



Profiles

Azerbaijan

Heydar Aliyev

Exhibiting a remarkable capacity for adaptation to changing political realities, Heydar Aliyev played a key role in Azerbaijani politics for three decades. He was born in 1923 in Azerbaijan's autonomous republic of Nakhichevan to a family originating from Zangezur in Armenia. These origins allowed him to straddle two of the most influential clan networks in Azerbaijan, the *Yerazi* and Nakhichevanis. In 1967 he became the first non-Russian head of Azerbaijan's KGB, and in 1969 First Secretary of Azerbaijan's Communist Party. In 1982 he was appointed to the Politburo as first deputy chairman of the Soviet Council of Ministers, but was dismissed in 1987 by new Soviet leader Mikhail Gorbachev.

Aliyev subsequently kept a low political profile living in Moscow, but his resignation from the Communist Party following the January 1990 killings in Baku signalled the beginning of his return to Azerbaijani politics. In September 1991 he was elected speaker of the Nakhichevan parliament, then in June 1993, after President Abulfaz Elchibey had been deposed by a coup, was invited back to Baku by the Popular Front government. Aliyev then orchestrated his own election as president in October with 99 per cent of the vote. As president, Aliyev skilfully exchanged Soviet for nationalist symbols, consolidated control over internal politics and successfully wooed Western powers with contracts for exploitation of Azerbaijan's oil wealth. He entrenched family members and other loyal figures in key posts and established a new party-state in the form of the Yeni Azerbaijan Party (New Azerbaijan Party or YAP), which became the main forum for what approached a personality cult of Aliyev. He was re-elected president in 1998, but from 1999 was dogged by speculation over his health.

Reportedly enjoying a good personal rapport with Armenian President Robert Kocharian, Aliyev successfully reached wide margins of agreement on core issues of contention during face-to-face talks. However, his political style of absolute control within Azerbaijan precluded engagement and mobilization of wider constituencies for peace. Aliyev died in December 2003, having overseen his son Ilham's succession to the presidency.

Ilham Aliyev

Heydar's only son, Ilham (born 1961) was working in Russo-Turkish business when his father assumed power in the newly independent Azerbaijan in 1993. Ilham was subsequently elevated to influential economic posts, becoming the vice-president of the State Oil Company of the Azerbaijan Republic (SOCAR) in

May 1994, where he attracted allegations in the Turkish press of concessions made to a Turkish construction group in Baku in recompense for his alleged gambling debts. Ilham's entry into politics began with his election to the Azerbaijan Parliament through the YAP in 1995. Over time he assumed an increasingly visible public persona, assuming a number of high-ranking positions. In December 1999 Ilham became one of YAP's five vice-presidents. He was appointed prime minister in August 2003, and then elected president in the controversial October elections. Compared to his father, Ilham's inexperience and more fragile mandate, in addition to external pressures for democratization, introduced greater room for manoeuvre for political elites. Although this has prompted him to take a more pro-Russian stance on some issues, Ilham has not wavered from his father's pro-Western, pro-market and secularist agenda. Nonetheless Ilham's grip on government faces significant challenges from internal elite rifts, the 'revolutionary' wave sweeping across former Soviet republics and the conspicuous failure to permit a democratic process in the 2005 parliamentary elections.

The Milli Meclis (Azerbaijani parliament)

The 125-member Milli Meclis is a largely formal institution, packed with clienteles loyal to the president. Parliamentary debates are perfunctory, and the role of the Meclis is largely restricted to approving legislation put before it by the presidency. In August 2002 the Meclis's formal powers were further curtailed by a controversial referendum amending some forty articles of the constitution. These changes included the transfer of power to the prime minister (appointed by the president) in case of the president's incapacitation, rather than the parliamentary speaker, and the abolition of the proportional party list system accounting for a fifth of the Meclis's seats. Opposition parties saw these changes as further marginalizing their chances of representation and protested vigorously, but the referendum passed with a 97 per cent approval rating. Elections to the Milli Meclis in November 2005, in which YAP and pro-governmental 'independents' won a crushing majority of seats according to official returns, were widely condemned by international and domestic observers as failing to comply with international standards. The flawed electoral process posed serious questions regarding Ilham Aliyev's ostensible commitment to reform and indeed the stability of his regime as a whole.

