

**AZERBAIJAN AND ISRAEL: OIL, ISLAM AND STRAWBERRIES**  
**PRAGMATISM IN FOREIGN POLICY BETWEEN UNLIKELY ALLIES**

Master of Arts in Law and Diplomacy Thesis

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## DEDICATION

This thesis is dedicated to my mother, Vivian Marcus, who left this world far too early.  
She taught me I can accomplish anything I set my mind to.

I hold the same love and appreciation for my father, Richard H. Marcus, who is my hero.

## ACKNOWLEDGEMENTS

I am very grateful to Professor Andrew Hess who changed the way that I view the world. Without his guidance and suggestions this paper would never have been possible. He has inspired me to look at critical foreign policy challenges facing the United States from a global perspective.

Thanks also to Margaret L. Sullivan, my editor and the love of my life.



Table 1 - Azerbaijan and Israel Country Data Side-by-Side (All data from CIA World Fact Book)

	Azerbaijan	Israel
<b>Population (2008)</b>	8,177,717	7,112,359 (excluding approx. 384,000 settlers in the Occupied Palestinian Territories)
<b>Year of Independence</b>	1991	1948
<b>Gained Independence From</b>	The Soviet Union	The British Empire
<b>Geographic Land Area</b>	86,100 sq km	20,330 sq km
<b>Geographic Land Area</b> (Compared to an American State)	Slightly smaller than Maine	Slightly smaller than New Jersey
<b>Life Expectancy at Birth (total population)</b>	66.31 years	80.61 years
<b>Ethnic Groups</b>	Azeri 90.6%, Dagestani 2.2%, Russian 1.8%, Armenian 1.5%, other 3.9% (1999 census)	Jewish 76.4% (of which Israel-born 67.1%, Europe/America-born 22.6%, Africa-born 5.9%, Asia-born 4.2%), non-Jewish 23.6% (mostly Arab) (2004)
<b>Religions</b>	Muslim 93.4%, Russian Orthodox 2.5%, Armenian Orthodox 2.3%, other 1.8% (1995 est.)	Jewish 76.4%, Muslim 16%, Arab Christians 1.7%, other Christian 0.4%, Druze 1.6%, unspecified 3.9% (2004)
<b>GDP (PPP)</b>	\$77.97 billion	\$205.7 billion
<b>GDP – per capita (PPP)</b>	\$9,500	\$28,900
<b>Budget</b>	revenues: \$14.51 billion expenditures: \$15.66 billion (2008 est.)	revenues: \$68.44 billion expenditures: \$70.06 billion (2008 est.)
<b>GDP – composition by sector</b>	agriculture: 6% industry: 62.6% services: 31.4% (2008 est.)	agriculture: 2.7% industry: 31.7% services: 65.6% (2008 est.)





"The Azerbaijani Jews have always benefited from the historical traditions of Azerbaijan, and they are currently protected by the laws of the independent Azerbaijan. This factor is a brilliant demonstration of an existing profitable contacts and cooperation between Azerbaijan and Israel. I am hopeful that our cooperation and close contacts will continue hereafter, and it will be profitable for both of the nations."

- Speech of former Azeri President Heydar Aliyev at the Embassy of Israel in Azerbaijan on the occasion of the 50th anniversary of Israel's independence. April 30, 1998.<sup>1</sup>



"For Israel and Azerbaijan, both of our societies seek to live, as described by Kurban Said, the author of "Ali and Nino", both in Europe and Asia. We want to keep our traditions and ancient customs while seeking progress and development for our peoples. When some try to speak of a "clash of civilizations" the cooperation and bridges between our states refute that conflict. Azerbaijan hosts an impressive ancient Jewish community who are loyal citizens of their homeland while closely following events in Israel. Minorities are respected here. At the same time, Israel proudly hosts an Azerbaijani Diaspora which fully and actively participate Israeli life. In fact, Baku native Josef Chagall was elected to Israel's parliament in our recent elections, just five weeks ago. Many members of this community continue to cultivate business and cultural relationships in Azerbaijan. Israel's positive relations with states such as Azerbaijan, Egypt, Jordan, Turkey and Kazakhstan show that there are certainly no faith-based reasons to keep us apart."

- Statement from the Embassy of Israel in Azerbaijan. Published in the "Kaspiy" (Russian) and "Express" (Azerbaijani) newspapers on May 3, 2006.<sup>2</sup>

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<sup>1</sup> Heydar Aliyev Heritage International Library Online, *Speech of the President of the Republic of Azerbaijan at the reception on the occasion of the 50<sup>th</sup> anniversary of Israel*, April 30, 1998 (accessed 4/17/09); available from: <http://library.aliyev-heritage.org/en/530475.html>

<sup>2</sup> Embassy of Israel in Azerbaijan, *Iran's Extreme Leaders Reject History*, May 3, 2006 (accessed 4/17/09); available from: <http://baku.mfa.gov.il/mfm/web/main/document.asp?SubjectID=3050&MissionID=97&LanguageID=0&StatusID=0&DocumentID=-1>

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## ***Introduction***

The Azerbaijani-Israeli bilateral relationship is a tremendous example of pragmatism in foreign policy. Both nations are small, possess a religious identity but secular system of government, and face tremendous challenges to their legitimacy and existence. Since Azerbaijan and Israel formally established diplomatic relations in April 1992, they have crafted a strategic partnership that has provided a number of benefits to both Baku and Jerusalem. This paper will take a close look at what makes the Azeri-Israeli relationship so inimitable, mutually-beneficial and durable. Specifically, this study will examine the role of the Jewish communities in Azerbaijan and the role of the United States in fostering the bilateral relationship, significant cooperation of both governments in the energy sector, their mutual fear of radicalized Islam and the Islamic Republic of Iran, and additional aspects of their economic bilateral cooperation.

After gaining independence in the wake of the collapse of the Soviet Union, Azerbaijan became the third Muslim country after Turkey and Egypt to establish substantial economic and strategic relations with the Jewish State of Israel. In 1992, direct flights between Israel and Azerbaijan became routine and business ties began to flourish. For Israel, an independent Azerbaijan represented a prime opportunity to foster new economic, security, and diplomatic opportunities in the Caspian region. Gaining an ally in the Caucasus would give Israel the opportunity to exploit the Caspian's vast oil and gas reserves and counter the expansionist ambitions of radical Islamists and the government of Iran. In crafting a relationship with independent Azerbaijan, Israel saw an opportunity to add a new pro-Israel vote at the United Nations and support Azerbaijan's ancient Jewish community.

When Azerbaijan gained its independence from the Soviet Union, it was a weak state in every way: It was losing a war against neighboring Armenia, had an extremely feeble economy, and almost no trade ties. The government in Baku strongly desired to break the grip Russia continued to hold over it. To do this, it sought help from the developed “West”. Israel, a small but powerful nation in Azerbaijan’s backyard, had all of the skills and know-how to move Azerbaijan towards a sustainable, developed, and independent future. In addition, Israel’s strong relationship with the United States would provide Baku the opportunity to draw itself closer to the Americans. Azerbaijan is situated between a hostile Iran and a militarily-superior Armenia. Azerbaijan saw in Israel an ally to purchase its oil and gas, provide business guidance and development assistance, foreign aid, military know-how, and important lobbying assistance in Washington, DC to counter the strong Armenian-American lobby.

One of the many reasons that led Israel to seek a relationship with Azerbaijan was that unlike most areas in the former Soviet Union, Azerbaijan has no history of anti-Semitism. Even in the late 19<sup>th</sup> century, Baku was one of the centers of the Zionist movement in the Russian Empire. The Zionist movement remained strong during the short-lived Democratic Republic of Azerbaijan (1918-1920). This was marked by the establishment of the Jewish Popular University in 1919, along with the opening of a number of Jewish schools, social clubs, benevolent societies and cultural organizations. In fact, even the Minister of Health at this time, Dr. Yevsei Gindes, was an Ashkenazi Jew. Unfortunately for Azerbaijan’s Jewish community, following the Russian occupation in 1920, all Jewish organizations in Azerbaijan were closed. However, since the fall of the Soviet Union, Azerbaijan prides itself on its good relationship with its Jewish community.



Both nations face serious challenges to their existence by enemies great and small. Therefore, since their independence, both governments have sought partners to bring them economic, diplomatic, and national security. Israel is confronted by Hezbollah from the north, Hamas from the south, Iran from the east, and numerous other hostile challenges from anti-Semitism to anti-Zionism all over the globe. Azerbaijan faces a similar geopolitical dynamic: it is threatened by Armenia on its western border, a meddling Russia to the north, and expansionist tinkering from Iran in the south. Both nations struggled for their independence against hostile neighbors. After gaining independence from the British in 1948, Israel fought a war of independence and survival against the combined force of seven Arab armies. Similarly, after gaining independence from the Soviet Union, Azerbaijan fought a violent war with its neighbor Armenia for the territory of Nagorno Karabakh.

