

# **NATO Expansion and Azerbaijan: Evaluating the Potential of the Caucasus State**

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## Abstract

*Numerous scholars have dedicated their time to researching and writing about the North Atlantic Treaty Organization (NATO) and its impact around the world. Most of such research was concentrated on the Cold War, during which the rivalry between the United States and the Soviet Union was intense. The collapse of the Berlin Wall changed the international political and economic stage, providing a way for newly established post-communist countries that started to transition to democracies. The collapse of the Soviet Union, contrary to many skeptics, did not lead to the dissolution of NATO. To the contrary, the world's largest military alliance entered a new era of expansion that, in the year 2004, included 26 countries from North America and Europe committed to the North Atlantic Treaty of 1949. This, however, does not limit the membership of NATO to 26 nations. NATO's official open door policy suggests that should more nations qualify to meet the admission criteria, the membership could be extended to new members. Therefore, keeping in mind that there is a possibility of further NATO expansion, I propose to discuss and analyze the attractiveness of Azerbaijan, a former Soviet state, in terms of its strategic location and pro-Western orientation as a potential member. Given that no primary research has been conducted on Azerbaijan as a potential NATO member, I believe that this article will be useful in identifying this state's strengths and weaknesses. By using an approach by Hendrickson and Ethridge, I will assess if having Azerbaijan as a full member of the alliance will be beneficial to preserving peace and promoting democracy in the Caucasus region. Possible negative consequences will also be brought up and recommendations on overcoming such obstacles will be offered. Moreover, I will conclude that Azerbaijan stands as the leading candidate for a full NATO membership due to its economic potential and geo-strategic importance.*

## Introduction

Numerous scholars have dedicated their time to researching and writing about the North Atlantic Treaty Organization (NATO) and its impact around the world. Most of such research was concentrated on the Cold War, during which the rivalry between the United States and the Soviet Union was intense. The collapse of the Berlin Wall changed the international political and economic stage, providing a way for newly established post-communist countries that started to transition to democracies. The collapse of the Soviet Union, contrary to many skeptics, did not lead to the dissolution of NATO. To the contrary, the world's largest military alliance entered a new era of expansion that, in the year 2004, included 26 countries from North America and Europe committed to the North Atlantic Treaty of 1949. This, however, does not limit the membership of NATO to 26 nations. NATO's official open door policy suggests that should more nations qualify to meet the admission criteria, the membership could be extended to new members. Therefore, keeping in mind that there is a possibility of further NATO expansion, I propose to discuss and analyze the attractiveness of Azerbaijan, a former Soviet state, in terms of its strategic location and pro-Western orientation as a potential member. Given that no primary research has been conducted on Azerbaijan as a potential NATO member, I believe that this article will be useful in identifying this state's strengths and weaknesses. By using an approach by Hendrickson and Ethridge, I will assess if having Azerbaijan as a full member of the alliance

will be beneficial to preserving peace and promoting democracy in the Caucasus region. Possible negative consequences will also be brought up and recommendations on overcoming such obstacles will be offered. Moreover, I will conclude that Azerbaijan stands as the leading candidate for a full NATO membership due to its economic potential and geo-strategic importance.

## Literature Review

A number of scholars in the field of Political Science have written about NATO expansion and the contributions of the newly admitted Central, as well as Eastern European states to the alliance. Eyal discussed the effects of NATO's expansion in Europe as well as the questions about its place and purpose.<sup>1</sup> A more pessimistic tone was set by Karl-Heinz Kamp who argued that a rapid NATO expansion was unnecessary and could result in ruinous consequences for the alliance as a whole.<sup>2</sup> Another author that argued the inverse effects of NATO expansion was Zoltan Barany who discussed the internal economic and political struggles in candidate states of the second round of expansion.<sup>3</sup> Sean Kay presented a perspective that was not only critical of the expansion, but also critical of NATO as a whole. According to Kay, NATO has yet to fulfill its original goal of ensuring that Europe assumes equal responsibility for its own security and not rely on the United States.<sup>4</sup> An in-depth analysis on NATO expansion has been conducted by Thomas Szayna in his book *NATO Enlargement, 2000-2015*, in which he assesses the attractiveness, readiness and the likelihood of specific countries joining NATO in the foreseeable future. The study focuses mainly on the nine countries on their way for membership through the Membership Action Plan (MAP).<sup>5</sup> Peterson Ulrich examined selected aspects of democratization in Slovakia and the Czech Republic by pointing out "particular obstacles to the achievement of developed democratic national security systems."<sup>6</sup> Nelson researched the problems in Romania and Bulgaria, which prevented the development of, and "transition to fully democratic national security institutions."<sup>7</sup> Hendrickson and Ethridge have conducted a study in which they tested the four major criticisms about NATO expansion against one of the ten new members, Slovenia, and concluded that these criticisms applied to Slovenia only in marginal ways.<sup>8</sup>

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<sup>1</sup>. Eyal, Jonathan. "NATO's Enlargement: Anatomy of a Decision," *International Affairs* 73, No.4 (1997): 695-719.