Azerbaijani political parties

Formal multiparty politics has flourished in Azerbaijan since independence, yet meaningful representation and pluralism have been strictly curtailed through systematic falsification of election results. Political parties tend to be weakly ideologically differentiated,

subject to fragmentation and dominated by key personalities and their clienteles. Government-opposition divisions expressed in terms of parties are less politically significant than divisions within influential networks and clans, often underpinned by regional and generational identities. Since 1995 the party of government has been the **Yeni Azərbaycan Party** (YAP), established by Heydar Aliyev in 1991.

Clienteles associated with the Nakhichevani network, intersecting with familial ties (many of the president's relatives are to be found in its higher echelons), dominate the party. Reproducing one-party system norms inherited from the Soviet era, employment opportunities in both public and private sectors are tightly linked to membership of YAP, which numbers several hundred thousand. YAP's platform ostensibly stands for privatization, secularism, market reforms and a Western-oriented foreign policy.

Opposition parties in Azerbaijan have traditionally been noted for their fragmentation and mutual animosity. They also face considerable pressure from the state; many have a history of evictions from their offices, harassment, competing with regime-sponsored namesakes, and bringing unsuccessful legal cases against fraudulent election results. First formed in 1988, the **Popular Front of Azerbaijan** (PFA) movement spearheaded demands for reform in the perestroika period. The only force not composed of former *nomenklatura* elites to have governed post-Soviet Azerbaijan, it swept to power in 1992 partially as a result of catastrophes on the battlefield in Nagorny Karabakh, but also due to the popularity of its reformist, pro-democracy and pan-Turkic agenda. The PFA government, headed by President Abulfaz Elchibey, governed for only one turbulent year before falling to an army-led coup in June 1993. The movement was reconfigured as a political party, the Popular Front Party of Azerbaijan (PFPA) in 1995. Since Elchibey's death in 2000, the PFPA has fragmented. The dominant 'reformers' wing is led by Ali Kerimli, recognized inside and outside the PFPA as its leader, who claims to continue Elchibey's vision for the party.

Musavat ('Equality') claims to be the continuation of the original Musavat party founded in 1911 in Baku. The historical Musavat played a key role in the formation of the independent Azerbaijani state in 1918-20 and was subsequently outlawed by the Soviet regime. The modern Musavat party stands for market reforms, social welfare, secularism and a both pro-Western and pro-Turkic orientation. Its leader Isa Gambar served as parliamentary speaker in 1992-93 and briefly as acting president before Abulfaz Elchibey. Musavat is thought to have received some 30 per cent of the vote in the 2000 parliamentary elections, but official returns

granted it just less than the 6 per cent needed to secure representation in the Milli Meclis. Gambar stood for president in 2003 and while he claimed victory, official returns gave him only 14 per cent of the vote.

The **Azerbaijan National Independence Party** (ANIP) is led by former Soviet dissident Etibar Mamedov and offers a nationalist, centre-right agenda. Mamedov was alone among opposition leaders in standing against Heydar Aliyev in the 1998 presidential election. He is noted for his antagonistic relationship with Isa Gambar, to which the failure of the opposition to field single candidates is often attributed.

The **Azerbaijan Democratic Party** (ADP) is led by Rasul Guliev. Appointed parliamentary speaker in 1993, he resigned in 1996, leaving Azerbaijan and energetically criticizing the Aliyev regime from exile in the United States. The regime responded by convicting him in his absence on charges of embezzlement and accusing him of planning a coup. In 2003 his application to contest the presidential election was rejected by the Central Electoral Commission, resulting in clashes between security forces and ADP supporters in Baku.

Resolving their differences to present a united front for the first time, the PFFA, Musavat and ADP together formed the bloc 'Azadlyq' to contest the 2005 parliamentary elections. ANIP allied with former presidential staff member Eldar Namazov to form the Yeni Siyaset (New Politics, or YeS) bloc.

