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BULLETIN

HIGHLIGHT OF THE FOREIGN POLICY OF REPUBLIC OF AZERBAIJAN

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I. UN General Assembly's special session on COVID-19 to be convened at Azerbaijan's initiative

During the Online Summit-level Meeting of the Non-Aligned Movement (NAM) Contact Group in May, the President of the Republic of Azerbaijan and Chair of the NAM Ilham Aliyev proposed to convene a special session of the UN General Assembly at the level of heads of state and government dedicated to the COVID-19 pandemic. On May 13, President Ilham Aliyev, as chairman of the NAM, on behalf of the member states of the Movement, addressed a letter to the UN Secretary-General with a request to hold a special session of the General Assembly. President Ilham Aliyev's proposal to hold a special session of UNGA on COVID-19 – in the format of a videoconference – was supported by more than 130 UN member states. The fact that two-third of UN member states, including members of the EU, has supported the initiative put forward by President Ilham Aliyev shows the degree of trust and confidence the international community has in Azerbaijan. The only country that objected to the initiative of convening a special session on COVID-19 has been Armenia. As Azerbaijan's Ministry of Foreign Affairs Spokesperson Leyla Abdullayeva put it, "at a time when the world is facing a global pandemic and all countries need international solidarity and cooperation on this issue, the main reason for Armenia's opposition to holding a high-level meeting on this issue is, of course, related the fact that the initiative was promoted by Azerbaijan."

The jumbled global response to the COVID-19 pandemic has revealed just how damaging insufficient global cooperation could be for every member of the international

community. With a contraction in exports as well as in household consumption, rising unemployment rates and anemic investment flows, a fallout from the Covid-19 crisis has been more dramatic than previously anticipated. The economic activity has been truly disrupted by the Covid-19 pandemic while business activity has come to a halt with the implementation of lockdown measures. While the easing of lockdown measures is partially offsetting the economic fallout of the coronavirus, it also puts the global economy at risk of a second-wave outbreak. There is thus a chance that these measures end up being scaled back. The Covid-19 pandemic also punched a deep hole in the countries' public finances. In June, the International Monetary Fund has made a downward revision of its global GDP growth forecast and warned of rising public debt levels. All of these highlight how the world urgently needs effective multilateral cooperation to combat the fallout from the COVID-19 pandemic.

The fact that international response to the pandemic has been fundamentally weak and disorganized does not mean that multilateral institutions and mechanisms to combat global emergencies are useless. It means that great powers, which should have risen to the occasion and lead the global response to the pandemic, have chosen to take a unilateral approach, thus setting up multilateral institutions for failure. The UN Security Council, for instance, has so far failed to adopt a resolution that would finally identify COVID-19 as a threat to international peace and security. The COVID-19 pandemic should serve as a wake-up call for the members of the international community to build a more efficient and flexible multilateral system. In this vein, since becoming a full-fledged member of the NAM in May 2011, Azerbaijan

has been very active engaged in the Movement. Azerbaijan has sought to increase the role and the status of the NAM – a second largest international institution after the UN – in the international arena and make it an effective forum for multilateral coordination capable of shaping global politics. Despite the fact that Azerbaijan’s chairmanship in the NAM has coincided with the global coronavirus crisis, the NAM has been going through its renaissance period and experiencing an important paradigm shift under the leadership of President Ilham Aliyev. The world needs new bold, and innovative consensus-driven solutions. As Dr. Esmira Jafarova, a board member of the Center of Analysis of International Relations (AIR Center), pointed out, a rising middle power and a firm believer in power of multilateral institutions, Azerbaijan “stood up to its role as a norm entrepreneur by having initiated and achieved the summoning of the special session of the UN General Assembly in response to COVID-19. Every effort matters, but one is not enough to cope with such a crisis if it is not multiplied by the like-minded. Azerbaijan’s efforts to achieve global solidarity was supported first within the NAM, and later, by the rest of the UN community, and our expectations from this special UN General Assembly session are first and foremost related to the message of solace that we are not all alone in this war.”

II. High Level Webinar on “Energy Issues in the post-COVID-19 World” was held by AIR Center

On June 11, the Center of Analysis of International Relations (AIR Center) organized the High Level Webinar on “Energy Issues in the post-COVID-19 World.” In his introductory remarks, describing severe challenges facing the global economy and energy markets due to

COVID-19, Dr. Farid Shafiyev, Chairman of the AIR Center and moderator of the webinar, highlighted the importance of the OPEC+ and pointed out that President of Azerbaijan was one of the supporters and initiators of this format.