<sup>2</sup>. Kamp, Karl-Heinz. "The Folly of Rapid NATO Expansion," *Foreign Policy*, Spring, no.98 (1995): 116-129.

<sup>3</sup>. Barany, Zoltan. "NATO Expansion, Round Two: Making Matters Worse," *Security Studies* 11, No.3 (2002): 123-157.

<sup>4</sup>. Sean Kay. "What Went Wrong with NATO," *Cambridge Review of International Affairs* 18, No.1 (2005): 69-83.

<sup>5</sup>. Thomas S. Szayna, *NATO Enlargement, 2000-2015*, (Washington: RAND, 2000), 35.

<sup>6</sup>. Marybeth Peterson Ulrich, "Developing Mature National Security Systems in Post-Communist States: The Czech Republic and Slovakia," *Armed Forces and Society* 28, no.3 (2002), 403.

<sup>7</sup>. Daniel L. Nelson, "Armies, Security, and Democracy in Southern Europe," *Armed Forces and Society* 28, no.3 (2002), 427.

<sup>8</sup>. Ryan Hendrickson and Thomas Ethridge. "Slovenia and NATO Membership: Testing the Criticisms of Alliance Expansion," *Baltic Defence Review* 2, no.12 (2004): 113-127.

Unlike Slovenia and other Central/Eastern European nations, only a handful of authors have written about the post-Soviet Azerbaijan. Even less has been written about the history, ethnic origin and composition of this country in south Caucasus. One of the few experts in this field is Tadeusz Swietochowski whose book, *Russia and Azerbaijan: A Borderland in Transition* is an essential reading material for anyone who is interested in the history and politics of Azerbaijan. His extensive reference to the differences between the Republic of Azerbaijan and Southern Azerbaijan (northern province of Iran that is ethnically dominated by Azeris) is particularly useful in understanding the shifts in foreign policy and its future direction.<sup>9</sup> Shireen Hunter is one of such authors who writes about the historical, geopolitical and demographic factors in the three south Caucasus countries and discussing foreign policy directions of each state, including Azerbaijan.<sup>10</sup> Given the amount of previous literature on NATO expansion and some literature on Azerbaijan as a country, no study exists to assess Azerbaijan's readiness and attractiveness for a NATO membership. The absence of a preliminary study on Azerbaijan for NATO expansion leads me to believe that such a study will be useful for the discipline of international relations and will add to the limited amount of literature on Azerbaijan.

## Methodology

After the emergence of the Newly Independent States (NIS), Azerbaijan started to make headlines and captured the international attention, particularly that of the West, not only due to its substantial reserves of petroleum and gas, but also because of its openly pro-Western economic as well as political orientation. An emergence of a pro-Western state that is squeezed between Iran and Russia, which can serve as a corridor through the Caspian Sea to Central Asian countries, and the economic potential of which will create a growing market for goods and services should be significant enough to be studied and discussed.

As noted in the early part of this paper, Hendrickson and Ethridge have assessed the capabilities and contributions of Slovenia to NATO and tested the four major criticisms of NATO expansion against the mentioned country. This approach is simple yet straightforward about its findings and offers a good assessment if done properly. Therefore, I will follow the model used by Hendrickson and Ethridge to assess Azerbaijan's capabilities and attractiveness for NATO expansion because it is a solid approach that works well. However, given that this model already assumes that the country being tested is a fully developed democracy, I am going to modify it with respect to the second major criticism. Rather than examining its civil-military relations, I will assess whether Azerbaijan could be considered a democracy by NATO standards. Hence, the areas of evaluation will be: 1) Azerbaijan's current military capabilities; 2) Its commitment to democracy, human rights, political freedom, civil liberties and the rule of law; 3) Examining whether it shares the same strategic interests as the rest of the alliance members; and 4) Whether Azerbaijan will impose a financial burden on the alliance which will make the expansion unworthy of the required investment. By doing so, one could be aware of its chances of becoming a full member. I will also compare Azerbaijan's economic and geo-strategic

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<sup>9</sup>. Tadeusz, Swietochowski, *Russia and Azerbaijan: A Borderland in Transition* (New York: Columbia University Press, 1995).

<sup>10</sup>. Hunter, Shireen T, *The Transcaucasus in Transition: Nation-building and Conflict* (Washington: The Center for Strategic and International Studies, 1994).

influence to its two other neighbors in South Caucasus, Georgia and Armenia. By presenting the defense spending patterns of each state in absolute U.S. dollars, as well as such spending as percentage of the Gross Domestic Product, I will illustrate whether Azerbaijan is following the NATO recommended minimum of 2 percent GDP spending on defense.

Throughout my research, I am going to rely on data gathered from various media sources, academic books, a congressional hearing before the subcommittee on Europe of 107th congress, legitimate online news sources, and electronic databases like Lexis-Nexis. Due to the lack of extensive research in the topic area, the use of any relevant data for this topic will be appropriate. Although the purpose of this article is to analyze the potential and strength of Azerbaijan as a possible NATO candidate, I will also note its weaknesses, more notably the conflict between Azerbaijan and Armenia over the Azerbaijani Nagorno-Karabakh enclave with a separatist Armenian majority. I will briefly discuss how this conflict, if unresolved peacefully, may complicate Azerbaijan’s prospects of becoming a NATO member in the future.