Karabakh Liberation Organization

Formed in 2000, the Karabakh Liberation Organization (KLO) is a vocal critic of international and civic mediation efforts for failing to identify Armenia as the aggressor in the Karabakh conflict. Formally a civic organization but more of a political movement, it has regularly called for the resumption of armed hostilities against Armenia and has been involved in numerous incidents harassing civil society actors engaged in contacts with Armenian counterparts. Headed by Akif Nagi, the extent of membership and autonomy of the organization are unclear. Although at times its activities have brought it into conflict with the authorities, the KLO may also be seen at least in part as providing a domestic foil of radicalism used to demonstrate the Aliyev regime's inability to compromise in formal peace talks. At the same time it undoubtedly expresses popular sentiments of humiliation and frustration at the lack of progress in the peace process.

Karabakh Azeris and Internally Displaced Persons (IDPs)

A number of different institutions have been created in the name of the displaced population (IDPs) from Karabakh and adjacent occupied territories, but few of them offer concrete opportunities for political representation. Since 1995 IDPs have been able to vote for the members of parliament representing seven electoral districts created to reflect the seven wholly or partially occupied regions around Karabakh and two further seats for Karabakh itself. However, Karabakh Azeris have no elected community leader: the president appoints the heads of 'executive committees in exile' for Nagorny Karabakh and the seven adjacent occupied regions, figures of undefined role led by the head of the Shusha Executive Committee 'in exile', Nizami Bahmanov. The IDP community at large remains politically marginalized, although the lack of elected representatives for it and the Karabakh Azeri community has been the subject of lobbying by IDP activists.

State Oil Company of the Azerbaijan Republic (SOCAR)

SOCAR is the key national actor in the exploitation of Azerbaijan's Caspian oil resources, and also has a 10 per cent share of the Azerbaijan International Operating Company (AIOC). SOCAR has until recently been the largest contributor of tax revenue, providing about one third of government revenues, but also the largest debtor due to its provision of significant subsidies, such as discounted fuel to refugees, households and inefficient public sector enterprises, and repaying Iran for energy supplies. Furthermore, until 2003 any profits had to be channelled into the State Oil Fund (SOFAZ). The company's management is tightly knit with the Aliyev family.

State Oil Fund of the Azerbaijan Republic (SOFAZ)

Established by presidential decree in December 1999, SOFAZ is composed of proceeds from hydrocarbon exploitation, and rents and bonuses from foreign firms. It is an independent (and extra-budgetary) legal entity with its own administrative structure; its director is appointed and can be dismissed by the president. The purpose of the fund is to ensure that profits from hydrocarbon exploitation feed into nationwide regeneration. Two major projects financed by SOFAZ to date have been the provision of housing and other basic goods to the refugee and IDP population, and Azerbaijan's share of the Baku-Tbilisi-Ceyhan (BTC) pipeline construction. However, the rules for SOFAZ expenditure allocation are ambiguous, and the president has complete control over how the fund is run with no mechanisms in place for external accountability.

Armenia

Levon Ter-Petrosian

The first president of independent Armenia, Ter-Petrosian was born in Syria in 1945; the family migrated to Armenia one year later. His political activity began in the 1960s, a period associated with nationalist demonstrations in Yerevan in 1965-67. In 1988 he became a member of the eleven-man 'Karabakh Committee', which led resistance to Soviet rule in Armenia during the perestroika period. In 1989 Ter-Petrosian became leader of the Armenian National Movement and in 1990 chairman of the Armenian Supreme Soviet. He was elected president of Armenia in October 1991.

Ter-Petrosian's presidency was associated with a 'pragmatic' approach to reconciling the demands of the Armenian 'cause' with what he saw as the political realities of Armenian independence. His refusal to make genocide recognition a precondition of diplomatic relations with Turkey brought him into conflict with the Armenian diaspora and the Armenian Revolutionary Federation (ARF). This antagonistic relationship with the diaspora was reflected in Ter-Petrosian's belief that diaspora funds were not a substitute for home grown development of the Armenian economy and state. His political legitimacy was compromised by alleged falsifications of the referendum to adopt the constitution in 1995 and the presidential election of September 1996, which he won with 51.7 per cent of the vote. However, his advocacy of a more pragmatic stance on Karabakh led to his political downfall. His own key ministers, led by Prime Minister Robert Kocharian, rebelled against his endorsement of the Minsk Group's 'step-by-step' plan, forcing him to resign in February 1998. Since his resignation Ter-Petrosian has returned to his academic post, although speculation regarding his potential for a comeback is common.