James Mattil, a former U.S. State Department official and expert on global conflict noted: “The conflict in Nagorno-Karabakh has surprising similarities to the dispute between Israel and Palestine, and equally disturbing strategic implications. The region provides a toxic mixture, combining oil, Islamic fundamentalism, old-fashioned cold-war alliances, a religious holocaust, claims of genocide and an irredentist movement by ethnic Armenians, stranded on a Christian island, in an Islamic sea. Azerbaijan claims Nagorno-Karabakh (N-K) is an integral part of Azerbaijan, Armenia has declared N-K part of Armenia and N-K has declared independence from all. Meanwhile, Russia, Turkey, Iran and the U.S. lurk in the background, supplying financial and military backing in pursuit of their own national agendas.”<sup>3</sup> While Mattil’s description is

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<sup>3</sup> Flash Points World Conflicts, *Nagorno-Karabakh (Armenia & Azerbaijan)* (accessed 4/17/09); available from: [http://www.flashpoints.info/countries-conflicts/Nagorno-Karabakh-web/Nagorno-Karabakh\\_briefing.html](http://www.flashpoints.info/countries-conflicts/Nagorno-Karabakh-web/Nagorno-Karabakh_briefing.html)

dramatic, it holds true: Both Azerbaijan and Israel must fight for survival in complicated neighborhoods. With that in mind, it is now time to explore the depth of the Azeri-Israeli relationship. What I have found through my research and what I hope my readers will see, is that the Azeri-Israeli partnership holds critical implications in the future of global geopolitics. Their relationship represents a unique strategic partnership, fostered by and important to, the United States of America.

### ***Israel's Muslim World Policy***

In 1948, a small and vulnerable Israel set out to craft a foreign policy that would ensure its survival. After demonstrating military prowess against several invading Arab armies in its War of Independence, Israel hoped to demonstrate to the “West” that it could be an effective ally in the developing Cold War. After June of 1950, Israel seemed to be “offering itself to the West as an ally in the Cold War... repeatedly demanding admission into either NATO or into a bilateral treaty relationship with the United States.”<sup>4</sup> In the early years of Israel’s independence, aligning itself with the United States became its primary foreign policy goal. To facilitate this goal, Israel began to develop its “periphery strategy” in an attempt to form a pro-American alliance in its region. Israeli Prime Minister David Ben-Gurion sought to generate a non-Arab Middle Eastern alliance consisting of Turkey, Ethiopia, Iran and his country Israel.<sup>5</sup> However, when Mohammad Reza Shah Pahlavi was ousted in 1979, the “periphery strategy” was no longer possible.

After 1979, Israel developed a foreign policy strategy designed to undercut its anti-Muslim image and the perception that all Muslim countries were allied against it.<sup>6</sup> To achieve this goal it engaged with “moderate” Muslim nations (Egypt, Jordan, Morocco, Qatar) in efforts ranging from establishing full peace treaties to developing trade relations. Still, pragmatic Israel knew it could not put all its foreign policy eggs in one basket. Therefore, in the late 1980s and early 1990s Israel reached for a new periphery – Asia.

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<sup>4</sup> Beit-Hallahmi, Benjamin. *The Israeli Connection: Whom Israel Arms and Why*. New York, NY: I.B. Tauris, 1987. p. 189

<sup>5</sup> Aras, Bulent. *The New Geopolitics of Eurasia and Turkey's Position*. Portland, OR: Frank Cass Publishers, 2002. Chapter 4

<sup>6</sup> Bulent Aras.

Israel's Asia policy is regarded by Jerusalem as a major success. Israel's diplomatic, military and business communities established significant relationships with powerful and influential China and India. At this time, "even smaller and less significant countries, such as Vietnam and Sri Lanka saw benefit in establishing ties with Israel. In most cases, however, the Israelis were the ones to take the initiative."<sup>7</sup> Accordingly, after the collapse of the Soviet Union, Israel proactively established relationships with the newly-independent, predominantly Muslim states of Central Asia and the Caucasus. Azerbaijan quickly realized it was in their best interest to respond to Israel's outreach. An independent Azerbaijan created an incredible opportunity for Israel to expand its relationships in the Muslim world. The swift movement and attention Israel paid to this relationship shows the importance Jerusalem attached to it.

While Israel was scouring the Caucasus and Central Asia for allies, Yasser Arafat's Palestinian Liberation Organization (PLO) was doing the same and making inroads. By the end of 1992, Kazakhstan, Uzbekistan, and Tajikistan had established diplomatic relations with the PLO. Even with the PLO gaining influence around the Caspian, Israel found itself free to develop a relationship with Azerbaijan, which started dealing with Israel even before the Oslo process had taken place. Dr. Jacob Abadi, Professor of Middle East History at the United States Air Force Academy, notes: "Although Azerbaijan and the Central Asian republics identified with the Arabs, and their governments remained sympathetic to the plight of the Palestinian people, there is ample evidence that none of them regarded the solution to the Middle East conflict as a *sine qua non* for better relations with Israel."<sup>8</sup> Abadi continues: "With the Soviet Union in ruins,

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<sup>7</sup> Abadi, Jacob. "Israel's Quest For Normalization with Azerbaijan and the Muslim States of Central Asia." Journal of Third World Studies Volume XIX, Number 2: Fall (2002): 43-62.

<sup>8</sup> Jacob Abadi.

Azerbaijan was no longer bound to Soviet policy. Even though the Azeri elites had strong political, ideological and cultural ties with the Soviet Union, they knew they had to reach out to the outside world for support.” It was Azerbaijan’s desire and need for foreign investment, technical expertise, and a strong relationship with the United States, rather than progress made on the Israeli-PLO front, that made it receptive to a pragmatic relationship with Israel. Although Islamic fundamentalism was present in Azerbaijan, the Azeri government was attracted to Israel’s vision of democracy, capitalism, prosperity, and capabilities. At the same time, Israel saw a world of economic, political, and security opportunities in Azerbaijan. With Azerbaijan’s strong connection and tolerance of its Jewish population, Jerusalem knew it had a prime opportunity for extensive engagement.

## ***The Jews of Azerbaijan***

*"Among all the Jews of the Soviet Union, only ours kept the religion, and because of us, the religion is being resurrected... Every year my father raises his glass and says, 'Next year in Jerusalem.' But my father was well-known here, and I'm well-known here. I went to Israel. I liked it. It's beautiful. I'd like to go again. But our home is here. We aren't going anywhere."*

Semyon Ikhilov  
The Gabbai of Baku (1997)<sup>9,10</sup>

The strategic alliance formed between Azerbaijan and the State of Israel is based on a longstanding tradition of Azeri tolerance towards its Jewish population. Azeri Jews have been given opportunities and rewards that were denied to Jews in other countries throughout the region. Summing up his comprehensive study of the Jewish community of Azerbaijan, scholar Alexander Murinson explains: "The common respect, trust and historical amity between the Azerbaijani and Jewish peoples contrast sharply with their perceptions of distrust and suspicion regarding their Arab neighbors, Persians and Armenians. The Jews suffered historical persecutions in the neighboring Iran and Armenia.... Even though Persian Jewry was the oldest Diaspora community, having an uninterrupted existence of 2,700 years, it faced many forced relocations to the territory of present-day Azerbaijan and other areas, in particular to Central Asia. In this context, the collective memory of shared existence between Azerbaijanis and Jews for many centuries reinforces rational "realpolitik" calculations and geopolitical perceptions of Azerbaijani-Israeli common interest."<sup>11</sup>

Azerbaijan has been home to Jews for centuries. The Jewish community can be divided into two groups: Ashkenazi and Jews of Persian origin. Ashkenazim settled in

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<sup>9</sup> Saffron, Inga, "The Mountain Jews of Guba," *The Philadelphia Inquirer*, July 12, 1997.

<sup>10</sup> A Gabbai is a person who assists in the running of a synagogue.

