

government into more concessions. If the government were stronger, it could insist on better wording for some points in the Protocols, and protect its interests during implementation. But if there is good will from the government, civil society and progressive forces within the Diaspora, Armenia may come out of this historical trial more prosperous and secure than it was before.

There is a plethora of issues on the table which have not yet been addressed properly. How to envision, eventu-

ally, a positive-sum solution for the future of Karabakh? Is it conceivable at all, given the lack of democracy in Armenia, and still more significant lack of it in Azerbaijan? How will the region eventually emerge from the impasse between Georgia, Abkhazia, South Ossetia and Russia? As we wait for ratification of the Protocols, these questions are the next set of issues on the agenda.

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The Turkish–Armenian Protocols: Implications for Azerbaijan

By Anar Valiyev, Baku

Abstract

Turkish–Armenian rapprochement and the signing of the related protocols had a tremendous impact on Azerbaijan’s foreign policy. The failure of the Turkish side to link the Karabakh problem with normalization of relations between Ankara and Yerevan forced Azerbaijan to re-evaluate its policy toward Turkey and the West. With the opening of borders and the establishment of diplomatic relations between Turkey and Armenia, Azerbaijan loses an important tool of leverage in negotiating with Armenia to withdraw its troops from the occupied territories. Finally, Azerbaijan’s disappointment with the Turkish position could negatively affect the development of energy projects, and increase Russian influence in the region.

A New Agreement

On October 10, 2009 foreign minister of Turkey Akhmet Davutoglu and his Armenian counterpart Edward Nalbandyan signed Protocols on the Establishment of Diplomatic Relations between the two countries. The ceremony was attended by the Swiss and Russian foreign ministers as well as U.S. Secretary of State Hilary Clinton.

The ceremony almost did not take place because of the sudden demarche of the Armenian side, which disagreed with the text of the final statement. The Turks insisted on raising the Karabakh issue, while the Armenians hoped to include a “genocide” clause. Under pressure from the other participants of the ceremony, both ministers agreed not to mention these issues in the final statement.

The protocols stipulate opening the Armenian–Turkish border within two months after ratification in the parliaments and establishing a working group to define procedures for a newly created intergovernmental commission and its sub-commissions.

Azerbaijani–Turkish Relations after the Protocols

The once cordial relations between Turkey and Azerbaijan have been deteriorating since April, 2009, when negotiations between Turkey and Armenia entered into the decisive stage. Under Swiss mediation, both sides adopted a road map for normalization of relations. The fact that the negotiations took place and the parties’ decision to sign an accord without considering Azerbaijani interests shocked the Azerbaijani public and establishment. Despite Prime Minister Erdoğan’s speech in the Azerbaijani parliament in May, he could not silence the voices of criticism coming from Azerbaijan.

The major concern of the Azerbaijani side was the exclusion of the Karabakh issue from the road map and protocols. The signing of the protocols caused a storm of criticism in Azerbaijan. Immediately after the ceremony, the Azerbaijani foreign ministry issued a special statement regarding the protocols. The ministry reminded the Turkish side that the borders between Turkey and

Armenia were shut in 1993 because of the Armenian occupation of Azerbaijani territories.

Normalization of relations between Turkey and Armenia before Armenia's withdrawal from Azerbaijani territories goes against the national interests of Azerbaijan and casts a shadow on fraternal relations between the two countries. "Taking into consideration the importance of opening the borders and communications, Azerbaijan believes that opening the borders between Turkey and Armenia in a one-sided way will undermine the architecture of peace and security in the region," the statement said.

The Azerbaijani public was unanimous in its attitude toward the signing of the protocols, considering the protocols and possible opening of the borders as a betrayal of the country's interests. Meanwhile, most Azerbaijani political analysts believe that Turkey, under pressure from the West, will ratify these protocols and open the borders within two months.

Two weeks after the protocol signing ceremony, Azerbaijani-Turkish relations reached what historians might eventually call a "nadir." A strange "flag war" erupted between the two countries. First, the authorities in the Turkish city of Bursa, where the soccer match between Turkey and Armenia was held, banned Azerbaijani flags from the game. The TV images of Azerbaijani flags thrown into a garbage can infuriated many people in Azerbaijan and tensions between the two states reached a peak. On October 15, Turkish flags decorating monuments commemorating the Turkish soldiers who died while liberating Azerbaijan from Bolshevik rule in 1918 were removed. The Azerbaijani authorities stressed that the decision had no political connotation and they were just simply enforcing the law of the Azerbaijani republic regarding the display of foreign flags. The tensions over the flags eased after Turkish foreign minister Ahmet Davutoglu visited Baku and local authorities returned the flags to their place.

All Quiet on the Karabakh Front

The major argument that Azerbaijan makes against the protocols and the possible opening of borders is that such a move would make settlement of the Karabakh conflict impossible. Analysts pointed out that Armenian rhetoric after the adoption of the "road map" became harsher. If Turkey hoped that the road map and protocols would soften the Armenian position and spur Karabakh negotiations, it did not work. Instead, the road map and protocols emboldened Armenia to take an unconstructive position. With the protocols signed and the possibility of the border opening, Azer-

baijan and Turkey lost one of their important levers over Armenia.