Robert Kocharian

Born in Stepanakert in 1954, Robert Kocharian rose through a range of local party positions until becoming active in the Karabakh movement from 1988. During the war period Kocharian became the Chairman of the State Defence Committee and then prime minister of Nagorny Karabakh. On 24 December 1994 he was elected president of the Nagorno-Karabakh Republic by its regional Soviet, confirmed by popular vote in November 1996.

In March 1997 Kocharian was appointed prime minister of Armenia, and became a key figure in the opposition to President Ter-Petrosian's advocacy of compromise on Karabakh. Kocharian argued that the diaspora could

replace foreign investment in developing Armenia's economy, obviating the need for such compromise. Kocharian played a key role in Ter-Petrosian's resignation and succeeded him as president of Armenia in March 1998. Although Kocharian had not yet fulfilled the residency requirements for formal Armenian citizenship, the Central Electoral Commission's reasoning for allowing him to run for president was based on a past Karabakh declaration of unification with Armenia (notwithstanding the more recent declaration of independence). Kocharian's election resulted in a convergence of Yerevan's position with that of Stepanakert after the rifts associated with Ter-Petrosian's presidency. He was re-elected president in a controversial poll in March 2003; protest at alleged falsification resulted in a Constitutional Court ruling that Kocharian should submit to consultative referendum on confidence in his presidency one year later. In April 2004, with the vote of confidence yet to take place, demonstrations were violently dispersed in central Yerevan. Kocharian has remained above party politics, relying instead on his charisma as a 'war hero' and relationships forged with key individuals in the army and 'power' ministries, many of them his appointees and fellow Karabakh Armenians. Serzh Sarkisian, Armenia's Defence Minister and a fellow Karabakh Armenian, is his closest ally.

The Armenian National Assembly

Armenia's Constitution of 1995 provides for a mixed presidential-parliamentary system, in which the president's strength is derived from majority support in parliament. An oppositional majority in the National Assembly can force the president to accept its choice of prime minister (or resign or dissolve parliament), which happened in 1999 when the Republican Party/People's Party of Armenia coalition forced President Kocharian to appoint Vazgen Sarkisian as prime minister. On 27 October 1999, speaker Karen Demirchian, Prime Minister Vazgen Sarkisian and six other high officials were assassinated by gunmen in the National Assembly. Combined with the influx of many technocrats rather than experienced legislators at the 1999 elections, the massacre served to weaken parliament in the period that followed. The parliament elected in 2003 again reflected the influence of business in Armenian politics.

Armenian political parties

Armenia's multiparty system shares common post-Soviet features, including personality-based parties, fragmentation and transience. Unlike Azerbaijan, however, there has been no consistently dominant party since independence and diaspora support also lends some parties greater ideological and financial consistency. The **Armenian National Movement**

(ANM) developed out of the original Karabakh Committee, essentially diversifying the Committee's single-issue agenda into a multidimensional programme for political and economic regeneration. The ANM formed a winning coalition for the 1990 elections to the Armenian Supreme Soviet, wresting control from the Communist Party of Armenia. As the party of government, the ANM became closely associated with Ter-Petrosian's stance of advocacy for compromise on Karabakh. While retaining a substantial membership and experienced leaders, the ANM has yet to recover from Ter-Petrosian's resignation.

A number of other parties emerged in the early 1990s, including the **National Democratic Union**, the **Republican Party of Armenia** (RPA), the **People's Party of Armenia** (PPA), and **Orinats Yerkir** ('Country of Law'). Composed mainly of former *nomenklatura* elites, the RPA allied with the PPA to contest and win the 1999 parliamentary elections. The PPA was then devastated by the assassination of its leader in the October 1999 parliament shootings. The PPA contested the 2003 parliamentary election as part of Stepan Demirchian's 'Justice' bloc of nine parties, but it was its former partner the RPA that received the largest number of votes in the 2003 parliamentary elections. It formed a government in coalition with the ARF and Orinats Yerkir.