<sup>11</sup> Alexander Murinson. "Azerbaijani-Jewish Relations: *Realpolitik* Embedded in History." The Caucasus & Globalization - Journal of Social and Economic Studies Vol. 2 Issue 2 (2008)

Azerbaijan in the 19th century during a Czarist Russian attempt to infuse Russian culture into the region. Other Ashkenazim came to Azerbaijan during World War II to escape the Nazis. The Ashkenazi Jews played an important and visible role in Azerbaijan for years. Many of the Jews easily integrated into the secularized, cosmopolitan Baku of the early 1900s. When the short-lived independent Republic of Azerbaijan was established in 1918, the Jewish community participated in the political process as members of Zionist and other movements. During the Soviet Era (1920-1991), Ashkenazi Jews actively pursued careers in science, medicine, culture and industry. Perhaps because Azerbaijan was on the outskirts of the Soviet Union, the Jews of Soviet Azerbaijan were not exposed to the widespread discrimination in higher education typical in other Soviet republics, especially in the Russian Federation. Murinson explains that as a result, “the Ashkenazi Jews formed a significant part of intellectual and technocratic elites in Soviet Azerbaijan.”<sup>12</sup>

The Persian Jews (also known as Caucasian Mountain Jews) appeared in Azerbaijan before the 5th century, AD. Their history in Azerbaijan is more than 2,000 years long, and Azeri society has historically been very welcoming toward them. It is believed that the Mountain Jews have lived in the Caucasus for centuries and are said to be descendents of the Lost Tribes that left Israel after the destruction of the First Temple by Nebuchadnezzar, the Babylonian King, in 587 BC. Their ancestors inhabited southern Azerbaijan when King Cyrus, the founder of the Achaemenid Empire, brought Jewish settlers into his territories. These lands were in what is now the northwestern part of Iran. These Jewish settlers adopted the Muslim Tat language, but kept their Jewish faith. Their language has evolved to become a distinct Jewish dialect called Judeo-Tat or Judeo-

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<sup>12</sup> Alexander Murinson. “Azerbaijani-Jewish Relations: *Realpolitik* Embedded in History.”

Persian. After fleeing persecution in Persia, many Jews migrated to mountain villages on either side of the Black and Caspian Seas. At the end of the 19th century and the beginning of the 20th, Mountain Jews lived as farmers and gardeners in their small, isolated communities.

As Perestroika took effect and the Soviet Union went into decline, Jewish activism increased in Azerbaijan. The Azerbaijan-Israel Friendship society was organized in 1990 and major Azeri cultural figures and academics joined its ranks. Today, the Jewish community in Baku thrives in secular Azerbaijan. As the Jewish Virtual Library notes: “The city (Baku) boasts three synagogues and ten to fifteen Jewish organizations, including the Baku Religious Community of European Jews, an Israeli center with educational programs, a Jewish Women's Organization, a War Veterans' Society, a Jewish newspaper, the Azerbaijan-Israel Friendship Organization, and the Havva Welfare Center for Women and Children. The American Jewish Joint Distribution Committee operates a Jewish kindergarten, a community center, a Hesed charity center, and a Hillel student center. The Jewish Agency for Israel conducts programs in the city, including a Hebrew-language ulpan, a winter camp for children, and a parents' club, as well as a program to prepare candidates for aliyah. A Hasidic rabbi from Israel is planning a Jewish day school to go along with the city's Hebrew language school. In 2002, the Or Avner Chabad Educational School opened in Baku. The school boasts a mixed secular and Jewish curriculum, freshly cooked lunches, and no tuition. Forty percent of the pupils are of mixed Jewish-Muslim parentage. There is no prayer in school



since Azerbaijan's law on the separation of religion and state forbid it. The school does have a strong nationalist and Zionist ethos.”<sup>13</sup>

Azerbaijan's political leaders have taken an active role in speaking out against anti-Semitism both within Azerbaijan and throughout the region. In fact, the notoriously autocratic former President of Azerbaijan, Heydar Aliyev, stressed the importance of the Azerbaijani-Jewish friendship. In a speech at the Israeli Embassy in Baku on May 11, 2000, Aliyev stated: “The friendship between Azerbaijan and Israel has deep roots. For centuries Jews lived continuously in Azerbaijan as equal citizens. Azerbaijanis never consider them foreigners...Our people will never forget that the Jews, who came to settle in Azerbaijan in the end of the 19<sup>th</sup> and the beginning of the 20<sup>th</sup> centuries and until today, have greatly contributed to the development in Azerbaijan of such sectors as science, culture, health economics, industry and left an indelible trace.”<sup>14</sup>

There are currently about 25,000 Jews in Azerbaijan with the largest concentration (about 16,000) located in Baku.<sup>15</sup> The history of amicable treatment of the Jews in Azerbaijan affects the attitudes of Israeli and Azeri government officials and their respective business communities. In this regard, Azerbaijan's Jewish community was well positioned to assist in the facilitation of Azerbaijani bilateral economic and diplomatic relations with Israel.

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<sup>13</sup> Joanna Sloame. *The Virtual Jewish History Tour – Azerbaijan*.

<sup>14</sup> Alexander Murinson. “Azerbaijani-Jewish Relations: *Realpolitik* Embedded in History.”

<sup>15</sup> Joanna Sloame

## ***The American Jewish Political Community and Azerbaijan***

### **U.S. Politics and Nagorno Karabakh**

At first glance, the Nagorno-Karabakh conflict in the Caucasus between Christian Armenia and Muslim Azerbaijan would appear to be of little strategic interest to the Jewish State of Israel or the Jewish-American political establishment. However, the government of Israel quickly decided that by supporting its ally Turkey's position in this conflict (on the side of Azeris), they could develop a closer alliance between themselves and Azerbaijan – a relationship in many ways important to Israel.

Relations between Turkey and Azerbaijan during the Karabakh conflict were strong. Professor Thomas Ambrosio, author of *Ethnic Identity Groups and U.S. Foreign Policy*, explains that Turkey saw Azerbaijan as the cornerstone of its policy during the early post-Soviet years of attempting to spread its influence by stressing its historical and linguistic ties to the Caucasus and Central Asia and to serve as a model of Muslim, Western-oriented, secular, and capitalist democracy – Turkey was thought to be a “bridge” to Europe.<sup>16</sup> At the same time, Azerbaijan saw its emerging relationship with Turkey as a path for connection with the West – in addition to an important source of economic and military aid. To that end Turkey provided Azerbaijan with military advisors and weapons while also using the Turkish Navy to blockade Armenia and the Turkish Army as a threat in eastern Anatolia.

In the early 1990s, as Turkey's ties to Azerbaijan grew stronger, so did Israel's. The government in Jerusalem knew that its constructive relationship with Turkey would lead to a closer relationship between itself and Baku. Turkey could facilitate this relationship. At the same time, supporting Turkey's main ally in the Caucasus meant

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<sup>16</sup> Thomas Ambrosio, *Ethnic Identity Groups and U.S. Foreign Policy*. (Westport, CT: Praegar, 2002), 151.

Israel was indirectly supporting Turkey.<sup>17</sup> Furthermore, Turkey has sought out Israel for the purpose of utilizing the American Israel-lobby to facilitate the repeal of Section 907 of the 1992 Freedom Support Act – which would help its ally Azerbaijan and limit Armenian options in Nagorno-Karabakh.

In the words of Professor Jacob Abadi, “Azerbaijan’s efforts to secure Israeli cooperation in its attempt to gain U.S. support for its struggle against Armenia were unrelenting.”<sup>18</sup> Former Azeri President Heydar Aliyev met with former Israeli Prime Minister Yitzhak Rabin on October 23, 1995, and spoke of his country’s struggles with Armenia. Aliyev asked Rabin to speak on Azerbaijan’s behalf in his meetings with United States government officials in Washington. He made clear to Rabin that Israeli help was necessary because the Armenian lobby in Washington, DC, was incredibly powerful. To make his case Aliyev, “explained that Armenia was supported by both Russia and Iran, and that the latter remained interested in suppressing the Azerbaijani independence movement.”<sup>19</sup> Aliyev felt so desperate regarding Armenia that he went to the extent of asking Rabin for military assistance. Rabin told Aliyev that he would try to use his influence with the Americans to attempt to increase U.S. aid to Azerbaijan, but he made no public commitment regarding possible Israeli military assistance at that time.

### **The 1992 Freedom Support Act – Section 907**

In the early 1990s, as the Soviet Union was collapsing, and the Armenia-Azerbaijan conflict became more inflamed, the United States Congress imposed restrictions on nearly all American foreign aid to Baku with passage of Section 907 of the

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<sup>17</sup> Ibid.

<sup>18</sup> Jacob Abadi

<sup>19</sup> Jacob Abadi

1992 Freedom Support Act (PL: 102-511). The Freedom Support Act, which carries the full title “Freedom for Russia and Emerging Eurasian Democracies and Open Markets Support Act” was designed to mobilize the U.S. government’s ability to become involved economically, militarily, and politically, in the newly independent states that were earlier part of the Soviet Union. The fact that the Section 907 restrictions were placed in the legislation by the U.S. Congress can be significantly attributed to the effectiveness and strength of the Armenian-American lobby, which was successful in presenting the Karabakh conflict to the Congress in such a way as to transform an Armenian irredentist project into what was widely perceived as an act of Azerbaijani aggression.<sup>20</sup> With passage of Section 907 in the fall of 1992, Azerbaijan became the only former Soviet state not permitted by U.S. law to receive American foreign assistance. Section 907 stipulated that Washington would not give aid to Azerbaijan until the resolution of the Nagorno-Karabakh conflict. As a result, Azerbaijan received no economic aid from the United States in the 1990s while Armenia received over \$1 billion.<sup>21</sup> This was highly unusual at a time when an American foreign policy priority was to wean former Soviet states into a sphere of American influence.