## **Military Capabilities**

In 2004, for a country with a population of just over 8 million, Azerbaijan had armed forces of over 66,400, making it substantial in proportion to its total population.<sup>11</sup> In comparison to its two Caucasus neighbors, Azerbaijan had 48,720 more armed forces than Georgia and 21,616 more armed forces than Armenia.<sup>12</sup> Table 1 below shows data for total armed forces of NATO Partnership for Peace (PfP) member countries in 2001, excluding the permanent members. It can be clearly seen that when it comes to the number of armed forces, Azerbaijan has the fourth largest force after Russia, Ukraine and Belarus, which makes it one of the more important players in the region.

**Table 1: Members of NATO’s Partnership for Peace (PfP) Program.**

Country *	Total Armed Forces
Russia	1,520,000
Ukraine	304,000
Belarus	83,000
Azerbaijan	72,000
Kazakhstan	64,000
Croatia	61,000
Uzbekistan	59,000
Albania	54,000
Sweden	53,000
Armenia	41,000
Austria	40,000
Finland	32,000

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<sup>11</sup>. International Institute for Strategic Studies, *The Military Balance 2004-2005* (Oxford: Oxford University Press, 2004), 82.

<sup>12</sup>. Ibid., 80-88.

Switzerland	28,000
Georgia	27,000
Turkmenistan	14,000
Ireland	12,000
Kyrgyzstan	9,000
Tajikistan	6,000

\* Excluding FYROM , Moldova and current NATO members.

Source: International Institute for Strategic Studies, *The Military Balance 2001-2002* (Oxford: Oxford University Press, 2001).

In 2004, Azerbaijan's armed forces totaled 66,490. 56,840 of those were in the army while the air force and air defense personnel were at 7,900. The rest of 1,750 were members of the navy. There are 5 army corps headquarter, 23 military region brigades, 2 artillery brigades (including 1 multiple rocket launcher) and 1 anti-tank regiment. In terms of equipment, Azerbaijan has 220 main battle tanks (120 T-72 and 100 T-55), 135 armored infantry fighting vehicles (44 BMP-1, 41 BMP-2, 1 BMP-3, 28 BMD-1, 21 BRM-1), 468 armored personnel carriers (25 BTR-60, 28 BTR-70, 11 BTR-80, 11 BTR-D plus, 393 MT-LB), 282 total artillery, estimated 250 anti-tank guided weapons (AT-3, AT-4, AT-5 and AT-7) and estimated 40 surface-to-air missiles (SA-4/-8/-13). The navy has 6 patrol and coastal combatants, 6 patrol crafts, 5 mine countermeasure and 4 amphibious craft. The Air force has 47 combat aircraft and 15 attack helicopters which include 21 ground attack fighters (4 SU-17, 5 SU-24, 8 SU-25 and 4 MiG-21) and a squadron with 26 MiG-25 fighters. Additionally there are 4 transport aircraft (1 An-12, 3 YAK-40), 41 training aircraft (28 L-29, 12 L-39 and 1 Su-17U) and a regiment with 35 helicopters (7 Mi-2, 13 Mi-8, 15 Mi-24). There are also 14 aircraft in store (9-MiG 25, 2 MiG-25U, 1 MiG-21 and 2 L-29). The air defense force is also in possession of 100 surface-to-air missiles (SA-2/-3/-5).<sup>13</sup>

Azerbaijan has shown a strong commitment to, and foresees big interest in NATO. At the NATO summit in Prague (November 21-22, 2002), Azerbaijan and Georgia declared their aspiration to join the alliance. In moves to expand Baku's ties to the Alliance and broaden the training focus from PSOs to interoperability and NATO standardization, it has entered the PARP program.<sup>14</sup> This is an indication of Azerbaijan's willingness to improve its military capabilities through this biennial process, which involves bilateral and multilateral elements. "As a concrete result of the efforts undertaken by Azerbaijan through PARP peacekeeping units of Azerbaijani Armed Forces are contributing both to KFOR and ISAF shoulder to shoulder with their counterparts from NATO member and partner countries under the command of the Alliance."<sup>15</sup> Moreover, Azerbaijan accepted 28 Partnership Goals (PGs) and is active in seeking a participation in the Membership Action Plan (MAP).<sup>16</sup> "In May of 2004 roughly ten years after

<sup>13</sup>. International Institute for Strategic Studies, *The Military Balance 2001-2002* (Oxford: Oxford University Press, 2005), 82.

<sup>14</sup>. NATO, *The Opening Up of the Alliance: The Partnership for Peace: The Planning and Review Process*, Chapter 3: NATO Handbook, October 8 (2002).

