hot soup made with yoghurt, rice, spinach, and onions), *doğrama* (cold soup with sour milk, cucumbers, potatoes, and onions), *piti* (lamb stew with chickpeas and potatoes and spiced with saffron when available), *plov* (a meat and rice pilaf), *baliq* (a fish kebab, often using sturgeon, served with a sour-plum sauce), and *duşbara* (small dumplings filled with minced lamb and served in a hot broth). A regional dish from the Länkärän-Talysh region in southeastern

²⁰² *Cultures of the World: Azerbaijan*. King, David C. "Festivals: The New Year [p. 112]." 2006. Tarrytown, N.Y: Marshall Cavendish Benchmark.

²⁰³ *Cultures of the World: Azerbaijan*. King, David C. "Food [p. 119]." 2006. Tarrytown, N.Y: Marshall Cavendish Benchmark.

²⁰⁴ *Georgia, Armenia & Azerbaijan*, 2nd Ed. Plunkett, Richard and Tom Masters. "Azerbaijan: Food & Drink [pp. 197, 198]." 2004. Footscray, Victoria, Australia: Lonely Planet Publications.

²⁰⁵ *Cultures of the World: Azerbaijan*. King, David C. "Food [p. 120]." 2006. Tarrytown, N.Y: Marshall Cavendish Benchmark.

²⁰⁶ *Azerbaijan with Excursions to Georgia*, 2nd Ed. Elliott, Mark. "Practical Information: Food [pp. 21, 22]." 2004. Hindhead, Surrey, U.K: Trailblazer Publications.

Azerbaijan is *lāvāngi*, which consists of baked chicken stuffed with walnuts, pomegranate seeds, raisins, and rice.²⁰⁷

Seventy years of Soviet rule have left a culinary imprint on Azerbaijan as well. Under the Soviet planned economy, which designated certain regions as suppliers for the rest of the country, rice fields in southern Azerbaijan were shifted to cabbage, potatoes, and wheat. Russian dishes such as *borscht* (beet-and-cabbage soup), *stolichni* (potato salad with shredded chicken and diced vegetables), goulash, salad vinaigrette (beans, potatoes, carrots, beets, cabbage), meat cutlets, and *shi* (fish soup) largely replaced many traditional rice-based dishes, such as rice pilaf, which was thereafter reserved for only special occasions.^{208, 209} Common desserts shifted from *shakarbura* (a crescent-shaped pastry filled with nuts) or *pakhlava* (baklava) to cake and ice cream. Alcohol consumption also became more common, particularly at social celebrations such as weddings.²¹⁰

Arts

Literature

Most of Azerbaijan's classic poets wrote in Persian. The 12th and early 13th centuries were a golden age of poetry in the region, as Khagani Shirvani (1120–1194), Mahsati Ganjavi (precise dates unknown), and Nizami Ganjavi (1141–1209) all practiced their craft. Nizami, who was born in Gäncä and lived his entire life there, is considered by many to be the greatest romantic epic poet to write in the Persian language.²¹¹ His epic *Khamsa* includes five poems inspired, in part, by legendary love stories. Today, virtually every town in Azerbaijan has a statue of Nizami.



Four centuries later, poet Mehmed bin Suleyman Fuzuli (ca. 1498–

²⁰⁷ *Azerbaijan International*, Vol. 8, No. 3. "Stuffed Chicken: Lavangi." Autumn 2000.
http://www.azari.com/aiweb/categories/magazine/83_folder/83_articles/83_265.html

²⁰⁸ *Azerbaijan International*, Vol. 10, No. 4. Khanlou, Pirouz. "Forgotten Foods: Comparison of the Cuisines of Northern and Southern Azerbaijan." Winter 2002 (reprinted from Autumn 2000).
http://azer.com/aiweb/categories/magazine/ai104_folder/104_articles/104_food_north_south.html

²⁰⁹ *Azerbaijan International*, Vol. 8, No. 3. Amiraslanov, Tahir. "From Pilaf to Pizza: A Road Map of Azerbaijani Cuisine." Autumn 2000.
http://azer.com/aiweb/categories/magazine/83_folder/83_articles/83_amiraslanov.html

²¹⁰ *Azerbaijan International*, Vol. 8, No. 3. Amiraslanov, Tahir. "From Pilaf to Pizza: A Road Map of Azerbaijani Cuisine." Autumn 2000.
http://azer.com/aiweb/categories/magazine/83_folder/83_articles/83_amiraslanov.html

²¹¹ Encyclopædia Britannica Online. "Nezāmī." 2008.
<http://www.britannica.com/EBchecked/topic/413374/Nezami#>

1556) composed his own version of *Layli and Majnun* (one of the five stories of Nizami's *Khamsa*) in Azeri-Turk. This and other poems by Fuzuli are generally considered some of the first important written works in the Azerbaijani language.^{212, 213}

During the 19th century, following Russia's conquest of the Azerbaijani khanates, Azerbaijani writers began exploring new formats and themes. Notable among this generation of literary talents was Mirza Fatali Akhundov (1812–1878), who wrote some of the first plays in the Azerbaijani language. Akhundov's stage works were comedic social critiques that compelled some contemporaneous commentators to compare him with the French playwright Molière.²¹⁴ Less well known is the role that Akhundov played in lobbying for a Latin alphabet for the Azerbaijani language, which, at that time, employed Arabic script.²¹⁵

One of the most renowned works by an Azerbaijani writer of the 20th century is the novel "Ali and Nino" (or, alternatively, *Layli and Majnun*). Similar to *Romeo and Juliet*, it is a story of doomed love set in Baku and other parts of the Caucasus during 1918–20. Originally published in 1937 in German, the book has since been translated into 28 languages and is still widely read. The author, known under the pseudonym of Gurban Said, is thought to have been Baku-raised Lev Nussimbaum.²¹⁶ More recently, the novels and stories of Azerbaijani writer Anar Rzaev are credited for helping to break down the narrow literary boundaries of socialist realism during the latter decades of Soviet rule.²¹⁷

Music

Mugam is a traditional Azerbaijani musical form that remains popular today. It has been described as "part poetry, part song." *Mugam* compositions utilize one of seven different modes or tonal scales, each invoking a different mood or emotion. Improvisation within the musical and lyrical forms is a characteristic element of its performance. Various instruments may be used, with the



²¹² Azeri Literature. "Muhammed Fuzuli (1498-1556)." 2001. <http://literature.aznet.org/literature/>

²¹³ *Georgia, Armenia & Azerbaijan*, 2nd Ed. Plunkett, Richard; and Tom Masters. "Azerbaijan: Arts [p. 195]." 2004. Footscray, Victoria, Australia: Lonely Planet Publications.

²¹⁴ *Russia and Azerbaijan: A Borderland in Transition*. Swietochowski, Tadeusz. "The Enlightenment Movement [p. 26]. 1995. New York, N.Y: Columbia University Press.