A number of Armenian political parties, historically formed in various diaspora locations, continue to have a strong diaspora following but are also active in Armenian politics. These include the **Social Democratic Hnchakian Party** (or Hnchaks) and the **Armenian Democratic Liberal Party** (or Ramkavars). The principal 'diaspora party' is the **Armenian Revolutionary Federation** (ARF or Dashnaktsutiun, Dashnak/Tashnag party), which was historically aimed at securing political and economic rights for the Armenian population in the Ottoman Empire and was re-introduced into Armenia in 1988. International recognition of the 1915 massacres as a genocide became the key aspect of the ARF's ideology. This brought it into conflict with President Levon Ter-Petrosian's decision not to make genocide recognition a pre-condition of opening diplomatic relations with Turkey. In December 1994 Ter-Petrosian banned the ARF in Armenia on the grounds that foreign (i.e. diaspora) control of political parties was illegal, a charge upheld by the Supreme Court (a second charge of terrorist activity was not). The ban was lifted by Robert Kocharian, for whom the range and solidity of the ARF's networks constitute a major asset. The ARF entered the ruling coalition in 2003; it is also active in Nagorny Karabakh.

The Armenian diaspora

Geographically scattered centres of Armenian settlement outside of Armenia have long been a feature of Armenian history. However, the large majority of the diaspora is formed by survivors of the massacres of Armenians in the Ottoman Empire in 1915-17 and their descendents. International recognition of these mass killings as a genocide has subsequently formed the key pillar of diaspora identity and activities. The Armenian diaspora has significant centres in the United States, Western Europe, the Arab Middle East and beyond. In the United States opportunities for lobbying in Washington have made a formidable weapon of the sizeable American Armenian population. Notably, Armenian lobbyists in Washington were able to curtail US aid to Azerbaijan in 1992 by excluding it from the Freedom Support Act providing aid to post-Soviet states. However this exclusion, known as Section 907, has been waived every year since 2002 by President George W. Bush.

Veterans' organizations

Founded by future Prime Minister Vazgen Sarkisian, **Yerkrapah** ('homeland defenders', also known as the Union of the Volunteers of the Karabakh War in Armenia) is a veterans' organization established in 1993. Referring to its members as *azatamaratik* ('freedom fighters') Yerkrapah is a public organization addressing the needs of veterans and bereaved families. Although formally non-partisan and non-political, Yerkrapah has wielded significant influence in criticizing concessionary policies towards Azerbaijan. Ter-Petrosian's 1997 advocacy of compromise on Karabakh induced Yerkrapah to vote against the president, causing him to lose a supportive majority in parliament. Sarkisian integrated into the RPA in 1999, whose coalition subsequently won the 1999 parliamentary election.

Nagorny Karabakh

Arkady Ghukasian

Born in Stepanakert in 1957, Ghukasian joined the Karabakh Movement in 1988. He was imprisoned in 1990 for writing articles condemning the organizers of the anti-Armenian pogroms in Baku. In 1992 he was elected a member of parliament in Nagorny Karabakh and appointed advisor on political issues to the chairman of the Nagorny Karabakh State Committee for Defence. From July 1993 Ghukasian became the foreign minister of the *de facto* Nagorno-Karabakh Republic (NKR), and in the extraordinary presidential elections of September 1997 was elected president. In 2000 an unsuccessful assassination attempt was made on his life, attributed to the former wartime commander and

Minister of Defence Samvel Babayan; Babayan was arrested and imprisoned until 2004. Ghukasian was re-elected president in August 2002 with 89 per cent the vote.

De facto power structures in Nagorny Karabakh

Nagorny Karabakh to date has not adopted a constitution but adheres to a presidential model of government. The president appoints ministers without parliamentary approval on the prime minister's recommendations. The *de facto* National Assembly in Karabakh, composed of 33 seats, is dominated by the pro-regime parties winning the 2005 parliamentary election. These are the **Democratic Party of Artsakh (DPA) and Free Homeland**, parties composed of former *nomenklatura* elites and local business interests. The DPA has been the ruling party since 2000. These parties have been challenged by a number of small reformist parties generally led by civil society activists: **Movement-88, Moral Revival** and the **Social Justice Party**. Movement-88 achieved a striking success in 2004 when its leader Eduard Agabekian was elected mayor of Stepanakert. In addition there are local chapters of parties active in Armenia, including the ARF.