<sup>15</sup>. Mission of the Republic of Azerbaijan to NATO, "The Partnership for Peace Planning and Review Process (PARP)," <http://www.nato.int/pfp/azerbaijan/peacekeepingoperations.htm> (accessed December 9, 2005).

<sup>16</sup>. Ibid.

Azerbaijan's accession to the PfP President Ilham Aliyev submitted IPAP's Presentation Document to the NATO Secretary General Jaap de Hoop Scheffer thus bringing Azerbaijan's cooperation with NATO to a qualitatively new level."<sup>17</sup> The current military capabilities show that it is important to upgrade the current equipment and perhaps purchase modern military hardware to either balance or replace its current, Soviet-era built and largely outdated equipment. The obvious signs of the willingness for cooperation between the Alliance and Azerbaijan are highly likely to progress in the future.

## Democratic Evaluation

Evaluating whether Azerbaijan is an established democracy with respect for human rights and the rule of law is important when considering it for NATO membership. After all, the parties to the North Atlantic Treaty were "determined to safeguard the freedom, common heritage and civilisation of their peoples, founded on the principles of democracy, individual liberty and the rule of law."<sup>18</sup> Since its independence from the Soviet Union in August 30, 1991, Azerbaijan has become a presidential democracy with legislative, executive and judicial branches in the government.<sup>19</sup> But being considered a democracy in theory does not translate into being a democracy in practice. Hence, examining Azerbaijan's democratic record should be an acceptable strategy.

The international non-profit, non-partisan freedom watchdog, Freedom House, has been a widely used point of reference with respect to political and economic freedoms around the world. To see how Azerbaijan compares to the standards of this organization, one can look at the recent rating of freedom in the world. The recent data is available as of 2004 and according to the table of independent countries, Azerbaijan has a rating of 6 in political rights, 5 in civil liberties, and is considered not free.<sup>20</sup> Looking at the same table, Azerbaijan received the same ranking as Algeria and Cambodia, which, in the case of NATO is a matter of concern.

The human rights conditions were not the best either, according to the international human rights supervisory body Amnesty International. The latest human right report by the organization was critical of the ill treatment of detainees and political aggressiveness against the opposition party members by the government using the law enforcement and judicial system. "On 7 May, seven leading members of the political opposition went on trial at the Court for Grave Crimes in Baku for their alleged participation in the violence... They were reportedly accused of having masterminded the violence and were charged with organizing mass

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<sup>17</sup>. Khasiyev, Kamil, "Word of Welcome by the Head of Mission of the Republic of Azerbaijan to NATO," *Mission of the Republic of Azerbaijan to NATO*, <http://www.nato.int/pfp/azerbaijan/homepage.htm> (accessed December 9, 2005).

<sup>18</sup>. NATO, "The North Atlantic Treaty," *NATO Basic Texts*, <http://www.nato.int/docu/basictxt/treaty.htm> (accessed December 10, 2005).

<sup>19</sup>. Central Intelligence Agency, "Azerbaijan: Government," *The World Factbook*, <http://cia.gov/cia/publications/factbook/geos/aj.html> (accessed December 10, 2005).

<sup>20</sup>. Freedom House, "Table of Independent Countries," *Freedom in the World 2004*, <http://www.freedomhouse.org/research/freeworld/2004/table2004.pdf> (accessed December 10, 2005).

disturbances. They had consistently denied the charges since their arbitrary detentions in October 2003. Some of the seven were allegedly tortured by members of the Ministry of Internal Affairs' Organized Crime Unit. Others were reportedly detained in cruel, inhuman and degrading conditions."<sup>21</sup> An unfortunate situation like this hardly ever occurs, if at all, in democratic countries which are also members of NATO.

According to Marshall and Jagers's assessment of Azerbaijan's democratic structure in Polity IV Country Reports 2003, "The Parliament's independence from the executive branch is marginal at best. Fraud and other electoral irregularities marred both the 1995 and 2001 legislative elections. Azerbaijan's parliament functions like an addition to the presidential cabinet."<sup>22</sup> When it came to political participation, the report revealed additional disturbing elements that damage the country's political reputation. "While elements of political factionalism are strong in Azerbaijan, the hegemonic ambitions of the Aliyev regime make political participation closer to restricted in orientation. While political opposition parties are allowed to function within Azerbaijan, the Government actively seeks to prevent them from achieving electoral success. Intimidation and corruption are used to fracture the opposition and maintain the regime's control over the political process."<sup>23</sup>

Perhaps the most recent example of Azerbaijan's corrupt political structure is the parliamentary elections on November 6, 2005. "The elections, won by the ruling New Azerbaijan Party, were criticised by international observers."<sup>24</sup> "Observers from the Organisation for Security and Co-operation in Europe, the Council of Europe and the US state department said there was serious fraud - including intimidation, stuffing of ballot boxes and violations in counting procedure."<sup>25</sup> Three weeks later, during another opposition rally, the police have interfered by injuring many people while using tear gas, water cannon and truncheons. The U.S. embassy in Baku issued a statement saying it condemned the "unjustified and unprovoked use of force."<sup>26</sup> All of these events are clearly showing a violation of the Republic's constitution by the government. Chapter 3 of the constitution of Azerbaijan deals with the rights and liberties of a person and citizen. The first clause of article number 54 of chapter 3 states that "citizens of the Azerbaijan Republic have the right to take part in political life of society and state without restrictions."<sup>27</sup> It is rather obvious that the government of Azerbaijan is violating the country's supreme law. Therefore, according to my analysis of Azerbaijan's respect for human rights, political freedom, civil liberties and the rule of law, it is clear that the odds are against it for being considered a democracy. Hence, seeing Azerbaijan as a NATO member in the near future