²¹⁵ *Azerbaijan International*, Vol. 8, No. 3. Alakbarov, Farid. "Mirza Fatali Akhundov: Alphabet Reformer Before His Time." Spring 2000.

http://www.azeri.org/Azeri/az_english/81_folder/81_articles/81_akhundov.html

²¹⁶ *Azerbaijan International*, Vol. 12, No. 2. Suleymanov, Elin. "'Ali and Nino' by Kurban Said: Inside the Soul of a Caucasian." Summer 2004.

http://www.azer.com/aiweb/categories/magazine/ai122_folder/122_articles/122_suleymanov_elin.html

²¹⁷ American Association for the Advancement of Slavic Studies. *Slavic Review*, Vol. 56, No. 4. Mosur, Joseph P. "Review of 'Subversive Imaginations: Fantastic Prose and the End of Soviet Literature, 1970s-1990s' by Nadya L. Peterson [p. 822]." 1997. <http://www.jstor.org/pss/2502169>

tar and *kamancha* two of the most common. The *tar* is a long-necked lute-like instrument that has 5, 11, or 13 mostly-paired strings.²¹⁸ The *kamancha* is similar to a spike fiddle and has 3, 4, or 5 strings that are played with a bow rather than strummed.²¹⁹

Mugam compositions are typically accompanied by lyrics derived from Persian, Arabic, or Azeri poetry, often with a theme connected to the search for divine love. *Mugam* singers play the *gaval*, a tambourine-like percussive instrument, which is used to set the tempo of the piece.²²⁰ One of Azerbaijan's foremost *mugam* singers is Alim Qasimov, a Baku resident who was named the Laureate of the prestigious UNESCO Music Prize in 1999, placing him in the esteemed company of past winners such as Dmitri Shostakovich, Leonard Bernstein, Ravi Shankar, Benny Goodman, Miriam Makeba, and Oscar Peterson.²²¹

Another ancient Azerbaijani musical tradition that continues to this day is practiced by wandering minstrels known as *ashugs*. *Ashug* music has been compared to *mugam*, but there are several distinctions between the two. As opposed to the typical *mugam* trio, *ashugs* are generally soloists, accompanying themselves on a large lute-like instrument known as a *saz*. *Ashug* songs tend to be more rhythmically focused, and the lyrics are more improvisational, reflecting an oral, folkloric tradition rather than *mugam*'s more classical, written tradition.²²²

A more modern musical form that is popular in Azerbaijan is jazz. Improvisation, an element that links both *mugam* and *ashug* music, makes the newer art form a natural fit within Azerbaijan's musical scene. An international jazz festival is held in Baku each April, attracting world-renowned artists such as the Azerbaijani jazz pianist Aziza Mustafa Zadeh, whose innovative father, Vagiv, fused *mugam* and jazz traditions into a uniquely Azerbaijani form in the 1950s–1970s.^{223, 224}

²¹⁸ *Azerbaijan with Excursions to Georgia*, 2nd Ed. Elliott, Mark. "Facts About the Country: Traditional Musical Instruments [p. 56]." 2004. Hindhead, Surrey, U.K: Trailblazer Publications.

²¹⁹ Musigi Dunyasi. Atlas of Traditional Music of Azerbaijan. "Kamancha." No date. <http://atlas.musigi-dunya.az/en/kamancha.html>

²²⁰ *Azerbaijan International*, Vol. 9, No. 1. Blair, Betty and Pirouz Khanlou. "Alim Gasimov: Master of Mugham." Spring 2001.

http://www.azer.com/aiweb/categories/magazine/91_folder/91_articles/91_alim.html

²²¹ UNESCO. "Prize Laureates, 1975-2005." No date.

http://www.unesco.org/imc/programmes/prize_laureates.htm

²²² *Azerbaijan International*, Vol. 12, No. 4. Senarsian, Anna Oldfield. "Music of the Bards: So You Want to Become an Ashug..." Winter 2004.

http://azer.com/aiweb/categories/magazine/ai124_folder/124_articles/124_ashug_atilla.html

²²³ *Azerbaijan International*, Vol. 12, No. 3. Blair, Betty. "Mugham Jam: Vagif Mustahfadze – Musical Roots in Baku's Old City." Autumn 2004.

http://azer.com/aiweb/categories/magazine/ai123_folder/123_articles/123_vagif_mustafazade_eng.html

²²⁴ All About Jazz. Rose, Raul d'Gama. "Aziza Mustafa Zadeh: Body and Soul and Mugham!" 6 March 2004. <http://www.allaboutjazz.com/php/article.php?id=1227>

Traditional Dress

Today, Western dress is the common style throughout Azerbaijan. Full traditional costumes are generally reserved for dances or other types of folk performances and for special occasions such as weddings. Some older men still wear the *papakh*, a round wool hat.



© Gene Bonventre
Traditional and modern Azerbaijani ladies

Some Azerbaijani women, mostly of younger age, wear headscarves or other types of head or facial coverings. However, whereas women in many Muslim countries face great pressure to follow strict Islamic traditions concerning appropriate dress, Azerbaijani women have occasionally found themselves in legal battles over their rights to wear headscarves in all settings, particularly in photos for use in identity papers.^{225, 226}

Folk Culture and Folklore

Between 1906 and 1931, a Baku-published satirical journal entitled *Molla Nasreddin* regularly addressed the social and political issues and injustices of the day. This influential journal took its name from a significant and well-known character from Azerbaijani folklore, Molla Nasreddin. Surprisingly, this magazine was able to survive through a tumultuous quarter century that featured the Bolshevik revolution, the founding of the first Azerbaijan Republic, and the subsequent fall of the Republic to Bolshevik forces.²²⁷



Courtesy of Wikimedia
Depiction of Molla Nasreddin

For centuries in Azerbaijan and adjacent regions, Molla Nasreddin has been known as the sometimes foolish but often sage character of countless folk stories and anecdotes. Different cultures ranging from the Mediterranean basin to Central Asia have modified or developed their own versions of the Molla Nasreddin stories, which are used to convey morals or traditional wisdom.²²⁸

Worldwide, folktales have long been important for teaching children valuable cultural lessons, and Azerbaijan is no exception. One popular story known to most Azerbaijani children is “Jirtan,” in which a small and weak boy is able to defeat a monster by using

²²⁵ BBC News. Mulvey, Stephen. “Azerbaijani Women Celebrate Headscarf Victory.” 27 June 1999. <http://news.bbc.co.uk/2/hi/europe/376380.stm>

²²⁶ Daily Estimate. Musayeva, Nigar. “Headscarves Provoke Controversy in Azerbaijan.” 27 August 2007. <http://www.dailyestimate.com/article.asp?id=10821>

²²⁷ *Azerbaijan International*, Vol. 4, No. 3. Garibova, Jala. “Molla Nesreddin – The Magazine: Laughter that Pricked the Conscience of the Nation.” Autumn 1996. http://www.azer.com/aiweb/categories/magazine/43_folder/43_articles/43_mollamag.html

²²⁸ *Azerbaijan International*, Vol. 4, No. 3. “Molla Nasreddin: Comic Sage of the Middle Ages.” Autumn 1996. http://www.azer.com/aiweb/categories/magazine/43_folder/43_articles/43_molla.html

his intelligence.²²⁹ Another traditional story, “How the Dove Became the Bird of Peace,” was published in an Azerbaijani reader for fifth graders in 1994, the year that a ceasefire was called in the bloody Nagorno-Karabakh war, which left Azerbaijan with hundreds of thousands of internally displaced refugees. One of the themes of the story is the need to consider the consequences of warfare.²³⁰