What would Azerbaijan do if there is no progress on the Karabakh issue, Armenia continues to take an unconstructive position and there is an imminent threat of the border opening? The Azerbaijani government's first and immediate action would be to increase the military budget. Azerbaijan's military spending in 2010 will total 1.205 bn manats (approximately 1.5 bn USD), a figure that comprises 10.7 percent of all budget expenditures and slightly more than military spending in 2009. Meanwhile, for the first time since Azerbaijan joined the NATO Partnership for Peace and the Individual Partnership Plan (IPAP), the state budget envisages no funding for activities within the framework of the plan. In the 2009 budget, the government allocated 1.3 m manats (1.6 m. USD) for such activities. The fact that Azerbaijan is diminishing its participation suggests that the country is decreasing contacts with NATO, and especially Turkey, which is the main implementer of NATO policy in the Caucasus.

Energy Projects Are Under Threat

The Turkish-Armenian protocols and the related short deterioration of relations between Baku and Ankara have cast a shadow over regional projects such as Nabucco and the Kars-Ahalkalaki railroad. For the last five years, Azerbaijan and Turkey championed the idea of delivering gas from the Caspian Basin region to Europe via Georgia and Turkey. In 2006 Azerbaijan started to export its gas to Turkey and on to Europe.

But the main question – the price of Azerbaijani gas – remained open. Azerbaijan has become increasingly dissatisfied with the Turkish position on transiting gas and oil. In many cases, Azerbaijan sacrificed its economic interests for the sake of fraternal relations with the Turks. For years Azerbaijan helped Turkey to become an energy hub and improve its position with energy-hungry Europe for accession to EU. For example, Azerbaijan sells its natural gas to Turkey for \$120 per thousand cubic meters, a fraction of the European price for that commodity. Moreover, in 2008, just before the Russian-Georgian war, Azerbaijan incurred major losses when an explosion on the Turkish section of the Baku-Ceyhan pipeline knocked it out of service. Azerbaijan did not demand compensation for the losses.

The Turkish government's unexpected decision to improve relations with Armenia in April 2009 disappointed the Azerbaijani establishment, which has now started to talk with Turkey in a different way. President Aliyev reduced his contacts with Turkish officials and

even rejected an invitation to visit the Alliance for Civilization summit held in Turkey. Less than a week after the protocols were signed, the Azerbaijani president spoke at the meeting of the Cabinet of Ministers and stated that for many years Azerbaijan was selling its gas to Turkey for one-third the market price. He added that it was illogical from an economic perspective to sell the gas for below market prices and also stated that Ankara should decrease the transit fees for Azerbaijan gas that is going to Europe. The president tried to present this statement as being linked to commercial considerations rather than connecting it to the protocols. Analysts, however, considered this move to be a hidden signal to Turkey to take Azerbaijani interests into consideration. With this statement, Azerbaijan was warning Turkey and future European consumers that problems with gas supply to Turkey could undermine or even kill the Nabucco project since Azerbaijan is considered the main supplier and a key transit state.

At the height of Azerbaijani–Turkish tensions, Baku made another strong move. On October 14th when Turkish President Gul met with his Armenian counterpart Sarkisyan during the soccer match, the State Oil Company of Azerbaijan Republic signed an agreement to sell 500 million cubic meters of gas a year to Russia's Gazprom, starting from 2010, at a price of 350 USD per cubic meter. Furthermore, Aliyev stressed that this was not the limit for Azerbaijani gas sales to Russia.

In cutting the deal with the Russians, Azerbaijan was pursuing its own interests. First, it made the EU countries worry that Azerbaijan would choose Russia for its gas exports and, as a result, Europe would remain a Russian hostage for the indefinite future. Second, the agreement shows Turkey that Azerbaijan is not dependent on the Turkish territories for transiting its gas and can successfully sell its gas for higher prices than offered by Turkey. Third, the agreement showed Turkey what it would lose if it opens its borders with Armenia.

Moreover, a few days before the protocol signing ceremony, Azerbaijan announced reductions in its financing for the Baku–Tbilisi–Kars railway. This transportation link, often called the Iron Silk Road, was supposed to connect Azerbaijan with Turkey by railroad via Georgian territory. The project would tremendously increase trade turnover and make it possible to open Central Asian markets to the EU. According to President Aliyev's October 7 decree, the State Oil Fund of Azerbaijan would allocate only 30 m AZM (37.4 m. USD) to the project instead of the 80 m AZM (100 m USD) that was intended for 2010. The move indicates that Azerbaijan has lost interest in the project and is sending another signal to Turkey.

Given these developments, analysts have been trying to predict how the energy and other projects between Azerbaijan and Turkey will develop. Will Azerbaijan frustrate the Nabucco project? What other options does Azerbaijan have?