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<sup>21</sup>. Amnesty International, "Azerbaijan: Summary," *AI Report 2005*, <http://web.amnesty.org/report2005/aze-summary-eng> (accessed December 10, 2005).

<sup>22</sup>. Monty G. Marshall and Keith Jagers, "Azerbaijan: Executive Constraints," *Polity IV Country Reports 2003*, <http://www.cidcm.umd.edu/inscr/polity/Aze1.htm> (accessed December 10, 2005).

<sup>23</sup>. Ibid., "Azerbaijan: Political Participation."

<sup>24</sup>. "Thousands join Azerbaijan Protest," *BBC News*, November 9, 2005, <http://news.bbc.co.uk/2/hi/europe/4420604.stm> (accessed December 10, 2005).

<sup>25</sup>. "Azerbaijan protest draws 20,000," *BBC News*, November 13, 2005, <http://news.bbc.co.uk/2/hi/europe/4432878.stm> (accessed December 10, 2005).

<sup>26</sup>. "US condemns Azeri rally policing," *BBC News*, November 27, 2005, <http://news.bbc.co.uk/2/hi/europe/4475012.stm> (accessed December 10, 2005).

<sup>27</sup>. President of the Republic of Azerbaijan, "Chapter 3: Article 54," *The Constitution of the Republic of Azerbaijan*, [http://www.president.az/s30\\_government/\\_government\\_e.html](http://www.president.az/s30_government/_government_e.html) (accessed December 10, 2005).



is unlikely, unless it improves its deficiencies significantly as they relate to areas mentioned above.

## Strategic Directions

Since its independence from the Soviet Union, Azerbaijan has been openly pro-Western in its orientation and it can be seen from its foreign relations and policy. Perhaps a strong indicator of Azerbaijan's commitment to NATO is the establishment of its own separate mission to the Alliance. "Since Azerbaijan regained its independence at the end of 1991 integration into European and Euro-Atlantic political, security and economic institutions has always been and continues to be one of its main foreign policy priorities."<sup>28</sup> Indeed, Azerbaijan has shown its commitment to NATO by joining its peace keeping operations as well, being an active member in the war on terror. "Kosovo was the first test ground for Azerbaijani peacekeeping forces. Since September 1999, peacekeeping platoon of Azerbaijani Armed Forces numbering 34 personnel as part of the Turkish peacekeeping battalion has been serving in Kosovo under the command of NATO. Participation in KFOR has improved further professional skills of peacekeeping forces of Azerbaijan and ensured greater opportunities to get more closely acquainted with the command and control procedures of NATO and paved the way for contribution to future peace support operations."<sup>29</sup> Moreover, in November 2002, Azerbaijan joined the peacekeeping platoon as part of International Security Assistance Force (ISAF) in Afghanistan by contributing 21 soldiers, one officer and one NCO, with an aim to ensure peace, security and order. In August 2003, the country also contributed 151 of its armed forces "for restoration of security and stability in Iraq."<sup>30</sup> This, in particular, is a good example of Azerbaijan's strong bilateral as well as multilateral relationship with the United States.

As a proof of its Western orientation, Azerbaijan belongs to the Council of Europe as one of 46 total members. This was a new beginning for the country's involvement in European democracy, human rights and the rule of law issues. It became the 43 member State of the Council on January 25, 2001. "Azerbaijan is represented in the Parliamentary Assembly by a delegation of 6 representatives and 6 substitutes." Its contribution to the 2005 ordinary budget (€ 186,012,700) of the Council of Europe was €404,577 (i.e. 0.2175 %).<sup>31</sup>

Azerbaijan's strategic and political importance is also felt in the United States. Dr. Brenda Shaffer who is the research director of Caspian Studies Program at Kennedy School of Government at Harvard University, said in her prepared statement before the U.S. Congress: "Members of the Administration, previous and present, come to Committees, honorable Committees like your own, and tell that Azerbaijan is a cornerstone of the U.S. policy, is an

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<sup>28</sup>. Khasiyev, Kamil, "Word of Welcome by the Head of Mission of the Republic of Azerbaijan to NATO," *Mission of the Republic of Azerbaijan to NATO*, <http://www.nato.int/pfp/azerbaijan/homepage.htm> (accessed December 11, 2005).

<sup>29</sup>. Ibid.

<sup>30</sup>. Mission of the Republic of Azerbaijan to NATO, "Peacekeeping Operations," <http://www.nato.int/pfp/azerbaijan/peacekeepingoperations.htm> (accessed December 11, 2005).