Speaking at the webinar, H.E. Mohammad Sanusi Barkindo, OPEC Secretary-General, also noted that “President Ilham Aliyev was the first world leader to call on OPEC and non-OPEC countries to work together in rescuing the oil industry during the 2014-2016 market downturn.” Noting that “the world owes much to Azerbaijan for promoting international energy cooperation and for being at the forefront of efforts to ensure sustainable oil market stability,” he also pointed out that “President Ilham Aliyev continues to be the Beacon of light and strong supporter of the OPEC and non-OPEC cooperation.” According to OPEC Secretary-General, they expect an acute economic downturn in 2020, with the global economy contracting by 3.4%. OPEC projections also suggest a historic slump in global oil demand of around 9.1 mb/d in 2020, to nearly 90.6 mb/d. According to OPEC, capital expenditures in non-OPEC countries will also plummet by 23% this year. H.E. Mohammad Sanusi Barkindo also highlighted the importance of the ‘Declaration of Cooperation’ (DoC) between the OPEC and non-OPEC participating countries, calling it “a game-changer for the industry.” Emphasizing the importance of the DoC in reducing the volatility in the oil market over the past few weeks, he noted that “the DoC has strengthened our flexibility and preparedness. It has allowed a diverse group of oil-producing nations to work together to ensure a reliable, economical and secure energy supply to the benefit of producers, consumers, investors and the worldwide economy.” H.E. Mohammad Sanusi Barkindo also noted that

“OPEC is very proud to have Azerbaijan in the DoC and extremely grateful for its high-level support.” OPEC Secretary-General added that as OPEC marks its 60th anniversary in 2020, the Organization is pleased to welcome Azerbaijan as “a member of the OPEC family.”

Azerbaijan’s Energy Minister Parviz Shahbazov emphasized the importance of the enlargement of OPEC+ initiative noting that more oil-producing countries should join the initiative. The Covid-19 pandemic and the subsequent lockdown measures in place has led to the global collapse in oil demand. Commenting on the market turmoil, owing to the plunge in oil prices amid collapsing demand, Energy Minister Shahbazov noted that “everyone understood the importance of OPEC+ in this situation. On April 12 OPEC+ reached an agreement and again put in place this adjustment mechanism, it started to work and the results are evident. We all recognize the importance of the OPEC+ also in the future.”

Bakhtiyar Aslanbayli, BP's Vice President for Public Relations, External Affairs, and Strategic Issues in Azerbaijan, Georgia and Turkey, noted that despite the challenges stemming from the pandemic, the company is aiming to implement all its projects in the Caspian Sea as planned. Mr. Aslanbayli added that BP is continuing the construction of the Azeri Central East (ACE) platform, which is BP’s new platform at the Azeri-Chirag-Deepwater Gunashli (ACG) field. “It is a \$6 billion project. Although our construction schedule has been impacted by COVID-19, we are still targeting the first oil day in 2023,” Mr. Aslanbayli noted. At the same time, Mr. Aslanbayli also emphasized that “the schedule can move back and forth, but the completion of the construction and the first oil is still on schedule.” Commenting on other BP projects, Mr. Aslanbayli noted that they expect to

deliver on the drilling of the exploration wells in Shafag-Asiman and Shallow-Water Absheron Peninsula (SWAP) projects by the end of 2020.

Brenda Shaffer, Adjunct Professor at Georgetown University noted that “when overall volumes of all energy resources have gone down but the portion of natural gas had increased, we can say that natural gas has proven to be renewable’s best friend.” Robert Cutler, Senior Research Fellow for Energy Security and Director of the Energy Security Program at NATO Association of Canada, focused on the economic fallout of the COVID-19 pandemic in the Southern Asia region.

III. Azerbaijan continues to tackle COVID-19 pandemic

Although easing lockdown measures fueled the recent acceleration in case numbers on a daily basis and the government had to reinstall some public restrictions, Azerbaijan has so far avoided the most severe outbreaks. From increasing intensive care capacity in public hospitals to the emergency procurement of medical equipment, authorities have carried out an ambitious set of both orthodox and unorthodox measures to tackle Covid-19 outbreaks. While almost all countries globally have been hit by Covid-19, Azerbaijan is susceptible to an extra source of risk stemming from the collapse of global oil prices. That said, the strong economic responses to the pandemic will foster a recovery in economic activity while preventing a significant yearly economic contraction. In recent years, Azerbaijan instigated a number of key institutional reforms that have helped to harmonize the country's business regulatory framework to international standards while also significantly opening the country to foreign investors. Azerbaijan’s robust

macroeconomic fundamentals, including low government debt and strong fiscal buffers, as well as strong fiscal commitment to alleviate the economic fallout, continue to cushion the blow from the pandemic.