According to the Congressional Research Service, the three most important policy objectives for the United States in the region of the former Soviets states since 1991 have been “facilitating the transition from authoritarianism to democracy, promoting the introduction and growth of free market economies, and fostering security by controlling the proliferation of nuclear, chemical, and biological weapons and expertise, and providing humanitarian assistance” (especially in areas that suffered food shortages in the

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<sup>20</sup> Thomas Ambrosio, 150

<sup>21</sup> Ilya Bourtnan. “Israel and Azerbaijan’s Furtive Embrace.” Middle East Quarterly Summer (2006): 47-57.

wake of the collapse of the Soviet Union).<sup>22</sup> It is curious that Azerbaijan was solitarily excluded from this set of American foreign policy goals.

Professor Thomas Ambrosio, argues that the “Armenian-American lobby’s success in developing Section 907 was due not only to its own strength but to the weakness of any opposing lobby.” One explanation for this was Baku’s initial belief that it could quickly defeat the Karabakh-Armenians and therefore did not see the need for a lobby. Only in 1993, when the military balance had changed unquestionably in the Armenians’ favor, did the Azeris begin to focus on establishing a lobbying infrastructure in the United States.<sup>23</sup>

In the early 1990s, for various Jewish lobbies in Washington, DC, working to solidify the relationship between Turkey and Israel, and therefore Azerbaijan and Israel, was a simple strategic decision. Firstly, these types of relationships are *exactly* what Israel sought in the moderate Muslim world. In addition, the Karabakh conflict had lead Armenia to align itself closely with Russia and Iran – a transition not looked favorably upon in Jerusalem. Finally, the Jewish American political community was aware that the Azeris had long been tolerant and supportive of the Jewish community in Azerbaijan. These factors combined lead to Jewish-American support for lobbying the United States Congress and Executive branch to support the Azeri government in Baku.

Not to be overlooked was former Azeri President Heydar Aliyev’s desire to piece together his newly-independent and war-torn state. To accomplish this, Heydar Aliyev looked towards Israel, thereby winning the allegiance of the pro-Israel lobby in

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<sup>22</sup> CRS Report for Congress, *U.S. Assistance to the Former Soviet Union*. Updated March 1, 2007. Order Code RL32866.

<sup>23</sup> Thomas Ambrosio

Washington, DC. Hassan Hassanov, Azerbaijan's foreign minister, stated in 1997, "We don't conceal that we rely on the Israeli lobby in the U.S." <sup>24</sup>

In 1997, Senator Sam Brownback (R-KS) introduced S. 1344, the *Silk Road Strategy Act* (SRSA), which sought to amend the Foreign Assistance act of 1961 to authorize specific assistance to the countries of the South Caucasus and Central Asia. The bill would allow the President of the United States to prohibit any U.S. assistance to countries that he/she determines are "engaged in gross violations of human rights, transferring equipment or technology relating to missiles or weapons of mass destruction, or initiating aggression against other countries in the region." However, the issue of most importance to Azerbaijan and Turkey, and therefore Israel, was the provision which would lift nearly all of the sanctions that had been levied against Azerbaijan ("Section 907").

As to be expected, the Armenian American Lobby came out strongly against the *Silk Road Strategy Act*.<sup>25</sup> The main argument presented by the Armenian side was that the lifting of Section 907 would result in the isolation of Armenia because the balance of power would shift towards Azerbaijan if it received U.S. support. In addition, Armenia feared if the sanctions were eliminated, Azerbaijan could be tempted to expand its military efforts in the disputed N-K region. Even with Armenia's concerns clearly and publicly outlined, a number of major American Jewish organizations took an alternative position. The support provided by these organizations turned out to be crucial to Azerbaijan achieving its goals within the American political system.

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<sup>24</sup> Ilya Bourtnan

<sup>25</sup> Gregg, Heather S.. "Divided They Conquer: The Success of Armenian Ethnic Lobbies in the United States." Working Paper #13 – August 2002. Massachusetts Institute of Technology.

American Jewish political organizations realized that passage of the SRSA was an important tool for countering Iranian expansionism and influence in the Caucasus in the wake of the Soviet Union's collapse. The Israeli government feared it could "lose" Azerbaijan as it did the moderate Muslim governments in Iran and Ethiopia during the Cold War. Perhaps most important for the U.S. and Israeli governments and the American Jewish political organizations, was the realization that in the wake of the collapse of the Soviet Union, the future movement of the Caspian's potentially-significant petroleum reserves were up for grabs. For the Jewish political groups in the United States, the repeal of Section 907 was seen as a first, and necessary step in facilitating the construction of an energy corridor from Baku to the Mediterranean which would greatly serve the interests of the United States and Israel.

Jewish groups working on Azerbaijan's behalf in the 1990s included the Anti-Defamation League (ADL), the American Jewish Committee (AJC), B'nai Brith, the American Jewish Congress, and the National Council of Soviet Jewry (NSCJ). These groups petitioned the Senate Foreign Relations Committee and the House Appropriates Committee to encourage them to pass the SRSA and lift Section 907. The ADL issued a press release encouraging the construction of the Baku-Tbilisi-Ceyhan (BTC) pipeline and applauded the Clinton administration's efforts to facilitate its construction. Also, numerous Jewish political organizations had "discussions" with members of Congress, "some not so public, some in full view."<sup>26</sup> The most influential Israel lobbying group in Washington, the American Israeli Public Action Committee (AIPAC) never came out publicly in favor of the SRSA or the repeal of Section 907. However, when I asked current AIPAC staff in February 2009 why this was the case, they told me although they

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<sup>26</sup> Thomas Ambrosio

support the Azeri-Israeli friendship, lobbying on behalf of Azerbaijan is not part of AIPAC's mission.

The effort to repeal Section 907 in 1997 and 1998 damaged relations between the Armenian and Jewish American political lobbies, and in the end the Armenian lobby was able to block 907's repeal. This was an incredible expression of power by the Armenian political community which was up against a powerful foe. It may also demonstrate that the repeal of 907 in the late 1990s was not a priority for the American Jewish groups. Although the Azeri-Israeli relationship is strategically important to Jerusalem, the American Jewish groups have numerous other issues requiring constant attention: anti-Semitism, Israel appropriations, countering Iranian threats and advancing the Israeli-Palestinian peace process.

However, by Oct. 2001, shortly after the world was forever changed by the events of September 11, American Jewish organization again became interested in advocating a repeal of Section 907. Eleven influential Jewish groups, including Agudath Israel of America, American Jewish Committee, American Jewish Congress, Anti-Defamation League, B'nai B'rith International, Conference of Presidents of Major American Jewish Organizations, Hadassah, Jewish Council for Public Affairs, Jewish Institute for National Security Affairs, NCSJ, and the Union of Orthodox Jewish Congregations of America endorsed a letter to the United States Senate encouraging the repeal of Section 907.

An excerpt from the letter:

As Jewish organizations representing the consensus of Jewish communities and national leadership across the United States, we urge you to support S. 1521 which advances America's immediate defense needs and long-term strategic objectives in the Caspian Basin.



We supported similar legislation in 1999, believing that genuine independence, peace and prosperity for the nations of the southern Caucasus and Central Asia will benefit the national interests of the United States and of Israel, as well as other regional allies. S. 1521 will strengthen U.S. ties to the strategically vital Caucasus and Central Asia.

As such countries as Azerbaijan look to the West, it is incumbent upon the United States to engage them and their societies, to add credibility to their road toward democracy and promoting of human rights, and reduce any pressure from other powers – Iran in particular – that seek opportunities to expand strategic influence and instill a very different world view than our own. These states nervously watch as powerful neighbors maneuver for influence, sometimes at their expense.

Building on the rich heritage of Azerbaijan's diverse peoples, including ancient Jewish communities, it is a positive sign that Israel has developed productive bilateral relationships with the emerging, mostly secular Islamic republics adjacent to its own hostile neighborhood. The announcement that Azerbaijan will open an embassy in Israel next year is just one more indication of Azerbaijan's commitment to be included in the pro-West, modern coalition of states that look to the industrialized, secular democracies for leadership.