<sup>31</sup>. Council of Europe, "Azerbaijan and the Council of Europe," [http://www.coe.int/T/e/Com/about\\_coe/member\\_states/e\\_az.asp](http://www.coe.int/T/e/Com/about_coe/member_states/e_az.asp) (accessed December 11, 2005).

important country to the U.S...This country did not become a friend of the U.S. in the last couple of weeks. For the past 10 years, this country has been cooperative with the U.S. on non-proliferation issues and on prevention of terrorism, way before it became popular.”<sup>32</sup> Indeed, since Dr. Shaffer’s statement in October 2001, Azerbaijan has been an active participant on the war on terror and contributing to peace and security in various parts of the world as seen through its partnership with NATO.

A further instrumental issue that dominates Azerbaijan’s foreign policy is the issue of the self-proclaimed Republic of Nagorno-Karabakh (NKR), occupied by the Armenian Armed Forces. Despite the Armenian efforts of trying to have the enclave secede and become independent, Nagorno-Karabakh is internationally recognized as the territory of Azerbaijan and lies strictly within its borders. “Despite a 1994 cease-fire, Azerbaijan has yet to resolve its conflict with Armenia over the Azerbaijani Nagorno-Karabakh enclave (largely Armenian populated). Azerbaijan has lost 16% of its territory and must support some 571,000 internally displaced persons as a result of the conflict.”<sup>33</sup>

The Organization for Security and Cooperation in Europe (OSCE) had established a Minsk Conference which is responsible for mediating the Nagorno-Karabakh dispute between Azerbaijan and Armenia and encourage a peaceful solution. “The Chairman-in-Office appointed as of 10 August 1995 a Personal Representative of the OSCE Chairman-in-Office on the Conflict Dealt with by the OSCE Minsk Conference.”<sup>34</sup> First out of the six tasks of the Personal Representative of the CiO is to “represent the OSCE Chairman-in-Office in issues related to the Nagorno-Karabakh conflict, assist the CiO in achieving an agreement on the cessation of the armed conflict and in creating conditions for the deployment of an OSCE peace-keeping operation, in order to facilitate a lasting comprehensive political settlement of the conflict in all its aspects.”<sup>35</sup> Azerbaijan’s willingness to solve its differences peacefully with its Western neighbor, aggression of which has resulted in hundreds of thousands of Azeri refugees fleeing their homes and the lack of economic development in its Western provinces, is a positive development.

In sum, it is clear that Azerbaijan has been a valuable contributor for NATO’s peacekeeping and peace-enforcement operations in Europe and Central Asia. Its mission to NATO as well as its active involvement in Partnership for Peace (PfP) program indicates that Azerbaijan is on the right direction for improving its bilateral and multilateral relations with the Alliance and is considered a producer of security and not its consumer.

## **Evaluating Azerbaijan’s Financial Cost to the Alliance**

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<sup>32</sup>. Shaffer, Brenda, “The Caucasus and Caspian Region: Understanding U.S. Interests and Policy,” *Hearing Before the Subcommittee on Europe of the Committee on International Relations House of Representatives: One Hundred Seventh Congress*, October 10, 2001 (U.S. Government Printing Office: Washington, 2001).

<sup>33</sup>. Central Intelligence Agency, “Azerbaijan: Background,” *The World Factbook*, <http://cia.gov/cia/publications/factbook/geos/aj.html> (accessed December 11, 2005).

<sup>34</sup>. Organization for Security and Cooperation in Europe, “Pers. Rep. on Minsk Conference Conflict: About,” <http://www.osce.org/about/13668.html> (accessed December 11, 2005).

<sup>35</sup>. Ibid.

The fourth major criticism associated with NATO's expansion is with respect to financial burdens that candidate countries will impose on the Alliance. Although examining whether Azerbaijan would receive significant or insignificant funds for military modernization and integration from the allies is not an easy task, one way it can be done is through looking at the trend of Azerbaijan's national defense expenditures. It must be stressed, however, that as NATO's PfP program member, Azerbaijan "contributes financially towards its participation in more than 300 PfP activities annually, whereas other partner states request 100 percent funding from the Alliance, at a cost of \$240,000 in 2002 and \$260,000 in 2003."<sup>36</sup>

The military expenditures of Azerbaijan are on the rise, especially within the last couple of years. The President of Azerbaijan has been vocal about the increases in defense spending. "On June 22, [2005] Aliyev boasted of the rapid growth of the Azerbaijani military budget from \$135 million in 2003, to \$175 million in 2004, to \$300 million in 2005 (annual growth rate of 70%)."<sup>37</sup> Later in the year, Aliyev explained that the increase in the military spending is necessary in order to strengthen the country's military potential. While meeting with population of Lenkoran, an administrative center of the region in South of the country, he said: "If in 2005, defense expenditures amount to \$300 million, in 2006 the sum will amount to \$600 million."<sup>38</sup>

In order to see how Azerbaijan compares to full NATO members with similar sizes in terms of military spending in absolute U.S. dollars, using the three Baltic states of Latvia, Lithuania, and Estonia, as well as Slovenia and Bulgaria from Eastern Europe should serve as a reasonable comparison group. Table 2 illustrates how Azerbaijan compares to these countries in terms of annual defense expenditures.