IV. Armenia announces the construction of a new highway in the occupied territories

On June 8, Armenia announced that the construction of a third road across the occupied territories of Azerbaijan, connecting Armenia with Azerbaijan's occupied Nagorno-Karabakh region would proceed soon. Azerbaijan denounced the construction, pointing out that it only serves the purpose of the annexation of the territories of Azerbaijan. Commenting on the announcement, Azerbaijan's Ministry of Foreign Affairs stated that the decision to construct a new highway through the occupied territories "pursues the goal of the occupant country to consolidate occupation of Azerbaijan's Nagorno Garabagh region and adjacent regions, and also may serve for the purposeful changing of demographic situation on these territories, the continuation of illegal settlement, the implementation of plundering, exploitation of and transportation of natural resources." In 2016, Azerbaijan's Ministry of Foreign Affairs drew up a report containing numerous facts that showed "consistent measures undertaken by Armenia in the occupied territories of Azerbaijan with a view to further consolidating the current status quo of the occupation". The report also pointed out that these illegal activities "are carried out in a pre-planned and organized manner with clearly defined objective and geographic focus". Additional proof of illegal activities in the occupied territories was published by Azerbaijan's Ministry of Foreign Affairs in 2019, based on

the satellite photos produced by Azercosmos OJSC. The Armenian side does not even hide that the consolidation of the status quo in the occupied territories is the main goal of these illegal activities. In March 2019, Armenia's former National Security Director Artur Vanetsyan openly said that the establishment of Armenian settlements in the occupied territories "send a clear message to all our people and the world that we have no intention to give an inch of land." Azerbaijan has repeatedly pointed out that these illegal activities in the occupied territories is a blatant violation of the norms and principles of international law and the Geneva Conventions of 1949 and its Additional Protocols, as well as Armenia's own international obligations.

V. The European Union condemns Armenia's decision to build a new highway in the occupied territories of Azerbaijan

The European Union strongly condemned Armenia's decision to construct a new highway in the occupied territories. On June 10, the members of the European Parliament – the Chair of the Delegation to the EU-Armenia, the EU-Azerbaijan and the EU-Georgia Parliamentary Committees Marina Kaljurand, the European Parliament's Standing Rapporteur on Armenia Traian Băsescu and the European Parliament's Standing Rapporteur on Azerbaijan Željana Zovko – have issued a joint statement and noted that "the decision to build this highway has been taken without the consent of the competent authorities of Azerbaijan – in violation of international law." Emphasizing that they deplore this project since it does not "help to create conditions conducive to trust, peace and reconciliation," they also pointed out that the decision to build a new highway could

consolidate “the illegal occupation of Nagorno-Karabakh and of its surrounding districts.” The statement added that “this new road infrastructure will connect Kapan, in Armenia, with Hadrut, in Nagorno-Karabakh, passing through the districts of Qubadli and Jabrayil, which are also occupied.” In conclusion, the members of the European Parliament urged “the authorities of Armenia and Azerbaijan to step up their commitment, in good faith, to the negotiation on the peaceful resolution of the conflict within the internationally recognised borders of Azerbaijan.” On June 19, the European Parliament adopted another document, which is a recommendation to the Council, the Commission and the Vice-President of the Commission/High Representative of the Union for Foreign Affairs and Security Policy on the Eastern Partnership in the run-up to the June 2020 Summit. In this recommendation, the European Parliament reaffirmed the EU’s commitment to the territorial integrity of all the Eastern Partnership countries, calling for “the immediate withdrawal of foreign troops from all occupied territories and for an end to military hostilities, which unnecessarily claim the lives of civilians and soldiers while hampering socio-economic development, thus enabling hundreds of thousands of internally displaced people (IDPs) to return to their homelands.

VI. Turkey announces a tender for the construction of a new gas pipeline to Nakhchivan

Turkey's Petroleum Pipeline Company (BOTAŞ) has announced a tender for the construction of a new gas pipeline that will link Turkey's

eastern city of Igdir to Nakhchivan, a landlocked exclave of Azerbaijan. It is expected that the winner of the tender will complete the construction of an 82-km pipeline by early 2022. Nakhchivan currently relies on Iranian gas supplied to exclave through a swap agreement signed between Baku and Tehran in 2004. Upon completion, the new pipeline will be able to carry about 2 billion cubic meters of gas. The agreement on the construction of a gas pipeline to Nakhchivan was signed in July 2010. In February 2020, during President Erdogan’s Baku visit to participate in the 8th meeting of the Azerbaijan-Turkey High-Level Strategic Cooperation Council, Azerbaijan and Turkey agreed to speed up work on the project. The parties also signed a Memorandum of Understanding (MoU) on constructing a new railway to link Nakhchivan with Turkey’s eastern city of Kars. These projects are aimed to improve the welfare and prosperity of Nakhchivan – the region that has been living under blockade for three decades due to Armenia’s aggressive policy. Such projects also play an important role in furthering the development of already strong economic ties between Azerbaijan and Turkey. Turkey’s investments in Azerbaijan is at \$11 billion, while before the pandemic, Azerbaijan’s investments in Turkey’s economy was expected to reach \$20 billion by the end of this year. Turkey aims to boost its trade volume with Azerbaijan up to \$15 billion by 2023. In early June, President Erdogan officially approved the mutual visa exemption agreement with Azerbaijan that was signed in February 2020. The agreement will give a fresh impetus to boosting tourism numbers and investment flows between Azerbaijan and Turkey.