Sports and Recreation

If Azerbaijan were to pick a National Recreational Activity, the most likely selection would be *nard*, one of the world’s oldest board games and a slight variant of the game known in English as backgammon. Another very popular Azerbaijani board game is chess. Garry Kasparov, considered by many to be the greatest chess champion of all time, is a Baku native, although his mother’s Armenian heritage caused him and several family members and friends to flee the city in 1990 during the Azerbaijani-Armenian ethnic rioting of the era.²³¹ Of the country’s active chess players, Teimour Radjabov of Baku and Shakhriyar Mamedyarov of Sumqayit are ranked among the top eight players in the world.²³²

As with much of the world, football (soccer) is tremendously popular in Azerbaijan and is the top spectator sport among Azerbaijanis. Since independence, the national team has yet to qualify for the World Cup or European Championships. Azerbaijan, however, has tasted some success in the Olympics since first competing in 1996. Four Azerbaijanis have won gold medals in the sports of judo (Elnur Mammadli, 2008), Greco-Roman wrestling (Farid Mansurov, 2004), skeet shooting (Zemfira Meftakhetdinova, 2000), and freestyle wrestling (Namig Abdullayev, 2000). These sports, along with boxing, have been the most competitive events for Azerbaijani athletes.



DoD Photo
Azerbaijani wrestler against US wrestler

Gender Issues

Azerbaijan, while a predominantly Muslim country, is also a nation that spent 70 years within the Soviet system, which extolled equality for women. (Such equality, however, often extended only to the workplace, as working women typically remained responsible for all domestic duties.) During the early 1950s, a prominent statue of an Azerbaijani woman casting off her veil was erected in a Baku square. Today, that statue carries both

²²⁹ *Azerbaijan International*, Vol. 4, No. 3. “Children’s Folklore: Jirtdan.” Autumn 1996.

http://azer.com/aiweb/categories/magazine/43_folder/43_articles/43_children.html

²³⁰ *Azerbaijan International*, Vol. 4, No. 3. “How the Dove Became the Bird of Peace.” Autumn 1996.

http://azer.com/aiweb/categories/magazine/43_folder/43_articles/43_peace.html

²³¹ New York Times. Waitzkin, Fred. “King Kasparov.” 7 October 1990.

<http://query.nytimes.com/gst/fullpage.html?res=9C0CE4D81E3EF934A35753C1A966958260&sec=&spon=&pagewanted=1>

²³² World Chess Federation. “Top 100 Players July 2008 – Archive.” July 2008.

<http://ratings.fide.com/toparc.phtml?cod=129>

positive and negative connotations for many of Baku's older citizens. While traditional gender roles were nominally lifted during the Soviet era and women were able to play a greater role outside the home, it was also a time when the religious identity of the Azerbaijani people, which is strongly tied to their national identity, was suppressed.

Today, women in the streets of Baku (and elsewhere in Azerbaijan) can once again be seen wearing a veil, but, for these women, the practice is based on their personal choice and religious beliefs rather than a social norm. In terms of gender roles, the restrictions that Azerbaijani women may encounter today come more often from family traditions and economic concerns than from broadly-enforced religious practices and dictates. Azerbaijan remains a communal, family-structured society, and young women's roles in courtship, marriage, and the larger community are still greatly influenced by familial customs and values.^{233, 234} In addition, poor economic conditions limit many women's options within the workplace. Although urban middle- and upper-class women with foreign language and computer skills generally find ample job opportunities in the service sector, urban-poor and rural women continue to work primarily within the home.²³⁵



²³³ International Special Reports. "Azeri Women Act as a Bridge Between East and West." No date. <http://www.internationalspecialreports.com/ciscentralasia/01/azerbaijan/azeriwomen.html>

²³⁴ Bureau of Democracy, Human Rights, and Labor, U.S. Department of State. "Country Reports on Human Rights Practices – 2007: Azerbaijan." 11 March 2008. <http://www.state.gov/g/drl/rls/hrrpt/2007/100548.htm>

²³⁵ *Azeri Women in Transition: Women in Soviet and Post-Soviet Azerbaijan*. Heyat, Farideh. "Economic and Cultural Diversity in the Post-Soviet Era [pp. 168-174]." 2002. New York: Routledge.

Security

Introduction

Azerbaijan inhabits a region of complex and often adversarial political interests and histories. Sandwiched between Iran, Russia, and Turkey, three countries with conflicting regional strategies, the nation's government must achieve a delicate balance in pursuing and establishing policy. In other words, the Azerbaijani administration must advance the nation's political and economic interests in a way that does not elicit confrontational stances from its neighbors. In addition, the region's remarkable ethnic diversity has made the government's task of establishing an Azerbaijani national identity especially difficult. The challenge in such an effort is to broadly unify the populous populace without neglecting the cultural and linguistic rights of its minority citizens, many of whom live near the Russian and Iranian borders. Threats from radical Islamist groups are also a concern, although the nation's religious tolerance and lack of a sharp Sunni–Shi'a divide have provided conditions that are not particularly conducive to the rapid spread of Islamic fundamentalism.



DoD Photo
Azeri forces training in Germany

In recent years, Azerbaijan has made efforts to form a greater military and economic alignment with the West, as evidenced by its participation in NATO's Partnership for Peace Program, and its construction of oil and gas pipelines that bypass Russia and Iran. These efforts bring both rewards and risks. Foremost among potential risks is a strain in relations with Russia and Iran, both of whom are opposed to increasing Western military influence in the southern Caucasus. Russia's intervention in Georgia's "frozen conflicts" in South Ossetia and Abkhazia in August 2008 have raised concerns that Azerbaijan's own stalled conflict—the Nagorno-Karabakh war—could potentially lead to outside intervention from Russia, a key ally of Armenia, if fighting were to resume.²³⁶

Military

Azerbaijan's military consists of three branches: the Army, the Navy, and the Air and Air Defense Forces. Eighteen months of active military service is mandatory for all men over the age of 18, although university graduates are only required to serve 12 months.²³⁷ Roughly 20% of Azerbaijani armed forces are professional, with the remainder consisting of conscripts.²³⁸ Ultimately, Azerbaijan would like to develop a military with a much

²³⁶ Institute for War and Peace Reporting. Grigoryeva, Tamara. "Azerbaijan: Public Angry at Russian Offensive." 19 August 2008. http://www.iwpr.net/?p=crs&s=f&o=346260&apc_state=henpcrs

²³⁷ CIA World Factbook. "Azerbaijan." 21 August 2008. <https://www.cia.gov/library/publications/the-world-factbook/geos/aj.html>

²³⁸ NATO Parliamentary Assembly. "16-17 October 2006 – Visit to Baku, Azerbaijan by the Subcommittee on Future Security and Defence Capabilities." 2006. <http://www.nato-pa.int/default.asp?SHORTCUT=1021>

higher percentage of professional troops, but the ongoing war footing around the Nagorno-Karabakh ceasefire line has stalled such development. Troop strength in 2008 was estimated to be 73,000 active-duty members, of which about 200 are serving in Iraq or Afghanistan.^{239, 240}

