Azerbaijan succession is focus of oil conflict

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During a live televised debate this month, brawling broke out between opponents of the ruling New Azerbaijani Party. Glasses and punches were thrown between the warring Azeri politicians. The unedifying melee forced state executives to pull the debate off the air in mid-transmission.

Ongoing attempts to create a dynastic succession from President Heidar Aliyev to his son, Prime Minister Ilham Aliyev, threaten to destabilise the country and the surrounding region. The ailing father is currently hospitalised in Cleveland, Ohio, receiving medical treatment for heart problems. The president is 80 and is not expected to live much longer. Whilst hospitalised earlier in the year in Turkey, rumours swept Azerbaijan of the president's death.

In a monarchical-style handover in mid-August, Ilham was appointed prime minister. Heidar had pushed through the new succession law in a controversial referendum last summer. At the time, they declared that Ilham would only take over the running of the country if his father became too unfit to govern. While officials maintain his father is still in charge, Ilham is effectively now running Azeri affairs.

Better known as an irascible playboy and unsuccessful gambler, Ilham's history has been swept under the carpet. The prodigal son is being groomed by elements within the ruling party, in league with Western oil interests, to succeed his father in October's presidential election. The planned succession has not pleased other factions within the ruling class, and some intend to back other candidates at the upcoming elections.

Whilst enjoying the backing of dominant party factions, Ilham does not enjoy total support inside his family or their clique. His father's sister Sevil, who controls the caviar trade, and her husband Mahmud, together with her brother Jalal, are not enamoured with the prospect of Ilham taking over the presidency. It is only the uncertainty over Heidar's health that prevents these schisms from breaking out into the open.

Seasoned Azeri observers believe this solidarity is unlikely to last much longer, election victory or no election victory. Concerns over Ilham's inexperience, his lack of charisma and the tenuous cohesion of the countries' elite may render him a temporary compromise figure. His father was able to control the various cliques and factions through nepotism and bribes. Heidar maintained a compromise between various prominent individuals by keeping their nose in the trough or a gun to their heads, or both.

Both father and son are on the ballot for the October election, but the son claims he is only registered as a candidate to help in his father's re-election campaign. However, few Azeris seriously believe that Ilham will not be the next Azerbaijani president. Leading Azeri human rights figure Eldar Ismailov has charged that the ruling party will stop at nothing to get Ilham elected president.

A lot of money is at stake. In what became known as the "Contract of the Century," a Western oil consortium led by British Petroleum signed a contract worth $8 billion for the rights to Azeri oil back in 1994. The first oil was produced under this contract two years later by the Azerbaijani International Operating Company. It is no secret that these concerns have been nervous about who would replace Heidar since before he fell ill. When news broke of the planned succession, an unnamed Western executive in Baku was quoted by the French news agency AFP as gloating, "We're about to crack open the champagne in the office."

Ilham already holds a number of high-profile positions within the Azerbaijani elite. He is chairman of the state oil company, deputy head of the ruling New Azerbaijani Party, the Azeri representative to the Council of Europe and head of the nation's Olympic Committee.

Heidar Aliyev has run Azerbaijan almost continuously for the last 35 years. In 1967, he became head of the Azerbaijani KGB and two years later head of the local Communist Party. By 1982, he had risen to become a full member of the ruling Soviet Politburo, leaving five years later when Gorbachev was appointed party general secretary. After capitalist restoration in the Soviet Union, he became the parliamentary speaker and leader of the Nakhichevan region of Azerbaijan.

Since the country's defeat in the war with Armenia, Heidar Aliyev has run the country as his family's personal fiefdom. Elections have been characterised by rampant corruption and election rigging. While the abundance of oil has enriched a corrupt layer around the family, the mass of the population live in extreme poverty. The World Bank estimates that annual income is just $650 per person. Oil investors have not been deterred by the listing of Azerbaijan as the 95th most corrupt, out of 102 countries surveyed recently by Transparency International.

The unconstitutional succession of one Aliyev by another has prompted protests on the streets of the capital Baku. Calling upon Ilham Aliyev to resign, thousands took to the streets last month in a demonstration organised by Azerbaijani opposition parties. Cries of "Free elections!" rang out, and National Independence Party deputy Ali Aliyev gave a speech declaring, "There is a small family which has been occupying Azerbaijan. We should say to them—get out." Many other opposition figures are either in jail or have fled abroad. Those who remain complain of a continuous harassment by state security forces.