Our original reasons for supporting a waiver of Section 907, including the strategic imperative, have only intensified since the tragic events of September 11. We urge you to support Senator Brownback's initiative.<sup>27</sup>

By January 10, 2002, the FY2002 Foreign Operations Appropriations Act was passed allowing the President of the United States to waive Section 907 on a year by year basis as he/she sees fit. Since then, Section 907 has been waived every year. In a public admission, an official at the Azerbaijani embassy in Washington acknowledged that, "Jewish organizations made a certain contribution in the Section 907 waving process."<sup>28</sup>

As these examples have demonstrated, the Azerbaijani government has sought to improve its ties with Israel in an effort to make up for its lack of a strong Azeri-American

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<sup>27</sup> National Council of Soviet Jewry, *Press Release: Jewish Organizations Welcome U.S. Openings to Azerbaijan*, Oct. 29, 2001 (accessed 3/14/09); available from:

<http://www.ncsj.org/AuxPages/102901Section907.shtml>

<sup>28</sup> Ilya Bourtnan

political diaspora that can effectively advocate on its behalf in the halls of Congress. By collaborating with Israel, Azerbaijan has sought to earn respect and assistance from American Jewish political organizations. Azerbaijan's first Ambassador to the United States said it best himself: "We understood that we needed to make friends in this country. We knew how strong Jewish groups are. They have asked us about the condition of Jews in our country. I helped them to go to Azerbaijan and open Jewish schools. They came back with [a] good understanding [of the conflict]." And in 1999 the son of the Azerbaijani president announced, "We now have a lobby in the United States and that is the Jewish community."<sup>29</sup>

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<sup>29</sup> Thomas Ambrosio, 187

## Common Fear: Growth of Radical Islam

Map: Azerbaijan and Israel's Neighborhood



(Map courtesy of the Perry-Castañeda Library Map Collection)

The expansion of radical Islam into the Caucasus after the collapse of the Soviet Union was a joint concern of the secular Azeri and Israeli governments. In Azerbaijan, Israel sees a vulnerable geographic region with a large Muslim population that has experienced a significant growth in Islamic fundamentalism over the last 20 years. Jerusalem is aware that political instability in the Caucasus and Central Asia could migrate south into the Levant and greater Middle East. Since gaining independence in 1991, the secular Azeri government has worked to limit the influence of the radical

Islamic community within its borders which it views as a threat to the secular state and its hold on power.

A brief overview of the history of Islam in Azerbaijan reveals that Azeris have ancestral memories of the complex religious and ethnic conflicts that spread through the region since Islam's arrival in the Caucasus.<sup>30</sup> The historical competition between Sunni Turkey and Shiite Iran has crisscrossed the area, and more recently, 70 years of Communist Soviet rule did little to end ethnic and religious identities. Soviet rule managed to "privatize" Islam in Azerbaijan. While living under the Soviets, Azeris were able to continue to give alms to the poor, arrange marriages, maintain strong kinship loyalties and avoid eating pork. Still, it was not until the late 1970s which Caucasus scholar Tadeusz Swietochowski describes as the "Soviet imperial twilight", that signs of religious reawakening rose to the surface amidst Azeri society. The "January Days" of 1990, which resulted in hundreds of Azeri deaths and injuries by the hand of the Soviet military seeking to suppress anti-Armenian riots in Baku, were followed by a period of national mourning in the historic tradition of Shiite funeral practices, 40 days after the deaths.<sup>31</sup>

The Soviet Union's collapse in 1991 created an "ideological vacuum" in Azerbaijan. Azeri society began to embrace religion and observe Islamic traditions suppressed by the Soviet authorities for nearly a century. In the early 1990s, "thousands of missionaries from Arab countries, Iran, Turkey and Russia converged on the republic to help "estranged" Muslims better understand their religion."<sup>32</sup> The cross-border

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<sup>30</sup> Tadeusz Swietochowski. "Azerbaijan: The Hidden Faces of Islam." World Policy Journal Volume XIX, No 3, Fall (2002) p. 69-75

<sup>31</sup> Ibid.

<sup>32</sup> Anar Valiyev. "The Rise of Salafi Islam in Azerbaijan." Terrorism Monitor Volume 3, Issue 13, July (2005)

movements of Muslims and new Islamic ideas influenced both Sunni and Shiite religious groups in Azerbaijan. Among the Islamic missionaries entering Azerbaijan were extremist Salafis (Sunni) funded and encouraged by Saudi Arabia.

The majority of the first Salafi missionaries to Azerbaijan arrived from nearby Chechnya and Dagestan, areas where Islamic extremism had taken hold and become a major concern of the Russian government. At first, these adherents to Salafi Islam did not gain major traction in influencing the Azeri public. In this period, nationalism and pan-Turkism were much more popular than Islam.<sup>33</sup> Two other issues also prevented rapid expansion of Islamic extremism in Azerbaijan. The first issue is *sociological*; in the wake of the collapse of the Soviet Union, Azeri society was not severely divided along economic and ethnic lines. Therefore, religion could not easily become a tool for the division and radicalization of society. The second issue is *ideological*; the vast majority of Azeris are Shi'a Muslims not easily influenced by Sunni Salafi teachings. The Azeri Shi'a Muslims find their influences in Iran where they have common religious and cultural identifications. Therefore, the Sunni population in Azerbaijan's north would be the most susceptible to the influence of Salafi teachings. The War in the North Caucasus (Second Chechen War) that began in August 1999, resulted in a second movement of Salafists into Azerbaijan from Chechnya and Dagestan. One of Russia's war goals was to push Salafi Muslims, including the foreign Mujahideen that had joined the fight, over the Georgian and Azeri borders. It is believed that 8,000 Chechen refugees who arrived in Azerbaijan in 1999-2000 were Chechen Salafis.<sup>34</sup>

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<sup>33</sup>Ibid.

<sup>34</sup>Ibid.

During the last two decades, Conservative Salafi Islam also came to Azerbaijan directly from the Persian Gulf. By 2003, 65 new Salafi-controlled mosques had been established in Azerbaijan. The largest of these Salafi mosques, Abu Bakr, was constructed in 1997 with funds from the Azeri branch of the Kuwaiti Society of the Revival of Islamic Heritage. Scholar Anar Valiyev wrote in 2005 that, “Abu Bakr became one of the most successful mosques in Azerbaijan. While on average the Shi’a or Sunni mosques are able to attract approximately 300 people for Friday prayers, the number of people visiting the Abu Bakr mosque typically reaches 5,000 to 7,000 people. The Imam of the Abu Bakr mosque is Gammet Suleymanov, a graduate of the World Islamic University of Medina that is a leading center for the study and export of Salafism.”<sup>35</sup>

Tadeusz Swietochowski, professor emeritus of history at Monmouth University and an expert on Azerbaijan, worries that Wahhabi organizations may find a breeding ground in Azerbaijan. “There is a vast potential for disaffection among the impoverished masses, including the Karabakh war refugees, to whom the benefits from oil wealth do not filter down through the more privileged elites, who are perceived as corrupt unbelievers.”<sup>36</sup> Furthermore, the Institute for the Analysis of Global Security (IAGS) reported in 2005 that “almost a quarter of the randomly selected 1200 respondents to a survey conducted by the Baku based independent research organization FAR CENTER favor Islamic governance in the form of Sharia. Another 29% welcomed the application of Sharia norms in some aspects of their daily life, such as family life. Another Baku-based think tank, The Foundation for Azerbaijani Studies, came to a similar conclusion

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<sup>35</sup> Ibid.

<sup>36</sup> Tadeusz Swietochowski

after its own survey. “Nearly 37% of the surveyed population in the south of Azerbaijan [near the Iranian border] favored the Sharia governance,” says Nasib Nasibli, chairman of the foundation.<sup>37</sup>

The rapid expansion of conservative Islamic practices in Azerbaijan, in combination with increasingly politically-active Islamic communities throughout the country, has caught the attention of the Azeri regime. It is clear why the Azeri regime fears the expansion of radical Islam within its borders. The secular nature of the Azeri government has roots in the “Russification” of Azerbaijan and harsh Soviet religious repression. Today Azerbaijan is a secular state with a Muslim population of which only a minority adheres to Islam’s basic tenets.<sup>38</sup> To maintain the government’s secular charter and solitary possession of political power, the Azeri authorities have carried out a sometimes harsh limitation on Salafi-based Islamic activity.