The **Nagorno-Karabakh Defence Army** is a major force, though since the arrest of then commander-in-chief Samvel Babayan, its political role has declined. The *de facto* authorities claim the army comprises some 20,000 soldiers (independent analysts put the figure at 18,500). A large number, possibly a majority, of these are from Armenia. Although substantial input from Armenia in terms of training, equipment and contract personnel is acknowledged in Karabakh, Armenian military presence in Karabakh and the occupied territories is denied.

International actors

Russia

Russia's role in the post-Soviet Caucasus has been complicated and often contradictory, as it has sought to retain influence and power in the territories controlled by Moscow during the Soviet era, while also seeking stability along its southern borders. Russia has sought to dominate the mediation process as a proxy for regional domination, while at times simultaneously undermining it by engaging in separate diplomatic efforts. During the war Russian support, in the form of arms, spare parts and fuel shipments, mainly favoured Armenia, although assistance to Azerbaijan was not unknown. In 1994, under the auspices of the Commonwealth of Independent States (CIS), Russia brokered the ceasefire; its subsequent efforts at

mediation were blocked by Azerbaijan and the CSCE Minsk Group (of which Russia was also a member). Russia then became co-chair of the OSCE Minsk Group in 1995, and since 1997 has co-chaired with France and the US.

Russia's ambivalent position reflects its regional interests. Since the formation of the CIS in 1991 Russia's policies have aimed at reintegration of its formerly Soviet neighbours through military basing agreements, deployment of border guards to defend common borders of CIS countries and domination of key sectors of CIS states' economies. While secessionist conflicts in Azerbaijan and Georgia have weakened their capacity to resist Russian influence, Russia itself faces security concerns deriving from its conflict in Chechnya since the mid-1990s. Regardless of its actual policies vis-à-vis *de facto* states in the region, Russia thus shares a commitment to the principle of territorial integrity.

Armenia has long had a 'special relationship' with Russia as both an economic partner and a security guarantor in its difficult relationship with Turkey. Armenia's economic dependence on Russia ranges from remittances from Armenians in Russia to Russia's control and supply of energy resources, although recently Armenia has looked to cooperation with Iran to relieve this situation. Russia has three military bases and 2,500 troops in Armenia, a presence assured for 25 years by a 1995 treaty, while a 1997 friendship treaty provides for mutual assistance in the event of a military threat to either country. More recently, however, new difficulties have arisen in Russian relations with Armenia, stemming in part from domestic resistance in Armenia to substantial Russian-owned shares in the country's infrastructure.

Russia's relations with Azerbaijan were strained by President Elchibey's pro-Western, pan-Turkic programme in 1992-93. Heydar Aliyev initially smoothed relations by taking Azerbaijan into the CIS, but Azerbaijan's commitment to CIS structures has always been lukewarm. As Baku looked more towards NATO, Azerbaijan did not renew its membership of the CIS Collective Security Treaty in 1999. Azerbaijan successfully courted Western interests to secure an oil pipeline route sidelining Russia, although Russian firm LUKOIL is a member of the Azerbaijan International Operating Company. Russia bowed to the inevitable in 2002 and dropped its resistance to the BTC pipeline and resolved its dispute with Azerbaijan over the division of the Caspian Sea. With regard to the Karabakh peace process, however, Russia's intentions are still viewed with suspicion in Azerbaijan.

United States

Since 1997 the United States has co-chaired the Minsk Group, at the same time as the South Caucasus has become increasingly important to US interests. American stances on the Karabakh conflict have been shaped by the presence of influential Armenian-American lobbies in the United States, desires to support democracy in the region and countervailing strategic and security interests deriving from Caspian oil and the 'war on terror' respectively. Given the priority of diversifying global energy supply away from the Middle East, it is the latter that ultimately underpins US policy.