On a recent visit to his convalescing father in the US, Ilham held meetings with members of the Bush administration. He went out of his way to highlight the Azeri government's support for the Bush regime's predatory war on Iraq. Azerbaijan has recently committed 150 troops to the occupying forces in the Persian Gulf. He also discussed the country's protracted and unresolved conflict with neighbouring Armenia concerning Nagorno-Karabakh and, last but by no means least, the country's oil industry.

Heidar Ilham met George W. Bush back in 1996 when he was governor of Texas. Bush made him an honorary Texan for his services to the Lone Star state's elite in bringing US oil companies into Azerbaijan.

As president, Bush sent a letter of congratulations delivered by a delegation of US congressmen to the new Azeri prime minister. Televised footage clearly showed the letter to be several pages long. It was widely noted how congratulations by American presidents are usually brief and consist of no more than one page. Speculation was rife concerning the contents of the message and why delivery was handled by a special delegation when such letters are normally presented via the US Embassy.

In all probability, the message conveyed the absolute importance of Ilham continuing his political ascendancy, next time to the position of president, while conducting an ostensibly legal election in order to appease international observers.

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The Russian and Turkish authorities have also given their support to the Aliyev family's nepotism. For his part, Ilham has identified the US and Turkey as the country's two most important allies, referring to Turkey as "our closest friend." Ilham spent the early 1990s in Istanbul cementing business ties.

Both allies claimed not to support Ilham's recent assertion that it was "naïve" to believe that Azerbaijan could be a perfect democracy. But neither seriously expect, let alone desire, a free election.

Azerbaijan is one of the non-OPEC countries upon which the Bush administration is relying to increase and diversify its oil supplies; the country contains some of the world's last major undeveloped oil fields.

The world's first oil well was drilled just south of the Azeri coastal capital, Baku, in 1849. By the beginning of the 20th century, Azerbaijan was supplying almost half of the world's oil. One of the key strategic objectives of Nazi Germany's Operation Barbarossa in World War II was the seizure of these oil supplies in the south Caucasus.

Heidar Aliyev was adroit at balancing between the major powers, walking a tightrope between Russia, America, Turkey, Iran and Israel. But the uncertainty created by the ailing octogenarian's imminent demise has added to the tensions over the division of the oil and gas in the Caspian Sea. Negotiations concerning the division of Caspian oil and gas are ongoing between Iran, Azerbaijan, Russia, Turkmenistan and Kazakhstan, but efforts to reach a territorial division remain deadlocked.

Tehran has recently announced it will begin to develop its Caspian oilfields even though the protagonists have so far failed to reach an agreement on a territorial treaty. A policy of non-development had previously reigned amongst the countries. But the increased tension created by the huge financial losses caused by the delay in development and increased competition for investors and customers between the states has led Iran to break the truce.

Iran will begin by developing only resources from its undisputed sector of the sea. But it is arguing for an equal division of the sea in which each country receives 20 percent. Azerbaijan together with Kazakhstan and Russia, however, favour a settlement based upon the length of the respective shorelines, whereby Iran with the shortest coast of the five countries would receive just 13 percent of the Caspian reserves.

Iran plans to construct a pipeline from its Caspian port of Neka to the capital Tehran to enhance the country's export capabilities in relation to the eastern markets. Presently, industry sources believe that the still-under-construction Baku-Tbilisis-Ceyhan pipeline transporting oil from Azerbaijan to the Turkish Mediterranean coast will grab the major share of Caspian oil exports. But Iran is jockeying for position with the Neka-Tehran pipeline as an alternative.

Before the September 11, 2001, terror attacks, there were rumours of a falling out between the Bush administration and some US oil companies over the pipeline. The Baku-Tbilisis-Ceyhan pipeline avoids Iran and Russia, and therefore has the approval of the White House, but some oil companies, motivated by profit considerations, believe the pipeline should be heading in the opposite direction, towards the emerging markets of China and India and passing through Iran. Instead, it runs through the Caucasus to the Mediterranean coast, which will allow Israel, amongst others, access to the oil. Some in the US oil industry are disgruntled because the Bush administration's military ambitions are overriding business interests.

Iran's tempestuous diplomatic relationship with Azerbaijan further complicates Caspian negotiations. Iran and Turkmenistan dispute Azerbaijan's possession of three oilfields—Azeri, Chiraq and Guneshli. In addition, Iran and Azerbaijan are jousting over an as-yet-undeveloped oilfield known as Alborz in Persian and Alov in Azerbaijani.