**Table 2: Yearly Defense Expenditures (in US\$ Millions).**

State	2000	2001	2002	2003	2004
Azerbaijan	105	114	126	136	143
Bulgaria	453	502	506	516	503
Estonia	106	124	148	171	181
Latvia	79.9	100	165	189	204
Lithuania	249	261	285	300	336
Slovenia	294	361	400	417	465

Source: SIPRI Military Expenditure Database, [http://first.sipri.org/non\\_first/result\\_milex.php](http://first.sipri.org/non_first/result_milex.php)

Note: data are represented in US\$ constant for the year 2003.

It can be seen that out of the six states shown on this table, all five NATO members have been outspending Azerbaijan by 2004. However, in 2000-2001, Azerbaijan was spending more on defense than Latvia. Nevertheless, for the years shown, Azerbaijan is lagging behind. One

<sup>36</sup>. Svante E. Cornell, Roger N. McDermott, William D. O'Malley, Vladimir Socor, and S. Frederick Starr. *Regional Security in the South Caucasus: The Role of NATO*, (Washington: Central Asia-Caucasus Institute, 2004), 72.

<sup>37</sup>. Kazimirov, Vladimir, "Election Games over Karabakh," *Vremya Novostei*, July 13, 2005, <http://www.lexisnexis.com> (accessed November 9, 2005).

<sup>38</sup>. "Azerbaijan President Ilkham Aliyev Announced 2006 Defense Expenditures Will Double," *Voyenno-promyshlennyi Kurier*, September 14, 2005, <http://www.lexisnexis.com> (accessed November 9, 2005).

could consider Azerbaijan's defense budget of \$300 million in 2005 and its announced increase of \$600 million for 2006. That could possibly make Azerbaijan as one of the biggest spenders if not the biggest among the states under examination.<sup>39</sup>

Another important factor in defense spending is how much the country is spending as percentage of its total Gross Domestic Product (GDP). It is generally preferred by NATO that a country spends at least 2% of their total GDP on defense, although there is no minimum spending requirement. Hence, by looking at GDP spending levels of these countries, one can see whether these countries are taking on the responsibilities of modernizing and transforming their militaries as opposed to simply relying on the protection provided by the alliance. These figures are presented in Table 3.

**Table 3: Yearly Defense Expenditures as Percentage of GDP.**

State	2000	2001	2002	2003
Azerbaijan	2.10%	2.00%	2.00%	1.90%
Bulgaria	2.50%	2.70%	2.70%	2.60%
Estonia	1.40%	1.60%	1.70%	1.90%
Latvia	0.90%	1.10%	1.60%	1.70%
Lithuania	1.70%	1.70%	1.70%	1.60%
Slovenia	1.20%	1.40%	1.50%	1.50%

*Source: SIPRI Military Expenditure Database, [http://first.sipri.org/non\\_first/result\\_milex.php](http://first.sipri.org/non_first/result_milex.php)*

Table 3 illustrates that Azerbaijan's expenditures as percentage of GDP are favorable given its defense spending averages 2% during the selected period. In fact, out of the six states, Azerbaijan is only second to Bulgaria when it comes to military expenditures as a percentage of GDP.

Another factor that is worthy of mentioning is Azerbaijan's future economic outlook. The country has a vast amount of natural resources, specifically crude oil and natural gas which has contributed to a rapid economic growth. Several important economic factors are worth mentioning that strengthen the notion of positive economic growth, hence continued efforts to modernize and transform the military to NATO standards as a result of increasing revenues.

On 20 September 1994, a consortium of oil companies led by the British Petroleum Company (BP) signed an \$8 billion production sharing deal with SOCAR (State Oil Company of Azerbaijan Republic) for 40 years.<sup>40</sup> Another, perhaps much more important project is Baku-Tbilisi-Ceyhan (BTC) oil pipeline which is intended to transport the Azerbaijani oil from the capital Baku through the capital of Georgia, Tbilisi to the Turkish Mediterranean port of Ceyhan, where it will be ready for onward delivery to world markets. BTC is a \$3 billion investment that will transport up to one million barrels of Caspian oil per day for 40 years.<sup>41</sup> The large quantities

<sup>39</sup>. Ibid.

<sup>40</sup>. Suha Bolukbasi. "The Controversy over the Caspian Sea Mineral Resources: Conflicting Perceptions, Clashing Interests," *Europe-Asia Studies* 50, no. 3 (1998), p. 398.

<sup>41</sup>. Baku-Tbilisi-Ceyhan (BTC) Pipeline. "BTC: Between Two Seas," <http://www.caspiandevlopmentandexport.com/ASP/BTC.asp> (accessed December 1, 2005).

of additional revenue should accelerate Azerbaijan's economic development, hence eliminate the need for doubtful defense spending questions.