Fed by oil and gas revenues, the booming Azerbaijani economy has helped the government dramatically increase its military spending from USD 144 million in 2003 to USD 1.2 billion in 2008.²⁴¹ Some analysts interpret the steady increase in the defense budget as a precursor to a possible Azerbaijani military operation to retake regions lost to Armenia in the Nagorno-Karabakh war. However, others note that an arms race could also be used to pressure economically strapped Armenia to make concessions at the negotiations table.²⁴² Most of Azerbaijan's recent purchases of military equipment have come from Ukraine, Belarus, or Georgia. Recent orders have also been placed with Russia for delivery of the BTR-90 and BTR-80A armored personnel carriers.²⁴³



Courtesy of Wikipedia.org
Military vehicles in parade, Baku June 2008

The budgetary infusions into the Azerbaijani military also serve the purpose of advancing structural and training reforms that will assist it in meeting NATO standards.²⁴⁴ Since 2005, Azerbaijan has participated in NATO's Individual Partnership Action Plan, a program designed to "bring together all the various cooperation mechanisms through which a partner country interacts with [NATO]."²⁴⁵ As of August 2008, however, Azerbaijan has not formally declared an intention to pursue NATO membership.²⁴⁶

U.S.–Azerbaijani Relations

A recent statement by Daniel Fried, U.S. Assistant Secretary of State for European and Eurasian Affairs, described U.S. relations with Azerbaijani President Ilham Aliyev as

²³⁹ America.gov. "State's Fried Remarks on Situation in South Caucasus Region." 19 June 2008. <http://www.america.gov/st/texttrans-english/2008/June/20080619105352xjsnommis0.4269831.html>

²⁴⁰ *Moscow Defense Brief*, Vol. 2, No. 12. Barabanov, Mikhail. "Nagorno-Karabakh: Shift in the Military Balance." 2008. <http://mdb.cast.ru/mdb/2-2008/item2/article2/>

²⁴¹ *Moscow Defense Brief*, Vol. 2, No. 12. Barabanov, Mikhail. "Nagorno-Karabakh: Shift in the Military Balance." 2008. <http://mdb.cast.ru/mdb/2-2008/item2/article2/>

²⁴² EurasiaNet.org. Ismayilov, Rovshan. "Experts: Azerbaijan Military Build-Up for Diplomatic, Domestic Advantage." 3 July 2007. <http://www.eurasianet.org/departments/insight/articles/eav070307.shtml>

²⁴³ *Moscow Defense Brief*, Vol. 2, No. 12. Barabanov, Mikhail. "Nagorno-Karabakh: Shift in the Military Balance." 2008. <http://mdb.cast.ru/mdb/2-2008/item2/article2/>

²⁴⁴ EurasiaNet.org. Bakinsky, Kazri and Mina Muradova. "Azerbaijan Pursues NATO Integration." 16 March 2007. <http://www.eurasianet.org/departments/insight/articles/eav031607.shtml>

²⁴⁵ NATO. "Individual Partnership Action Plans." 27 June 2008. <http://www.nato.int/issues/ipap/index.html>

²⁴⁶ GlobalSecurity.org. Fuller, Liz. "Azerbaijan: Opposition Deplores Indecision Over NATO." 2008. <http://www.nato.int/issues/ipap/index.html>

<http://www.globalsecurity.org/military/library/news/2008/03/mil-080320-rferl01.htm>

“good” and “productive.”²⁴⁷ The U.S. Government has promoted broad American investment in the Azerbaijani economy, although to date the energy sector has received most of the funding. The U.S. is also a Co-Chair co-chair, with Russia and France, of the Minsk Group, the organization providing the framework for negotiations to end the stand-off in Nagorno-Karabakh.²⁴⁸

Relations between the two countries have been tested somewhat by Washington’s unhappiness with the slow pace of reforms in Azerbaijan. Corruption in the business realm, periodic crackdowns and restrictions on political dissent, and judicial interference with independent election-monitoring groups have all been subjects of criticism made by U.S. Government representatives.²⁴⁹ On the other hand, some Azerbaijani officials have felt unfairly criticized in comparison to Armenia, which has also experienced setbacks in implementing democratic and economic reforms, including a recent incident of post-election violence.²⁵⁰



DoD Photo
US Forces teach de-mining skills to Azeris

The two countries have important strategic reasons for maintaining strong relations. For the U.S., Azerbaijan is a significant supplier of oil and gas to European markets through the Baku-Tbilisi-Ceyhan (BTC) pipeline, which was built by a consortium of oil companies that includes the U.S. firms ConocoPhillips and Unocal. The U.S. Government lobbied strongly for the Azerbaijan-Georgia-Turkey route, not wishing, for geopolitical reasons, to see the Caspian oil routed through Iran to the south or through Russia to the north.²⁵¹

Azerbaijan, for its part, looks to the West and, in particular, to the U.S. as an important geopolitical counterweight to Russia. While Azerbaijan has maintained “constructive” relations with its northern neighbor since independence, its long history of forced integration into the Russian state has given Azerbaijani leaders strong reason to develop economic and security ties to the West.^{252, 253}

²⁴⁷ America.gov. “State’s Fried Remarks on Situation in South Caucasus Region.” 19 June 2008. <http://www.america.gov/st/texttrans-english/2008/June/20080619105352xjsnommis0.4269831.html>

²⁴⁸ Bureau of European and Eurasian Affairs, U.S. Department of State. “Background Note: Azerbaijan.” May 2008. <http://www.state.gov/r/pa/ei/bgn/2909.htm>

²⁴⁹ America.gov. “State’s Fried Remarks on Situation in South Caucasus Region.” 19 June 2008. <http://www.america.gov/st/texttrans-english/2008/June/20080619105352xjsnommis0.4269831.html>

²⁵⁰ Eurasian Daily Monitor. The Jamestown Foundation. Mir-Ismail, Ali. “U.S.-Azerbaijan Relation Go Through Tension, Yet Maintain Strategic Alliance.” 16 May 2008. http://www.jamestown.org/edm/article.php?article_id=2373068

²⁵¹ Brookings Institution. Hill, Fiona. “Pipelines in the Caspian: Catalyst or Cure-All?” Spring 2004. http://www.brookings.edu/~media/Files/rc/articles/2004/spring_russia_hill/20040301.pdf

²⁵² Brookings Institution. Hill, Fiona. “Pipelines in the Caspian: Catalyst or Cure-All?” Spring 2004. http://www.brookings.edu/~media/Files/rc/articles/2004/spring_russia_hill/20040301.pdf

²⁵³ America.gov. “State’s Fried Remarks on Situation in South Caucasus Region.” 19 June 2008. <http://www.america.gov/st/texttrans-english/2008/June/20080619105352xjsnommis0.4269831.html>

Relations with Neighboring Countries

Armenia

Azerbaijan's relations with Armenia are hostile, as the two countries officially remain at war due to the failure to negotiate a peace treaty in the Nagorno-Karabakh conflict.²⁵⁴ The border separating the two countries has been closed since a ceasefire went into effect in 1994, thereby obstructing Naxçivan's most direct land route to the rest of Azerbaijan. Except for those living in Nagorno-Karabakh, almost all Armenians who lived in Azerbaijan prior to the conflict have fled the country. Azerbaijanis who lived in either Armenia or regions that fell under Armenian control (in Nagorno-Karabakh and its surrounding border areas) have also relocated. Estimates of the total number of refugees from the conflict vary. According to the United Nations High Commissioner for Refugees, at the end of 2006 there were an estimated 692,000 refugees or displaced persons in the two countries.²⁵⁵