An armed confrontation in 2001, when Tehran sent gunboats and fighter jets into the Caspian to eject Azeri vessels it said were in its waters, raises the distinct possibility of armed conflict determining who gets the Caspian booty. When discussions over the division of the Caspian broke down in acrimony in April of last year, President Niyazov of Turkmenistan warned ominously how "the Caspian reeks of blood."

America has a huge strategic stake in the contest, which goes a long way to explain why Iran has been targeted as a key player in the so-called "axis of evil" and the next likely target for military intervention. It takes no wild flight of fancy to imagine Washington using a conflict between the two Caspian protagonists as an excuse to intervene on the side of the Azerbaijanis and invade Iran.

The armed activities of Azeri separatists within Iran could also provide the platform for an American intervention. In 1928, Azerbaijan was divided between the Soviet Union and Iran. Consequently, there are today twice as many ethnic Azeris in Iran as there are in Azerbaijan, with a population of 8 million. Resentment towards Tehran's repressive rule is widespread in Iranian Azerbaijan. While the Azeris are Shiite Muslims like the Persians, they speak a Turkic language like most people across the former Soviet Central Asian republics.

The attempted Azeri political succession is also opening up tensions within the Turkish political elite. The outcome of the Azerbaijani October elections is of critical interest to a ruling class that considers such issues, in the words of one of Turkey's political commentators, "an internal affair." Elites in both countries consider their close bilateral relationship as epitomising the view of "one nation, two states."

"Besides our common history, culture, religion and values with the Azerbaijani nation, we also share vitally important geo-strategic and economic interests," writes Sami Kohen, the foreign policy columnist for the *Miliyet* daily.

"Azerbaijan is the cornerstone of Turkey's foreign policy in the Caucasus."

These ties will be strengthened with the completion of the Baku-Tbilisis-Ceyhan pipeline. But Heidar Aliyev's illness is forcing differences over the future of Turkish-Azeri relations to the surface. Much of the Turkish establishment, including the ruling Justice and Development Party, believe the best bet to maintain Turkish interests is to back the Aliyev legacy and elevate the son to the premiership. Turkish prime minister Erdogan was quick to offer Ilham his congratulations following his promotion to prime minister.

The Turkish government's demand for Azerbaijani stability means it will promote Ilham Aliyev regardless of the political corruption required to get him elected. But fearing the consequences of blatant election rigging, significant elements within the Turkish elite are instead pushing for adherence to electoral protocols as the best way to promote regional stability. They have drawn parallels between the Aliyev succession and the now-deposed Hussein regime in Iraq as well as Syria's ruling Assad family.

All the major rivals for the Azerbaijani presidency have close links with various elements of the Turkish elite. Isa Gambar, leader of the Musavat Party and Aliyev's principal opponent, enjoys the support of significant sections including members of the General Secretariat of the Turkish National Security Council and the Turkish armed forces.

At the end of May, in Ankara, the Turkish capital, Azerbaijan's Independence Day celebrations were held on behalf of Aliyev in the Sheraton Hotel. Across town in the State Guest House, an alternate ceremony was attended by Gambar.

Beyond any personal ties or friendships, Turkey's ruling elite are motivated primarily by their own geo-strategic interests and a desire to maintain investor confidence.

Heidar Aliyev's decision to take Azerbaijan into NATO has alienated the Russian government, which wishes to reassert its domination over the region. But the Putin government is motivated in part by a determination to check US influence in the Caucasus and does not wish to upset the reigning family with support for an alternative candidate. While

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concerned by NATO expansion into the region, the Putin administration believes an Aliyev succession could prove to be the best means to avoid an open confrontation with the US.

Some inside the Kremlin concur with Ilham Aliyev's self-serving assertion that the country is not ready for bourgeois democracy. The maintenance of an authoritarian government in Baku, they believe, will prove conducive to coexistence, however uneasy, between the Russians and the US.

But Russian and Iranian designs upon the Caucasus region and the closeness of the Azeri elite to its Turkish counterparts mean another force must be considered in any calculation over Azerbaijan. An alliance has developed between Azerbaijan and Israel. The two nations share common alliances with Turkey and the US, as well as mutual international foes in the shape of Russia and Iran.

The relative inexperience of Ilham Aliyev and venal nature of the Azeri elite, together with the inherently opposed interests of the region's major powers, are a recipe for disaster. Azerbaijan, described by Zbigniew Brzezinski, national security advisor to President Jimmy Carter, as "the cork in the bottle containing the riches of the Caspian Basin and Central Asia" could prove explosive over the coming period.

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