Definitely, the Turkish–Azerbaijani tensions benefited Russia – another great player in the Caucasus. Russia's policy in the wake of Armenian–Turkish rapprochement is understandable. Moscow tries to take maximum advantage of the divide between Turkey and Azerbaijan, seeking political and economic dividends from the situation. An open border will not shake Moscow's position in Armenia, since Russia still has military bases in this country. Moreover, Azerbaijan's disappointment is working well for Russia, which is presented as alternative to Turkish influence. With the strategic partnership between Azerbaijan and Turkey, and consequently with the EU and US, under threat, Russia seeks to utilize this unique opportunity to secure its position in the Caucasus. With the deal to buy Azerbaijani gas and promises to obtain more, Russia hopes eventually to kill the Nabucco project and any other alternative pipeline bypassing Russia.

But Azerbaijan is also trying to find a balance. Fearing political and economic dependency on Russia, Azerbaijan is also trying to avoid relying solely on Russia to transport its energy resources. In his statement at a recent meeting with the Cabinet of Ministers, President Aliyev stressed that Azerbaijan is looking for alternative routes to export its gas. Aliyev was hinting at the projected White Stream Pipeline, which is supposed to ship gas from Azerbaijan to Georgia and further through the Black sea to Romania and the EU. President Aliyev began negotiating the White Stream Project with Romanian President Traian Basescu in September of 2009.

Conclusion

The deterioration of Azerbaijani–Turkish relations can negatively affect the regional power balance and eventually destroy the Baku–Tbilisi–Ankara union. For years all three countries were supportive of each other and most regional economic and political projects involved all three countries. If the Azerbaijani–Turkish alliance drifts apart and Azerbaijan relies more on Russia, Georgia's position will be significantly weakened. With increased Russian influence on Azerbaijan, Azerbaijani–Georgian relations eventually will also drop from a strategic partnership to merely average relations. In the absence of Azerbaijan's economic support to Georgia, Tbilisi will become easy prey for Russian influence.

A further deterioration in relations between Azerbaijan and Turkey will tremendously change the course of Azerbaijan's foreign policy. Ever since Azerbaijan's independence, Turkey was not only a staunch ally of Azerbaijan, but a link for the country to the West. With relations between the two countries severed, Azerbaijan will be left with the choices of having closer relations with Iran or Russia. The EU and USA would lose influence in Azerbaijan. Unfortunately, the situation in the Caucasus reached the point where it is not possible to satisfy all sides. By winning Armenia through opening the border and economic incentives, Turkey and the West will undermine their relations with Azerbaijan.

Nevertheless, despite the unfriendly moves of the Turkish establishment, Azerbaijan's leaders are not inclined to move into Moscow's sphere of influence. This desire comes not only from the fear of political dependence on Moscow, but also the absence of economic prospects in relations with Russia. Turkmenistan is a

vivid example of how reliance on Russia leads to the loss of many billions in economic revenues. Azerbaijan fears that a decision to undermine Nabucco could make Russia a monopolist in Azerbaijani gas purchases, subsequently leading to lower gas prices. Thus, it is not in Azerbaijani interests to torpedo the project that could bring additional political and economic dividends to the country.

The next few months will be decisive in the Caucasus. If Turkey ratifies protocols without developing a solution to the Karabakh conflict, Azerbaijan will definitely reconsider its relations with Turkey and the Western countries. Azerbaijan will not zealously pursue the Nabucco pipeline and could halt its participation in regional projects. More importantly, ratification of the protocols will reinforce the negative public perception toward West and Turkey, leading Azerbaijanis to believe that the military option is the only solution for the Karabakh conflict

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After Years of Silence, Turkey and Armenia Will Try to Come Up with a New Language of Understanding

By Karin Karakashi, Istanbul

Abstract

The author, an Armenian living in Turkey, examines how to build trust and confidence between Armenians and Turks. Past Turkish state policy drove wedges between citizens of Turkey who had different religious and ethnic backgrounds. Now efforts to address both the Armenian and Kurdish issues should be seen as part of Turkey's overall democratization process. Literature in general and the stories and memories of ordinary people who survived 1915 can help build a new type of politics.

Protocol of Trust and Confidence

Sometimes the reaction to something tells more than the event itself. This is also true for the Protocol on the Establishment of Diplomatic Relations and the Protocol on the Development of Bilateral Relations, signed by the foreign ministers of Armenia and Turkey on October 10, 2009, under Swiss mediation. While debates go on in both countries and among the members of the Diaspora, it is becoming clear that establishing reciprocal trust and understanding will take more than a signature.

In order to understand why these protocols represent a historical step, it is necessary to remember a few details about the recent situation of Turkey and Armenia. Though Turkey was one of the first states to recognize the independence of Armenia in 1991, it then turned the Nagorno Karabakh conflict between Azerbaijan and Armenia into a pretext for closing the border with its neighbor. Accordingly, there have been no diplomatic relations between Turkey and Armenia and the borders have been closed since 1993. The situation becomes even more absurd when one takes into consideration that ever