© 2006 RFE/RL, Inc.
Armenian forces, May 1992

Since 1992, negotiations to settle the Nagorno-Karabakh dispute have been carried out through the Minsk Group, an ad hoc body representing the Organization on Security and Cooperation in Europe (OSCE).²⁵⁶ (The OSCE was previously known as the Conference on Security and Cooperation in Europe). The negotiations have not included any representatives of the self-declared Nagorno-Karabakh Republic (NKR), which is not recognized by any country, including Armenia. With little of an indigenous economy left, the NKR is heavily dependent on Armenia and the large worldwide Armenian diaspora for economic assistance.²⁵⁷

Complicating the difficult situation in Nagorno-Karabakh is the sensitive geopolitical nature of the region, which includes Turkey, Russia, and Iran. For this reason, since their independence, both Armenia and Azerbaijan have devoted time and energy to cultivating relations with their powerful neighbors. Turkey has strong cultural, linguistic, and economic ties with Azerbaijan and, like Azerbaijan, has closed its border crossings with Armenia. Armenia has developed close economic and political relations with Russia, which who maintains a military base within Armenian territory.²⁵⁸ Iran provides land-

²⁵⁴ BBC News, International Version. "Conflict Overshadows Armenia Polls." 18 February 2008. <http://news.bbc.co.uk/2/hi/europe/7250235.stm>

²⁵⁵ European Strategic Intelligence and Security Center. Francois, Reynaud. "Armenia: The Painful and Difficult Steps to Democracy." 4 July 2008. <http://www.esisc.org/documents/pdf/en/armenia-381.pdf>

²⁵⁶ Congressional Research Service, Library of Congress. Migdalovitz, Carol. "Armenia-Azerbaijan Conflict: Summary." 8 October 2003. <http://www.au.af.mil/au/awc/awcgate/crs/ib92109.pdf>

²⁵⁷ Congressional Research Service, Library of Congress. Nichol, Jim. "Armenia, Azerbaijan, and Georgia: Security Concerns and Implications for U.S. Interests [p. CRS-6]." January 2008. <http://ftp.fas.org/sgp/crs/row/RL30679.pdf>

²⁵⁸ Reuters. Shchedrov, Oleg. "Russia, Armenia to Stay Close: New Presidents." 24 March 2008. <http://www.reuters.com/article/gc07/idUSL2435859820080324?pageNumber=1&virtualBrandChannel=0>

locked Armenia with one of its few overland trade routes, and the two countries recently completed a natural gas pipeline to supplement Armenia's sole other pipeline, which enters the country from the Georgian border.²⁵⁹ Azerbaijan's relationships with Russian and Iran are not nearly as close as Armenia's, and thus, like Georgia, it has looked to Western powers for economic and political alliances.

Georgia

Like Azerbaijan and Armenia, Georgia became an independent nation when the Soviet Union collapsed. Azerbaijan and Georgia have cordial relations that are cemented by shared economic interests, most notably the BTC pipeline, which that runs from Baku through Georgia to Turkey's oil terminals on the Mediterranean Sea (near the city of Ceyhan). A gas pipeline also follows the BTC route for a portion of the distance. In addition to oil and gas transit, the two countries are linked economically through a bilateral free-trade agreement that went into effect in 1996. Azerbaijan is Georgia's second largest export market and its fifth largest provider of imports (mostly oil and gas).^{260, 261}



The two nations are also members of the GUAM alliance, along with Ukraine and Moldova. This group of former Soviet republics is generally viewed as an anti-Moscow alliance, although Azerbaijan has maintained closer relations with Russia than the other members. A major goal of this group is to extend an existing pipeline in Ukraine to Poland, thus providing an Eastern European outlet for Caspian Sea oil that bypasses Russia (via transport through Georgia and the Black Sea).^{262, 263}

One somewhat contentious border issue between the two countries concerns the status of an ancient Georgian Orthodox monastery complex known as David Gareji in Georgia and as Keshish Dagh in Azerbaijan. The Soviet-drawn boundary runs through David Gareji, and Georgia has made efforts to negotiate a boundary settlement giving it sovereignty

²⁵⁹ BBC News. Forestier, Robin. "Isolated Armenia Leans on Iran." 24 July 2008.

<http://news.bbc.co.uk/2/hi/europe/7514341.stm>

²⁶⁰ International Trade Centre/World Trade Organization. "Exports of Georgia -00 All Industries (2006, in USD Thousands)." 2008.

http://www.intracen.org/appli1/TradeCom/TP_EP_CI_P.aspx?IN=00&RP=268&YR=2006&IL=00 All industries&TY=E

²⁶¹ International Trade Centre/World Trade Organization. "Imports of Georgia -00 All Industries (2006, in USD Thousands)." 2008.

http://www.intracen.org/appli1/TradeCom/TP_IP_CI_P.aspx?IN=00&RP=268&YR=2006&IL=00 All industries&TY=I

²⁶² GlobalSecurity.org. Radio Free Europe. Bigg, Claire. "CIS, CSTO, GUAM... Making Sense of Post-Soviet Alphabet Soup." 10 October 2007.

<http://www.globalsecurity.org/military/library/news/2007/10/mil-071010-rferl03.htm>

²⁶³ People's Daily Online. "Can Caspian Oil Flow to the West?" 18 May 2007

http://english.peopledaily.com.cn/200705/18/eng20070518_375894.html

over the full area in exchange for a tract of land located elsewhere along the border. Azerbaijan has been hesitant to cede its portion of the complex because of its strategic value as the highest point in the region.²⁶⁴

Russia

Of the 15 new countries that emerged from the dissolution of the Soviet Union, Azerbaijan was one of the quickest to cut ties with Moscow. Specifically, it was the first former Soviet republic in the region to declare independence, distribute its own currency, and evict Soviet armed forces from its lands. Azerbaijan initially declined to join the Commonwealth of Independent States (CIS), an alliance of post-Soviet nations, although it later voted to become a member of the CIS in 1993. Furthermore, the Russian Cyrillic alphabet used for the Azerbaijani language was abandoned for a modified Latin script. Azerbaijan's rush to establish its independence from Russia stemmed from several likely causes, including memories of 1920, when the first independent Azerbaijan Republic was conquered by the Bolsheviks, as well as the Nagorno-Karabakh War, which forged a strong sense of nationalism within Azerbaijan.²⁶⁵



© rugbyxm / Flickr.com
Georgia-Azerbaijan border

Relations between Russia and Azerbaijan have improved since the early 1990s, although there are still some outstanding issues between the two countries. One such issue has been Russia's increased military presence in Armenia, which resulted from the closure of its military bases in Georgia. It is estimated that about 3,500 Russian troops are now deployed in Armenia, primarily at the military base in Gyumri.²⁶⁶

Cross-border ethnic tensions also periodically stress Russian-Armenian relations. Representatives of some of the ethnic groups in northern Azerbaijan—most notably, the Lezgins, Avars, and Tsakurs—have attracted attention with statements condemning “forced assimilation” in Azerbaijan.²⁶⁷ Each of these ethnic groups has a significant population in Russia's Dagestan Republic as well. There are suspicions in Azerbaijan that