US policy towards Armenia and Azerbaijan has been characterized by an open split between the White House and Congress. In 1992 Congress, influenced by American-Armenian lobbyists, passed the Section 907 amendment to the Freedom Support Act, limiting government-to-government aid to Azerbaijan. However, this approach was subsequently moderated by interest in regional stability in order to access Caspian oil. The BTC pipeline was explicitly intended to reward Turkey for its support of the US in the 1991 Gulf War. In 2002 President George W. Bush secured a waiver for the Section 907 ban (renewed annually since then) in recognition of Baku's support for the 'war on terror', and he has effectively blocked genocide recognition efforts in the United States. Nonetheless, the American-Azerbaijani relationship is moderated by realizations that Azerbaijan's oil potential is not as promising as it seemed in the early 1990s, and by ebbs and flows in Azerbaijan's relations with Russia and Iran. The Azerbaijani government has made it clear it will not have any US military bases on its territory, although some opposition groups have seized the opportunity to agitate in favour of them.

Turkey

Turkey has been closely allied to Azerbaijan in the Karabakh conflict. Sharing cultural affinities and a commitment to secularist modernization, Turkey provides a model for many in Azerbaijan. It provided military supplies to Azerbaijan during the war and maintains an economic blockade on Armenia. Nonetheless, early post-Soviet projections of a renaissance of Turkish influence across Azerbaijan and the Turkic states of Central Asia have proved false. Turkey's influence has been limited by energy dependence on Russia, its own desires for integration with Western structures and its less prominent role within the Minsk process.

Turkey's relations with Armenia have been historically extremely strained by the mass killings of Armenians in the Ottoman Empire in 1915-17, which Armenia

campaigns to have internationally recognized as genocide. Ter-Petrosian's administration did not make genocide recognition a precondition of diplomatic relations with Turkey, but Kocharian (1998-present) has insisted it be a subject of bilateral talks with Ankara. An initiative to improve Turkish-Armenian relations, the Turkish Armenian Reconciliation Commission, was established in July 2001 and concluded in April 2004; a number of informal cycles of meetings also take place between diplomats and scholars on each side. Nonetheless, while disappointing Azerbaijani expectations of greater support, Turkey has maintained its blockade of Armenia and provided strategic partnership for Azerbaijan through the BTC pipeline.

Iran

While Iran formally supports the territorial integrity of Azerbaijan, geopolitical concerns and historically friendly relations with Armenia have shaped a generally more pro-Armenian stance in the Karabakh conflict. This is conditioned by wariness of irredentism among Iran's own Azeri population (estimated at a quarter of the population), concentrated in the regions bordering Azerbaijan. Iran has not been an actor in the Armenian-Azerbaijani peace process since mediation efforts in early 1992, when it secured a brief ceasefire while working in parallel to the Russian initiatives. Not a member of the OSCE, it has been excluded from the Minsk process, although the Minsk co-chairs and the US State Department have recognized Iran's legitimate interest in remaining briefed on this process.

Iranian trade with Armenia was crucial to the latter's survival during the war. More recently, Iran and Armenia signed an agreement in 2004 to construct a pipeline that would carry natural gas from Iran to Armenia, with substantial financing from Tehran, reducing Armenia's dependence on Russia for energy supplies and bringing Iran closer to European markets. Tensions with Azerbaijan, on the other hand, also exist around Caspian energy resources. Under US pressure, Azerbaijan decided against routing the Caspian pipeline by the cheapest route through Iran, but from Baku to Ceyhan in Turkey via Tbilisi instead. In 2001 Iranian-Azeri tensions over disputed Caspian Sea boundaries almost erupted in military exchanges. Recently Iran has made goodwill gestures towards Azerbaijan, including sanctioning the opening of an Azerbaijani consulate in Tabriz, but Azerbaijan will face pressure from the United States to resist rapprochement.