Like Israel, Azerbaijan faces an incredible threat from Islamic-extremist terrorism. Groups like Hizb ut-Tahrir, which dream of wiping Israel from the map and replacing regional nation-states with an Islamic caliphate, threaten both Jerusalem and Baku. Azerbaijan’s geographic location, nestled between Iran, Turkey, Dagestan and Chechnya, places it in the crosshairs of numerous violent radical Islamic influences. In July 1998, CIA operatives captured Ahmed Salama Mabruk and other members of the Egyptian Islamic Jihad organization outside of a restaurant in Baku. Mabruk was Ayman al-Zawahiri’s closest political confidant. Later in 1998, al-Zawahiri would merge his Egyptian Islamic Jihad group into al-Qaeda and become the groups “Number Two” behind Osama Bin Laden. Little did President Aliyev know of how Salafi-inspired

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<sup>37</sup> Fariz Ismailzade. “The Rise of Islam in Azerbaijan.” Institute for the Analysis of Global Security – Energy Security March 29 (2005).

<sup>38</sup> International Crisis Group, “Azerbaijan: Independent Islam and the State,” *Europe Report*, N°191 (25 March 2008) p.2

terrorists would change the world three years later on September 11<sup>th</sup>. In October 2001, former Azeri president Heydar Aliyev publicly stated that Azerbaijan and Israel shared an identical threat from international Islamic terrorism.<sup>39</sup> The sheer number of small terrorist networks setting up shop around Azerbaijan forced the Azerbaijan Ministry of National Security to respond in August 2005 by arresting suspects, placing mosques under direct government control, and banning extremist religious literature.<sup>40</sup>

A major terrorism scare took place in October 2007, when the Azeri Ministry of National Security announced the elimination of an Islamic militant group that had been plotting attacks against foreign targets in Baku. The leader of this organization was an Azeri military officer – Lt. Kamran Asadov. This event instigated widespread concern that “radical Islamic ideology, termed by many in Azerbaijan as Wahabism, is gaining a foothold in state structures.”<sup>41</sup> Soon after Asadov’s arrest, the chief spokesman for the Azeri Defense Ministry announced his ministry had taken “reinforced measures” to prevent the infiltration of radical Islamic ideology into the military. To make it clear to Azeri society that militant Islam will not be tolerated, Azerbaijani broadcast and print media devote a lot of attention to the arrests of suspected Wahabis. In 2008, the *Times* of London reported that Azerbaijani Intelligence “foiled a Hezbollah plot to blow up the Israeli Embassy in Azerbaijan, in revenge for the assassination of Imad Mughniyeh, the organization’s military chief.”<sup>42</sup>

Israel fears that increased Islamic fundamentalism in Azerbaijan would lead to instability and jeopardize the critical relationship that Israel and Azerbaijan share. In the

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<sup>39</sup> Ilya Bourtnan.

<sup>40</sup> Ibid.

<sup>41</sup> Rovshan Ismayilov “Azerbaijan: Evaluating the Radical Islamic Security Threat,” *EurasiaNet*, Nov. 30, 2007.

<sup>42</sup> Ibid.



case of an Islamic fundamentalist government's rise to power in Baku, not only would Israel's energy supplies be put at risk,<sup>43</sup> but increased Islamic radicalism could allow instability to ripple throughout the Caucasus and migrate southward towards Israel's borders. Since the mid 1990s to address this joint concern, Azerbaijan has developed close intelligence and security cooperation with Israel. This cooperation was significantly boosted after Israeli Prime Minister Binyamin (Bibi) Netanyahu visited Baku in 1997. The Israeli-Azeri security partnership includes information exchange, routine briefings, and data analysis (including information collected by Israeli satellites). Israel also helps train Azerbaijani security and intelligence services, as well as provides security for the Azerbaijani president during his foreign visits. In addition, Israel may have also set up electronic listening stations along the Caspian Sea and the Iranian border on Azeri territory.<sup>44</sup>

The Caucasian Review of International Affairs (CRIA) notes that because Islamic fundamentalism is increasing within Azerbaijan's borders, the Azeri government must tread carefully. The CRIA reports that Azerbaijan's "close relationship with Israel and America will be viewed with great hostility by supporters of the Palestinian cause and those who feel that the government is already 'selling out' to the West by allowing Western companies to invest so heavily in the country's energy riches. Deepening ties with Israel, or further Israeli actions against Muslim states, will provoke religious anger on the streets and increase the appeal of parties such as the Islamic Party of Azerbaijan, which demands an Iranian-style Islamic state as the only answer to Azerbaijan's

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<sup>43</sup> More on this energy relationship will be addressed later in this study.

<sup>44</sup> Soner Cagaptay and Alexander Murinson, "Good Relations between Azerbaijan and Israel: A Model for Other Muslim States in Eurasia?", The Washington Institute for Near East Policy, Policy Watch #982 (30 March 2005)

problems.”<sup>45</sup> However, Israel cannot abandon its crucial economic and strategic relationship with Baku, and it does not appear that Baku is willing to fold to Islamist demands for any reason.

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<sup>45</sup> Jackson Alexander, “Israel and Azerbaijan: Baku’s Balancing Act,” *Caucasian Review of International Affairs*, CU Issue 20, February 2, 2009.

## ***Iran: A Common Threat***

*“Israel has a strategic interest in developing ties with Azerbaijan, which is equally interested in such ties because they can help stem the onset of Islamic fundamentalism emanating from Iran.”<sup>46</sup>*

Ephraim Sneh, MK  
Israeli Minister of Health, 1995

There is no bigger threat in the eyes of both Azerbaijan and Israel, than that posed by Iran’s political, religious-expansionist, and ideological ambitions. Iran envisions itself as the rightful leader of the Middle East and the Caspian, and the Ayatollahs see no place for the Jewish State or a secular Azerbaijan in its backyard. One of the many factors that brings Azerbaijan closer to Israel is the mutual fear of Tehran.

Israel’s reasons to fear Iran are clear - Tehran actively works to facilitate Israel’s destruction. Yet, Azerbaijan’s relationship with, and fears of, Iran are much more complicated. Azerbaijan shares ethnic, religious and historical ties with Iran, in addition to a 1000km border. Both countries possess Shiite Islamic majorities. Ethnic Azeris comprise 15-20 million of Iran’s population.<sup>47</sup> Even though Azerbaijan shares so much in common with Iran, Baku considers the export of the Iranian Revolution into Azeri territory as a genuine threat to their secular and increasingly-democratic government.

Since Azeri independence, Iran has sought to destabilize Azerbaijan for its own strategic advantage. Tehran has “engaged in arms trafficking with Armenian separatists and trained Azeri mullahs to preach an Islamist message that has undercut traditional

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<sup>46</sup> Bulet Aras. “Post-Cold War Realities: Israel’s Strategy in Azerbaijan and Central Asia.” Middle East Policy Vol. 5 (1998).

<sup>47</sup> Cagaptay and Murinson.

Azerbaijani secularism.”<sup>48</sup> In addition, Tehran did almost nothing to support its Azeri brethren in Azerbaijan after the Azeri economy plummeted in the early 1990s. Competition over natural resources under the Caspian has also hurt Iranian-Azeri relations.

## **Caspian Oil and Gas**

After the collapse of the Soviet Union, the Iranian government refused to acknowledge Azerbaijani extraction rights in the Caspian based on the division of territorial waters among the five littoral Caspian states. As a result, Baku continues to face Iranian claims on some of its offshore oil and gas fields. As the Washington Institute for Near East Policy notes, “Iran claims that the Soviet-Iranian treaties of 1921 and 1941 which divided the sea between the two littoral countries at the time (the Soviet Union and Iran) still give Iran exclusive rights to more than half of the Caspian at the expense of the other littoral states that emerged from the breakup of the Soviet Union.”<sup>49</sup> Unfortunately for Iran, it adjoins an area of the Caspian with relatively meager mineral deposits relative to those off of the Baku shoreline. Since Azerbaijan’s independence, Iranian gunboats have made several incursions into Azerbaijani territorial waters. For example, on July 23, 2001, an Iranian warship forced an Azeri exploration ship hired by British Petroleum (BP) to withdraw from exploration operations in a disputed zone.<sup>50</sup>

## **Iran’s Islam**

The collapse of Soviet Azerbaijan allowed the Islamic Republic of Iran to expand its involvement amongst Azerbaijan’s religious community. As Iran is doing in Iraq

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<sup>48</sup> Ilya Bourtnan.

<sup>49</sup> Cagaptay and Murinson.