²⁶⁴ Georgian Times. Edilashvili, Nino. “Border Dispute Breaks Harmony Between Azerbaijan and Georgia.” 12 April 2007. <http://www.geotimes.ge/index.php?m=home&newsid=3887>

²⁶⁵ *Alternatives: Turkish Journal of International Relations*, Vol. 7, Nos. 2, 3. “Azerbaijan: Relations after 1989 [pp. 55–57].” Gul, Murat. Summer/Fall 2008. <http://www.alternativesjournal.net/Volume7/Number2&3/gul.pdf>

²⁶⁶ Congressional Research Service, Library of Congress. Nichol, Jim. “Armenia, Azerbaijan, and Georgia: Security Concerns and Implications for U.S. Interests [pp. CRS-52, CRS-53].” January 2008. <http://ftp.fas.org/sgp/crs/row/RL30679.pdf>

²⁶⁷ Radio Free Europe/Radio Liberty. Fuller, Liz. “Analysis: Do Azerbaijan's Ethnic Minorities Face Forced Assimilation?” 26 June 2008. <http://rfe.rferl.org/featuresarticle/2008/6/D136B60F-F907-4CC7-8297-A5C3B290D008.html>

the separatist feelings have, in some cases, been stirred by Moscow, primarily as a means to exert influence on Azerbaijan.^{268, 269}

Economically, Russia is the largest source of imported goods and products for Azerbaijan.²⁷⁰ Prior to 2007, when production began in the Shah Deniz natural gas field in the Caspian Sea, Russia provided Azerbaijan with a large percentage of its natural gas imports. Since then, however, Azerbaijan has ceased exporting gas from Russia, and in a reversal, is now negotiating to sell some of its Shah Deniz natural gas to the Russian energy giant Gazprom.²⁷¹

Turkey

Although Turkey and Azerbaijan share one of the world's shortest borders (9 km, 5.6 mi), the two countries also share extensive cultural, linguistic, and economic connections. The recent completion of oil and gas pipelines running from Baku to Turkey have further cemented their close relations. Construction has also begun on a railway connection from Baku to the eastern Turkish city of Kars, via Georgia. When completed, the new railway will link Baku to the Turkish rail system for the first time since the Turkish-Armenian border closed. Not surprisingly, increasingly isolated Armenia is displeased by the development of another east-west Southern Caucasus transportation project that bypasses its territory. Armenia has thus begun planning to construct its own rail link with Iran.^{272, 273} The construction of a branch line from Kars to the isolated Naxçivan region has also been discussed by Turkey and Azerbaijan.²⁷⁴



© Jean & Nathalie / Flickr.com
Kars, Turkey

Turkey has long been an important trading partner with Azerbaijan. In 2007, when the first shipments from the Shah Deniz gas fields began to flow, Turkey became

²⁶⁸ Eurasia Daily Monitor. The Jamestown Foundation. Melikishvili, Alexander. "Russia Resurrects the Lezgin Issue in Azerbaijan at Moscow Conference." 16 July 2008.

http://www.jamestown.org/edm/article.php?article_id=2373231

²⁶⁹ Radio Free Europe/Radio Liberty. Fuller, Liz. "Analysis: Do Azerbaijan's Ethnic Minorities Face Forced Assimilation?" 26 June 2008. <http://rfe.rferl.org/featuresarticle/2008/6/D136B60F-F907-4CC7-8297-A5C3B290D008.html>

²⁷⁰ International Trade Centre/World Trade Organization. "Imports of Azerbaijan - 00 All Industries (2006, in USD Thousands)." 2008.

http://www.intracen.org/appli1/TradeCom/TP_IP_CI_P.aspx?TY=I&IN=00&RP=031&YR=2006

²⁷¹ Russian News and Information Agency. "Gazprom, Azerbaijan Agree to Start Talks on Azeri Gas Sales - 2." 3 July 2008. <http://en.rian.ru/business/20080703/112925248.html>

²⁷² Power and Interest News Report. Bocioaca, Stefan. "The Baku-Tbilisi-Kars Railway: The First Step in a Long Process." 13 December 2007.

http://www.pinar.com/report.php?ac=view_report&report_id=733&language_id=1

²⁷³ Panorama.am "Working Group Handling Iran-Armenia Rail Road Construction." 1 August 2008.

<http://www.panorama.am/en/economy/2008/08/01/iran/>

²⁷⁴ Caucasian Knot. "Azerbaijan Will Get Connected with Nakhichevan by Railway via Turkey." 26 May 2007. <http://eng.kavkaz.memo.ru/newstext/engnews/id/1187777.html>

Azerbaijan's leading export destination. Imports that year from Turkey to Azerbaijan were exceeded only by those from Russia.²⁷⁵ Turkey has also been one of the top providers of foreign direct investment in Azerbaijan, especially in non-energy sectors.

Iran

There has been an element of caution in the relations between Iran and Azerbaijan for much of the last two decades. Both nations are predominantly Shi'a Muslim, two of only a handful of such countries in the world, and for much of its history, modern-day Azerbaijan has been part of larger dynasties that included what is now the Azerbaijan region of northwestern Iran (historically referred to as southern Azerbaijan). Since the beginning of the 19th century, however, when modern-day (northern) Azerbaijan became part of the Russian empire, northern Azerbaijan and southern Azerbaijan have traveled on significantly different paths.



Azerbaijan's leaders have followed a secular path since independence, similar to the approach of Turkey, which is predominantly Sunni Muslim, and quite unlike Iran's theocratic government. Although some Azerbaijani officials have periodically accused Iran of trying to spread Islamic fundamentalism or sponsor terrorism in Azerbaijan, there is little evidence that Iran has actively tried to subvert the Azerbaijani government.²⁷⁶ Nonetheless, in December 2007, the Azerbaijani government announced the conviction of 15 Azerbaijani citizens accused of spying and plotting a coup to establish a state ruled by Shari'a (Islamic) law. Officials claimed the group operated with the assistance of Iran's Islamic Revolutionary Guards Corps, a charge vigorously denied by the Iranian Foreign Ministry.^{277, 278, 279}

Iran, for its part, has closely monitored, and in some cases, repressed attempts to foster Azerbaijani cultural and linguistic rights within the Azerbaijani region of Iran.²⁸⁰

²⁷⁵ State Statistical Committee of the Republic of Azerbaijan. "Azerbaijan in Figures: Azerbaijan's Main Trading Partners in 2007 (thsd. US \$)." 2008.

<http://www.azstat.org/publications/azfigures/2008/en/018.shtml>

²⁷⁶ Congressional Research Service, Library of Congress. Nichol, Jim. "Armenia, Azerbaijan, and Georgia: Security Concerns and Implications for U.S. Interests [pp. CRS-56]." January 2008.

<http://ftp.fas.org/sgp/crs/row/RL30679.pdf>

²⁷⁷ Congressional Research Service, Library of Congress. Nichol, Jim. "Armenia, Azerbaijan, and Georgia: Security Concerns and Implications for U.S. Interests [pp. CRS-57]." January 2008.

<http://ftp.fas.org/sgp/crs/row/RL30679.pdf>

²⁷⁸ Office of the Coordinator for Counterterrorism, U.S. Department of State. *Country Reports on Terrorism 2007*. "Chapter 2—Country Reports: Europe and Eurasia Overview." 30 April 2008.