The Azerbaijan International Operating Company / British Petroleum

In 1994 Azerbaijan signed the 'contract of the century', a thirty-year production sharing agreement regarding the exploration and exploitation of three offshore Caspian oil fields. The contract was to be implemented by the Azerbaijan International Operating Company (AIOC), a consortium of ten major international oil companies and the State Oil Company of the Azerbaijan Republic (SOCAR). British Petroleum Amoco (BP Amoco) assumed operatorship of AIOC in 1999 and also has the controlling interest in the consortium that operates the BTC oil pipeline linking the Caspian to the Mediterranean. This is the most controversial pipeline in the region, a major American and British-backed venture routed via Georgia and Turkey. BP was initially sceptical about the commercial viability of the BTC option but its position changed after its merger in 1998 with the American Oil Company (Amoco). The BTC Pipeline Company was formed in 2002 to construct, own and operate the pipeline. Construction began in 2002 and the pipeline opened in 2005.

Multilateral actors

Organization for Security and Cooperation in Europe

The Organization for Security and Cooperation in Europe (OSCE), known as the Conference for Security and Cooperation in Europe (CSCE) until December 1994, was founded in Helsinki in 1975 with 35 member countries from both NATO and the Soviet bloc. The CSCE assumed responsibility for mediating in the Karabakh conflict in March 1992, shortly after newly independent Armenia and Azerbaijan had become members. It was envisaged that a conference to this end would be convened in Minsk, Belarus. This was pre-empted by the unfolding escalation of the conflict, and to date the conference has never been held. OSCE mediation efforts instead took the form of the Minsk Group, originally a preparatory body for the conference now transformed into the main forum for mediation. The composition of the Minsk Group has changed over time, but has always included Armenia, Azerbaijan, Belarus, France, Germany, Italy, Russia, Sweden, Turkey, and the USA. The *de facto* authorities in Karabakh were recognized as an 'interested party'. The group's efforts to bring the parties to the conflict closer to an agreement became known as the Minsk Process.

The High-Level Planning Group (HLPG) was formed in December 1994 and located in Vienna to make recommendations on developing a plan for the establishment of a multinational OSCE peacekeeping force. At the same time, co-chairmanship of the Minsk Group was established between Russia and Sweden.

Finland replaced Sweden in 1995, and when Finland stepped down at the end of 1996, the US and France joined Russia in a co-chairing 'Troika'. The Chairman-in-Office is supported by a Personal Representative, supported in turn by five international staff.

The Minsk Group has presented at least four proposals as a framework for talks: the 'package' solution (May-July 1997), the 'step-by-step' proposal (September 1997), the 'common state' proposal (November 1998) and the so-called 'land swap' proposal (2001). The Minsk Group has often been criticized for its lack of success with any of these proposals.

European Union

The European Union (EU) has become more interested in the South Caucasus in recent years. It extended its European Neighbourhood Policy to the South Caucasus in 2004, a policy that allows a significant degree of economic integration and a deepening of political cooperation with the EU. Correspondingly, it has become increasingly interested in playing a role in the peace process. European Commission President Romano Prodi suggested in May 2004 that the bloc could help "speed up the solution" without interfering with the OSCE's mandate. The EU has pursued a strategy of "triangulation" involving Armenia, Azerbaijan and Turkey, an incremental approach that would see Armenia initiating a pullback of its forces from the occupied areas of Azerbaijani territory surrounding Nagorny Karabakh in order to secure an easing of the border closure with Turkey.

Commonwealth of Independent States

The Commonwealth of Independent States (CIS) is a Moscow-led organization of post-Soviet republics formed in 1991, of which Armenia and Azerbaijan are both members. The CIS has played a role in peace talks between the warring parties. In 1993-94 it competed for influence with the CSCE, both organizations seeking to establish their identity and purpose. In 1994 Parliamentary delegations from CIS countries gathered in Bishkek, Kyrgyzstan, in May, signing a protocol on a ceasefire that has lasted ever since. The Russians accused the Minsk Group of trying to sabotage their initiative, while the Western powers countered that Russia was trying to wreck the formation of a broader-based alternative peace plan. The rivalry receded with Russia's co-chairmanship of the OSCE Minsk Group from 1995, which has made that the main body for mediation and facilitation of the peace process. CIS meetings continue to be a forum for periodic Armenian-Azerbaijani meetings. However, the CIS appears increasingly redundant as an institution that can advance Russia's political and economic agenda in the former Soviet space.