## Conclusion

This paper offered an assessment of Azerbaijan as a possible NATO member in the future. It was assessed according to a methodology adapted, yet modified from Hendrickson and Ethridge, whom tested Slovenia against the four major criticisms of NATO expansion. I have followed the model with the exception of the second criticism, which deals with civil-military relations in the country. Given that this model assumed that the country being tested was a fully developed democracy, I felt the need to examine whether Azerbaijan, as a post-Soviet state, was considered by international standards to be one. Hence the second question deals with the strength of democratic institutions in Azerbaijan as opposed to its civil-military relations, tested in the original model.

Findings on Azerbaijan's military capabilities suggest that its mainly Soviet built equipment, although functional, needs further upgrading for better inter-operability and integration with NATO standards. Despite the fact that Azerbaijan's equipment is considered largely outdated, the number of the armed forces in the country compare well among the PfP countries as illustrated in Table 1. Nevertheless, more work needs to be done on improving Azerbaijan's military capabilities, especially with respect to purchasing or upgrading its existing Soviet-era equipment.

The situation seems to be far from favorable when it comes to the existence of democratic values and norms. The political corruption seems to be widespread with an established patronage system in the parliament and President's circles. Elections are consistently condemned as being not free and unfair with widespread irregularities in the voting process. Political opposition is consistently harassed and opposition members arrested. The law enforcement and the judicial system shows strong signs of clientelistic behavior as applied to the government. Last but not least, the government has not shown signs of hesitancy when it comes to ordering the police to use force on non-violent, pro-opposition protesters. However, most of the oppression seems to concentrate on the political side whereas civil liberties are less oppressed. In that sense, a change in government's aggressive behavior is necessary in order to improve the overall social, economic and political stability.

There seems to be strong evidence in Azerbaijan's commitment to NATO and its activities around the world and having its own mission to the Alliance is a strong indicator of this very factor. Its peacekeeping personnel and armed forces are serving side-by-side with other NATO members in Kosovo and Afghanistan. Moreover, contributing troops as part of the Coalition of the Willing in Iraq shows its strong ties with the United States. Its cooperation in the war on terror and nonproliferation issues is also positive sign that increases its prospects of being valuable contributor to peace and security. Also, showing patience and choosing to solve its territorial dispute with Armenia (which occupies approximately 20 percent of Azerbaijan's internationally recognized territory) through peace talks and mediation under the Minsk Conference of OSCE shows its commitment to solving differences through peaceful means.

Nevertheless, if this conflict is ongoing and is not resolved peacefully before the next possible round of NATO expansion, it may handicap both Azerbaijan and Armenia's chances of being admitted as full members of the alliance. After all, it is hard to imagine two enemy states as part of the same alliance.

Critics of NATO expansion who argue based on the financial costs and claim that extending membership to new states would add to the burdens and not assets of the Alliance would be partially accurate with regards to Azerbaijan. That criticism would apply to its defense spending in absolute U.S. dollars compared to other NATO members with similar sizes. This could very well change due to a substantial military expenditure increase to \$600 million in 2006 as discussed earlier in the paper. The military expenditures as percentage of GDP in Table 3 show that Azerbaijan has been at minimum 2% until 2003, when the spending made up 1.9% of total GDP. In the years presented, Azerbaijan's defense spending as percentage of GDP is second highest after Bulgaria. Also, as was noted earlier, Azerbaijan financially contributes to PfP programs in which it takes part, whereas other member states request 100 percent funding from NATO's budget. This weakens the claims of the expansion critics when applied to Azerbaijan. It should also be noted that Azerbaijan is spending significantly more than its two Caucasus neighbors, Georgia and Armenia. This is relevant because should future rounds of expansion occur, all three Caucasus states are likely to be considered for a full membership. In 2004 Georgia spent \$59.5 million on defense, whereas Armenia spent \$80.9 million. These figures are much lower than Azerbaijan's military expenditures of \$143 million in the same year.<sup>42</sup> This gap is more likely to widen as Azerbaijan increases its spending as announced by the President. In this sense, Azerbaijan is the most qualified for a full membership among its Caucasus neighbors in terms of military spending in absolute U.S. dollars.

In sum, the area for immediate concern is Azerbaijan's lack of attention to democratic values. If the country does not improve its human rights record as well as the overall corruption, it may face challenges in the future as they relate to future full NATO membership. The remaining part of my assessment suggests that Azerbaijan has been a valuable contributor to the Alliance in terms of financial commitment as well as cooperation. Its close ties with the United States as the main driving force of NATO is also a positive factor in considering its relationship with the Organization. Finally, its favorable economic forecast into the future looks promising and increases the likelihood of increased defense spending, new military equipment purchases, development of infrastructure and improved living conditions for its inhabitants.

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<sup>42</sup>. Stockholm International Peace Research Institute, *SIPRI Military Expenditures Database*, [http://www.sipri.org/contents/milap/milex/mex\\_database1.html](http://www.sipri.org/contents/milap/milex/mex_database1.html) (accessed December 11, 2005).