<http://www.state.gov/s/ct/rls/crt/2007/103707.htm>

²⁷⁹ Los Angeles Times. Murphy, Kim. "Azerbaijan, Stuck Between U.S. and Iran." 20 February 2008.

<http://fairuse.100webcustomers.com/itonlyfair/latimes0083.html>

²⁸⁰ EurasiaNet.org. "Iran Adopts Firm Stance on Minority Rights Issue." 20 October 2006.

<http://www.eurasianet.org/departments/civilsociety/articles/eav102006a.shtml>

Azerbaijanis are the largest ethnic minority in Iran, representing between 24 and 33% of the nation's population.^{281, 282} While the leaders in Baku, wishing to maintain improved relations between the two countries, have been relatively quiet on the crackdown on cultural rights groups in Iranian Azerbaijan, some nationalist groups in Baku have tried to stage protests.²⁸³

Iran and Azerbaijan have yet to settle a territorial dispute concerning oil rights in the Caspian Sea. In 2001, this lingering issue led to a confrontation between an Iranian warship and an Azerbaijani oil research boat, but the situation has tempered in recent years as relations between the two countries have improved.²⁸⁴

Terrorist Groups

In the past, Azerbaijan was used by international mujahidin (Muslim guerilla fighters) as a base for a logistics network designed to supply funds, personnel, and arms to the Caucasus region, including to operatives involved in the nearby separatist conflict in Chechnya.²⁸⁵ Since 2001, however, Azerbaijan has increased its interdiction efforts and has made moderate gains in disrupting such activity.²⁸⁶



Azerbaijani security officials have also confronted a wide array of mostly indigenous terrorist groups, although in some cases the members of these organizations have been led or inspired by foreign terrorist groups or operatives.²⁸⁷ Numerous arrests and convictions of members of these groups have been announced over the last decade. In 2000, 13 members of a group known as Jayshulla were convicted of terrorist activities, including the suspected planning of a bomb attack on the U.S. embassy in Baku.²⁸⁸ The

²⁸¹ CIA World Factbook. "Iran." 21 August 2008. <https://www.cia.gov/library/publications/the-world-factbook/geos/ir.html>

²⁸² Congressional Research Service, Library of Congress. Nichol, Jim. "Armenia, Azerbaijan, and Georgia: Security Concerns and Implications for U.S. Interests [pp. CRS-56]." January 2008. <http://ftp.fas.org/sgp/crs/row/RL30679.pdf>

²⁸³ EurasiaNet.org. "Iran Adopts Firm Stance on Minority Rights Issue." 20 October 2006. <http://www.eurasianet.org/departments/civilsociety/articles/eav102006a.shtml>

²⁸⁴ Hartford Web Publishing. DAWN. "Iran, Azerbaijan Face Off as Caspian Oil Row Turns Nasty." 25 July 2001. <http://www.hartford-hwp.com/archives/27b/017.html>

²⁸⁵ Congressional Research Service, Library of Congress. Nichol, Jim. "Armenia, Azerbaijan, and Georgia: Security Concerns and Implications for U.S. Interests [pp. CRS-16]." January 2008. <http://ftp.fas.org/sgp/crs/row/RL30679.pdf>

²⁸⁶ Office of the Coordinator for Counterterrorism, U.S. Department of State. *Country Reports on Terrorism 2006*. "Chapter 2—Country Reports: Europe and Eurasia Overview." 30 April 2007. <http://www.state.gov/s/ct/rls/crt/2006/82732.htm>

²⁸⁷ The Jamestown Foundation. *Terrorism Monitor*, Vol. 4, No. 40. Valiyev, Anar. "The Two Faces of Salafism in Azerbaijan." 5 December 2007. <http://www.jamestown.org/terrorism/news/article.php?articleid=2373832>

²⁸⁸ Office of the Coordinator for Counterterrorism, U.S. Department of State. *Patterns of Global Terrorism 2000*. "Eurasia Overview." 30 April 2001. <http://www.state.gov/s/ct/rls/crt/2000/2433.htm>

group was a militant Salafist (Sunni Muslim fundamentalist) organization who that reportedly received training in Chechnya.²⁸⁹ In 2005 and 2006, two separate groups allegedly working with or on behalf of Al-Qaeda in the Caucasus were convicted of terrorist plots.^{290, 291} More recently, 11 Azerbaijanis were arrested in 2007 for planning an attack against the U.S. and British embassies. The group was led by Kamran Asadov, a radicalized Azerbaijani Army Lieutenant who took a cache of military arms when he deserted his unit to support the group's plan.^{292, 293} A month after Asadov's arrest, Abu Jafar, an ethnic Arab with alleged ties to the aAl-Qaeda and aAl-Jihad terrorist networks, was arrested in Sumqayit (along with 11 Azerbaijanis) on terrorism charges.²⁹⁴ The group was convicted in July 2008.²⁹⁵

The Islamic Party of Azerbaijan, an organization that has been banned by the government, is the primary conduit for Shi'ite radicals operating in the region. In 2003, Alikram Aliyev, the leader of the Islamic Party, was arrested on charges of receiving USD 40,000 from an Iranian intelligence organization, a charge that Aliyev disputed. Jayshullah, another indigenous Shi'ite radical group with suspected ties to Hezbollah, was contained by Azerbaijani security forces in 2001.²⁹⁶

Issues Affecting Security

Nagorno-Karabakh

The standoff between Armenia, Azerbaijan, and the self-proclaimed Nagorno-Karabakh Republic continues to be the most significant threat to Azerbaijani stability.



© Nicholas Babaian
Destroyed armored vehicles in Karabakh

²⁸⁹ The Jamestown Foundation. *Terrorism Monitor*, Vol. 4, No. 40. Valiyev, Anar. "The Two Faces of Salafism in Azerbaijan." 5 December 2007.

<http://www.jamestown.org/terrorism/news/article.php?articleid=2373832>

²⁹⁰ Office of the Coordinator for Counterterrorism, U.S. Department of State. *Country Reports on Terrorism 2006*. "Chapter 2—Country Reports: Europe and Eurasia Overview." 30 April 2007.

<http://www.state.gov/s/ct/rls/crt/2006/82732.htm>

²⁹¹ Office of the Coordinator for Counterterrorism, U.S. Department of State. *Country Reports on Terrorism 2005*. "Chapter 5—Country Reports: Europe and Eurasia Overview." 30 April 2006.

<http://www.state.gov/s/ct/rls/crt/2005/64342.htm>

²⁹² The Jamestown Foundation. *Terrorism Monitor*, Vol. 4, No. 40. Valiyev, Anar. "The Two Faces of Salafism in Azerbaijan." 5 December 2007.

<http://www.jamestown.org/terrorism/news/article.php?articleid=2373832>

²⁹³ Office of the Coordinator for Counterterrorism, U.S. Department of State. *Country Reports on Terrorism 2007*. "Chapter 2—Country Reports: Europe and Eurasia Overview." 30 April 2008.

<http://www.state.gov/s/ct/rls/crt/2007/103707.htm>

²⁹⁴ Office of the Coordinator for Counterterrorism, U.S. Department of State. *Country Reports on Terrorism 2007*. "Chapter 2—Country Reports: Europe and Eurasia Overview." 30 April 2008.