<sup>50</sup> Ibid.

today, Tehran built and funded mosques throughout Azerbaijan in the early 1990s. In addition, Azeri Islamic clerics were given opportunities to study in Iran. At the same time, “the reemerging Iranian-Turkish rivalry affected the Islamic resurgence as secular Turkey also built mosques and madrassas, while enjoying greater support from the Baku authorities than Iranian mullahs.”<sup>51</sup> Iran’s religious overtures to Azeris can be linked to the rise of the Islamic Party of Azerbaijan (IPA), which was founded in the area of Baku in 1992. The IPA was estimated to have had 50,000 members shortly after its founding, and its leader, Aliakram Aliyev was arrested in 1995 and accused of spying for Iran.<sup>52</sup>

In February 2007, Azeri authorities arrested a group of 15 Azerbaijani citizens in Baku who proclaimed themselves to be the “Northern Mahdi Army.” This group was charged with having ties to Iran’s Islamic Revolutionary Guard Corps (IRGC). The Azerbaijani Ministry of National Security claims the group was organized to establish an Islamic state ruled by the *Sharia* (Islamic Law). According to published reports, the Ministry of National Security said that “one of the group members had met an IRGC officer in Qom, Iran, and was offered money to fight against the United States, Israel, and other Western countries...the group received training in Iran and Azerbaijan.”<sup>53</sup>

## **Nagorno-Karabakh**

During the Nagorno-Karabakh war, Armenia received support from Iran. In April 1992, Iran provided natural gas and fuel to Armenia helping the Armenians sustain their war effort against Azerbaijan. As a result, nearly 20% of Azeri territory was captured by Armenia. According to Azerbaijani Deputy Foreign Minister Araz Azimov, because of Iranian support for Armenia during the Nagorno-Karabagh conflict, “We don’t trust them

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<sup>51</sup> Tadeusz Swietochowski.

<sup>52</sup> Ibid, 74

<sup>53</sup> United States Department of State, *Country Reports on Terrorism 2007 - Azerbaijan*, 30 April 2008. UNHCR Refworld.

(Iran). Iran is not in favor of our policy on the Caspian Sea, on the Baku-Ceyhan transportation of oil, Euro-Atlantic integration...”<sup>54</sup> Iran may have worried that an Azeri victory in the war would lead the large Azeri minority in the northwest corner of Iran to call for integrating the region into Azerbaijan. By supporting Armenia, Iran created a tool to fight against any Azeri threat it encountered. Armenia was used against the Azeris, just as Iran uses Hezbollah as a military proxy against the Jews and Israel.

### **Regional Politics: Iran, Azerbaijan and Israel**

Although Baku fears Iran’s intentions, it has worked cautiously with its Persian neighbor to the south. Azerbaijan does not want to unnecessarily provoke Iranian hostility. In 1995, the Iranian News Agency (IRNA) reported that an Israeli intelligence delegation arrived in Baku in August.<sup>55</sup> The IRNA described the visit as a “secret mission to train Azerbaijani security agents.”<sup>56</sup> However, the Azerbaijani National Security Ministry denied the allegations and noted that it was “prepared to openly develop cooperation with the special services of many other countries.”<sup>57</sup> After Israeli Prime Minister Netanyahu’s visit to Baku in 1997, Iran’s state radio lashed out against Baku for hosting him: “Baku has been playing a dangerous game by receiving the Zionist regime’s expansionist prime minister. By doing this it has destabilized its own ties with Islamic states in the region and the world”.<sup>58</sup> Still, Azerbaijan did not reduce its contact with Israel.

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<sup>54</sup> Alexander Murinson. “Azerbaijan-Turkey-Israel Relations: The Energy Factor.”

<sup>55</sup> Bulet Aras. “Post-Cold War Realities: Israel’s Strategy in Azerbaijan and Central Asia.” Middle East Policy Vol. 5 (1998).

<sup>56</sup> Ibid.

<sup>57</sup> Ibid.

<sup>58</sup> Ibid.

After Ilham Aliyev became the president of Azerbaijan in October 2003, Iran moved to improve its relations with Azerbaijan in an effort to convince Baku to sever ties with Israel. Several high-level Iranian military officers visited Baku in August 2004 and encouraged the Azeri government to ease security cooperation with Israel.<sup>59</sup> Iran's major lobbying efforts wielded no results. The relationship that Azerbaijan has established with Israel is far too important to Baku. Instead, Iran began to engage in a campaign of intimidation towards Azerbaijan. The Washington Institute notes, "In sum, Iran and Armenia see Azerbaijan as part of a geostrategic axis that also includes Turkey, Israel, and Georgia. Tehran wants to disrupt that axis."<sup>60</sup>

"Today," researcher Ilya Bourtman wrote in 2006, "Iran and Israel are playing a cat-and-mouse game in Azerbaijan." He continues, "Both have developed base espionage networks in Azerbaijan... published articles attest that Baku is a perfect base for Israeli intelligence operations... the city is home to an Iranian embassy with 200 employees. One senior advisor to Prime Minister Ariel Sharon even suggested that some Azerbaijani Jews regularly infiltrate Iranian territory. Iran has followed suit, spying on Israeli targets in Azerbaijan. In September 2004, Israeli security agents caught an Iranian operative videotaping the Israeli embassy in Baku."<sup>61</sup> In April 2006, Iran's (then Secretary of the Supreme National Security Council) Parliament chairman Ali Larijani threatened that if Azerbaijan opens its territory for a military attack against Iran, Tehran would retaliate by hitting the Baku-Tbilisi-Ceyhan oil pipeline and other strategic energy

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<sup>59</sup> Shamkhal Abilov. "Why Azerbaijan Has No Full Diplomatic Relations with Israel," *Journal of Turkish Weekly*, December 25, 2008. Accessed 2/19/09.

<sup>60</sup> Cagaptay and Murinson.

<sup>61</sup> Ilya Bourtman

installations in Azerbaijan.<sup>62</sup> This would not only hurt Israel, this would hurt Azerbaijan, and the entire Western energy market.

In September 2008, Israel's Ambassador to Azerbaijan, Arthur Lenk, published an op-ed (in the Azeri and Russian languages) in the Azeri newspaper *Echo* which aimed to encapsulate the importance of the Azeri-Israeli relationship vis-à-vis Iran. Lenk wrote: "Iran's regime brings together five elements: harsh repression of its own people, including an oppressed Azerbaijani minority, efforts to spread revolution elsewhere, extreme hatred for the West and Israel, a high propensity toward violence, and a systematic sponsorship of international terrorism."<sup>63</sup> To demonstrate the importance of Israeli-Azeri solidarity, Lenk continues: "This threat is not merely an Israeli problem. If Iran obtains nuclear weapons it will be able to intimidate others to block stability in the region and force Muslim countries to bow to Tehran's power. Many thousands would be encouraged to join radical Islamist groups, in the belief that Iran's dangerous way is the path of the future. Levels of terrorism and instability could rise steeply. Any peaceful diplomatic solution to the Israel-Palestinian or promotion of interfaith issues could be set back by decades. The words and actions of Iran's leadership are clearly not the path of Azerbaijan. Just last night, President Aliyev and the Sheikh ul-Islam, Allahshukur Pashazadeh, stood together with leaders of Azerbaijan's government, minority communities and representatives of the international community, as the Sheikh hosted an iftar during the holy month of Ramadan. They and others all spoke out clearly for tolerance, coexistence and mutual respect. This voice of Azerbaijan stands in great

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<sup>62</sup> Lenk, Arthur. "Israel and Azerbaijan: Strategic and Economic Engagement on the Caspian and Bordering Iran." Power Point Presentation. July 2008.

<sup>63</sup> Lenk, Arthur. "Hateful Words... And An Opportunity," *Echo* (Azerbaijan), September 26, 2008.



contrast to the words of evil spoken in the United Nations by Mahmoud Ahmadinejad.”<sup>64</sup> By publishing this op-ed in a newspaper read by Azerbaijanis, Amb. Lenk hoped to touch upon one of the Azeri government’s greatest fears.

As this statement from Israel’s top diplomat in Azerbaijan demonstrates, Jerusalem is actively working to maintain its relationship with Baku and prove its relevance. Jerusalem wants the average Azeri to know that the Azeri-Israeli strategic relationship is in Azerbaijan’s interest. Iran, on the other hand, does not want Azerbaijan to move towards a “Western” future. Since its independence, Azerbaijan has largely respected Israeli and American policies regarding Iran. As Israel and the United States desired, Azerbaijan cooperated fully in creating the BTC pipeline which avoided Iranian territory. The government of Azerbaijan took significant risks in selling oil to Israel and cooperating with the United States in Iran’s backyard. This demonstrates not only Baku’s desire to integrate itself with the West and away from Russian influence, but also the pragmatism in its foreign policy to recognize the strategic benefits of its relationship with the Jewish State. Israel is fully aware of the fine line that Azerbaijan must tread with its Iranian neighbor. In a July 2008 Power Point lecture prepared by Ambassador Lenk meant to outline the strategic importance of Azerbaijan to Israel, he included a slide entitled “Azerbaijan and Iran”. Here is the slide:

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<sup>64</sup> Lenk, Arthur. “Hateful Words... And An Opportunity”