<http://www.state.gov/s/ct/rls/crt/2007/103707.htm>

²⁹⁵ Today.az. "Verdict Passed on Members of Al-Qaeda Terrorist Group in Azerbaijan." 29 July 2008.

<http://www.today.az/news/society/46696.html>

²⁹⁶ International Crisis Group. "Azerbaijan: Turning Over a New Leaf? [p. 25]." 13 May 2004.

http://www.crisisgroup.org/library/documents/europe/caucasus/156_azerbaijan_turning_over_a_new_leaf.pdf

Underlying this “frozen conflict” (so called because very little progress has been made since the 1994 ceasefire), are historical debates over the region’s ownership, which go back hundreds of years.²⁹⁷ The stalemate has generated a war of words between Armenia and Azerbaijan, including periodic Azerbaijani threats to resort to military action to regain its lost territory. A resumption of hostilities, however, would carry even greater repercussions to regional order today than it did in 1994. Since the cessation of fighting, Azerbaijan has developed oil and gas pipelines that pass not far from northern Nagorno-Karabakh. If these pipelines were attacked and disrupted, the economic loss to Azerbaijan would be tremendous. Renewed conflict could also attract the unwelcome attention of larger nations with regional interests in the southern Caucasus.

Within Azerbaijan, hundreds of thousands of internally displaced persons (IDPs) and refugees continue to draw from the nation’s economy. The majority of Azerbaijanis displaced in the Nagorno-Karabakh war (a group comprising nearly 10% of the population) have yet to be resettled, although the Azerbaijani government has increased assistance to its displaced population since the beginning of its current energy-driven economic boom.^{298, 299, 300}

Democratic and Business Reforms

According to David J. Kramer, U.S. Assistant Secretary for Democracy, Human Rights, and Labor, “Azerbaijan’s progress on democratic reform is key not only to the strengthening of our bilateral relationship, but also to Azerbaijan’s own long-term stability.”³⁰¹

David J. Kramer, U.S. Assistant Secretary for Democracy, Human Rights, and Labor

The U.S. and other countries have expressed concerns about Azerbaijan’s mixed record on fighting internal corruption and providing important democratic rights, such as unhindered and freely monitored elections and media freedom.³⁰² Improvements in these areas are needed to ensure that the political opposition within the country does not

²⁹⁷ International Crisis Group. “Azerbaijan: Turning Over a New Leaf? [p. 5].” 13 May 2004.
http://www.crisisgroup.org/library/documents/europe/caucasus/156_azerbaijan_turning_over_a_new_leaf.pdf

²⁹⁸ Brookings Institution. Cohen, Roberta. “Migration, Refugees, and Displaced Persons.” 10 October 2003.
http://www.brookings.edu/speeches/2003/1010humanrights_cohen.aspx

²⁹⁹ Reuters AlertNet. IDMC. “Azerbaijan: IDPs Still Trapped in Poverty and Dependence.” 14 July 2008.
<http://www.alertnet.org/thenews/newsdesk/IDMC/9ddfc10a5c5307f9f88a87ba73fc6abf.htm>

³⁰⁰ Norwegian Refugee Council. *Forced Migration Review*, Vol. 30. Kostohryz, Petr. “Azerbaijan: Internally Displaced Amid a Booming Economy.” 22 April 2008.
<http://www.fmreview.org/FMRpdfs/FMR30/76.pdf>

³⁰¹ Bureau of Democracy, Human Rights, and Labor, U.S. Department of State. Kramer, David J. “Democracy and Human Rights in Azerbaijan.” 29 July 2008.
<http://www.state.gov/g/drl/rls/rm/2008/107536.htm>

³⁰² Bureau of Democracy, Human Rights, and Labor, U.S. Department of State. Kramer, David J. “Democracy and Human Rights in Azerbaijan.” 29 July 2008.
<http://www.state.gov/g/drl/rls/rm/2008/107536.htm>

become radicalized, and to allow the Azerbaijani economy to diversify beyond its energy sector base.³⁰³

According to the U.S. Department of State, Azerbaijan's parliamentary elections in 2005 "showed improvement in democratic processes, but still fell short of international standards."³⁰⁴ The Azerbaijani parliament (Mili Mejlis) has historically been a weak body that is known to rubber-stamp bills drafted by the executive branch.³⁰⁵ The presidential election in 2003 (in which Ilham Aliyev was elected to office) was judged to "not meet international standards." The next presidential election will be held in October 2008.



Azerbaijani law forbids censorship and allows for freedom of press, but these rights are not always fully recognized. Pro-opposition newspapers are allowed to operate, but the constant threat of costly libel and anti-defamation suits filed by the government works to promote self-censorship in the press.³⁰⁶

Corruption in Azerbaijan has traditionally been associated with powerful clans of various regional origins, such as Naxçivan and Armenia.^{307, 308} The common and continuing practice of clan patronage, which fosters an environment of bribery and unnecessary business charges, is one of the key impediments to attracting more foreign investment to the country's non-energy sectors.^{309, 310} One positive sign is that the government has demonstrated greater initiative in addressing these problems, although the

³⁰³ International Crisis Group. "Azerbaijan: Turning Over a New Leaf? [p. 31]." 13 May 2004. http://www.crisisgroup.org/library/documents/europe/caucasus/156_azerbaijan_turning_over_a_new_leaf.pdf

³⁰⁴ Bureau of European and Eurasian Affairs, U.S. Department of State. "Background Note: Azerbaijan." May 2008. <http://www.state.gov/r/pa/ei/bgn/2909.htm>

³⁰⁵ International Crisis Group. "Azerbaijan: Turning Over a New Leaf? [p. 10]." 13 May 2004. http://www.crisisgroup.org/library/documents/europe/caucasus/156_azerbaijan_turning_over_a_new_leaf.pdf

³⁰⁶ Bureau of Democracy, Human Rights, and Labor, U.S. Department of State. *Country Reports on Human Rights Practices 2007*. "Azerbaijan." 11 March 2008. <http://www.state.gov/g/drl/rls/hrrpt/2007/100548.htm>

³⁰⁷ International Crisis Group. "Azerbaijan: Turning Over a New Leaf? [p. 9]." 13 May 2004. http://www.crisisgroup.org/library/documents/europe/caucasus/156_azerbaijan_turning_over_a_new_leaf.pdf

³⁰⁸ European Forum for Democracy and Solidarity. "Azerbaijan Update." 24 November 2006. <http://www.europeanforum.net/country/azerbaijan>

³⁰⁹ International Crisis Group. "Azerbaijan: Turning Over a New Leaf? [p. 9]." 13 May 2004. http://www.crisisgroup.org/library/documents/europe/caucasus/156_azerbaijan_turning_over_a_new_leaf.pdf

³¹⁰ European Forum for Democracy and Solidarity. "Azerbaijan Update." 24 November 2006. <http://www.europeanforum.net/country/azerbaijan>

implementation and enforcement of new anti-corruption measures has progressed slowly.³¹¹

³¹¹ Anti-Corruption Network for Eastern Europe and Central Asia, Organization for Economic Co-operation and Development. "Azerbaijan: Update on National Implementation Measures." December 2006. <http://www.oecd.org/dataoecd/54/16/38006308.pdf>