## Azerbaijan and Iran

- Shared heritage, faith and icons
- Azerbaijan needs to keep cordial relations
  - Large ethnic Azeri minority (over 20m) in N. Iran
  - Nakhchivan access and energy dilemma
  - Long, problematic border (1000 km.)
  - Trade relations: 9% of Azeri GDP
  - Iran's relations with Armenia and NK
- Who threatens whom?
- Iran nuclear crisis - worst-case scenario for Azerbaijan



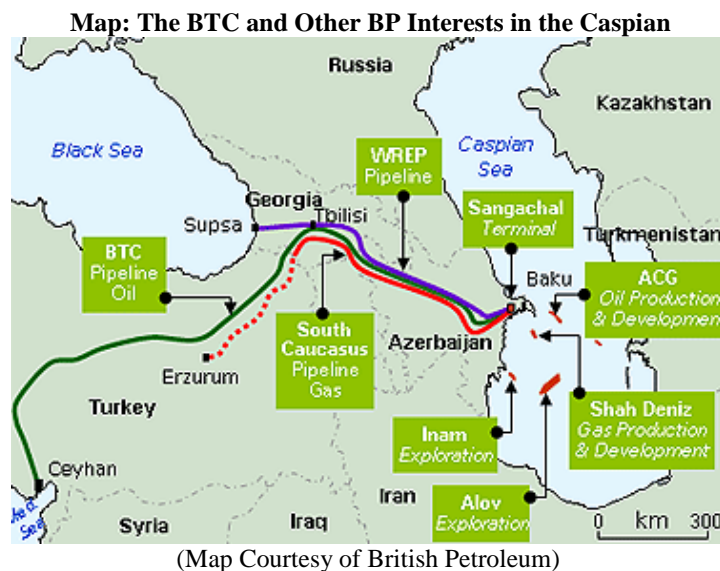
ALIYEV AND AHMADINEJAD, BAKU, AUG '07

From this Israeli government statement, it is clear Jerusalem understands the difficult situation its relationship with Azerbaijan causes Baku. While Iran is important to Azerbaijan, Israel believes its relationship with Baku to be even more important. As Baku's actions demonstrate, it feels the same way. As I already mentioned, the Azeri regime takes great risks in being a close ally of Israel. At the same time, in cultivating ties with Israel vis-à-vis Iran, Baku gains the bonus of winning appreciation from the American government – another important goal of the Azerbaijanis. As Israel continues to work with Azerbaijan to modernize its economy and petroleum sector, it will continue to create thousands of jobs for Azeris. This is the most powerful anti-Iranian pro-Israel propaganda Israel can deliver in Azerbaijan. Israel wants to help Azerbaijan move “West.” If Azerbaijan wants to seek modernity, prosperity and respect from the international community, according to Israel, it should join Jerusalem and its Western allies. If it wants to step back in time and join Iran's Ayatollahs in their effort to

establish Shiite hegemony, Azerbaijan can look towards its Iranian neighbors for assistance. Thus far, Baku has chosen Israel and the United States to help determine its future.

### ***Energy – The Primary Area of Azeri-Israeli Collaboration***

In 1991 the United States embarked on a relentless effort to develop and extract Caspian petroleum reserves which remained largely untapped while under the control of the Soviet Union. Although Azerbaijan's oil industry predated the 1917 Russian Revolution, its modernization and development was largely sidelined while Moscow, which knew of Kazakhstan's potential, lacked the interest and appropriate offshore drilling technology to bring its Caspian reserves online.<sup>65</sup> As the United States developed its Caspian energy strategy in the wake of the collapse of the USSR, Washington's key focus became the development of a Western-oriented energy corridor that would allow the newly-independent former Soviet states in the Caspian region to export oil to Western markets in a manner circumventing Russia's energy infrastructure in the Caspian and the territory of the Islamic Republic of Iran. This strategic realignment of Caspian-region geopolitics resulted in an incredible energy alliance between Baku and Jerusalem.



<sup>65</sup> John C.K. Daly, "Analysis: 2008 Caspian Energy Production." *Alexander's Gas & Oil Connections, News & Trends: Central Asia*, Vol. 14 #1 (2009)

Energy is the centerpiece of the Israeli-Azeri relationship. The government of Israel believes that cooperation with Azerbaijan in the energy sector provides benefits to its energy security, allows Jerusalem to play a role in regional energy movements, strengthens its relationships with moderate Muslim nations (Azerbaijan and Turkey), serves American interests, and weakens Iranian influence all in one fell swoop. At the same time, the Azeri government realizes this positive, energy-based relationship with Israel serves its strategic advantage. It provides Azerbaijan with much needed foreign assistance and helps Azerbaijan align further with the “West” and away from Russian and Iranian influence.

### **The Petroleum Under and Around the Caspian Sea**

Estimates of the Caspian Sea region’s proven crude oil reserves vary significantly from source to source. The U.S. Energy Information Administration (EIA) estimated in January 2007 that proven Caspian oil reserves fall between the wide range of 17 and 49 billion barrels. These figures are comparable to OPEC members Qatar on the low end and Libya on the high end.<sup>66</sup> Based on geography, Russia, Kazakhstan, Turkmenistan, Iran and Azerbaijan compete to extract reserves. Meanwhile, outside of the Caspian basin, nations as diverse as the United States, India, China, Turkey and Israel compete to import this extracted petroleum.

In 2006, regional oil production totaled an estimated 2.3 million bbl/d. This is comparable to Brazil’s oil production - South America's second largest oil producer. During 2007, the EIA expected there would be over 200,000 bbl/d of annual production growth, thanks to Azerbaijan’s increase in production. By 2010, the countries of the

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<sup>66</sup> *EIA Caspian Region Background.*

Caspian Sea region are expected to produce between 2.9 and 3.8 million bbl/d. This number exceeds annual production from South America's largest oil producer, Venezuela.<sup>67</sup>

### Map: The Caspian Region



(Map Courtesy of the EIA)

### Azerbaijan: Petroleum Reserves

In 2008, Azeri oil production reached approximately 1.099 million bbl/day, a significant increase over its 2007 oil production totals (860,000 bbl/d). This increase was driven almost exclusively by growth from the Azeri-Chirag-Guneshli (ACG) field [See Map: The Caspian Oil fields of Azerbaijan]. In addition, Azerbaijan was the largest contributor to Non-OPEC supply growth during 2006 and 2007.<sup>68</sup> Azerbaijan's

<sup>67</sup> EIA *Caspian Region Background*.

<sup>68</sup> EIA *Azerbaijan: Oil*.

petroleum exports in 2007 were primarily routed to Russia, Italy, Turkey, Germany and Israel. The United States also imported around 50,000 bbl/d of Azerbaijani oil in 2007 due to favorable market conditions for Mediterranean crude. The ACG field currently produces over 65 percent of Azerbaijan's oil, and this share is expected to continue to increase as ACG's oil production grows.<sup>69</sup>



(Map Courtesy of the Perry-Castañeda Library Map Collection)

The State Oil Company of Azerbaijan Republic (SOCAR) believes that Azerbaijan holds 17.5 billion barrels in its reserves. However, the SOCAR estimate is based on an antiquated Soviet-era “reserve classification system” which may include not viable and/or not fully proven reserves. Other estimates of Azerbaijan's proven crude oil

<sup>69</sup>Ibid.

reserves taken from government and academic sources, place Azerbaijan's reserves between 7 and 13 billion barrels, significantly less than SOCAR's estimate.<sup>70</sup>

### **The Soviet Union's Collapse: Israel and Azerbaijan Adjust to a New Era**

In order to understand the Azeri-Israeli energy relationship, it is important to briefly outline the geostrategic situation in the Caspian region after the Soviet Union's collapse. The changes in the region were vast; therefore I will only touch upon broad themes directly affecting the establishment of the Azeri-Israeli energy relationship.

Since its rise from the ashes of the USSR in 1991, Russia has been crafting a Caspian strategy aimed to: 1. control the largest production share of hydrocarbons in the region as possible; and 2. provide Russia with maximum control of energy movement through the Caucasus.<sup>71</sup> At the same time, Azerbaijan, with its vast hydrocarbon resources and newfound independence, wanted to disengage itself from Russia's regional influence and move its petroleum resources to world markets without relying upon Russia's energy infrastructure. Russia's ambitions presented a significant problem in Baku. For Israel, Russia represented a potential obstacle for Jerusalem's diplomatic and economic goals in the Caucasus. The Israeli government knew that Russia, even in its weakened state, was capable of causing "mischief" in the former Soviet territories. Therefore, Israel was determined to seek engagement policies in the former Soviet states for its strategic interests while not presenting any type of challenge or threat to Moscow.

The Republic of Turkey was the second regional Caspian power to undergo foreign policy changes that affected itself and Azerbaijan after the collapse of the USSR. First, Turkish Prime Minister Turgut Ozal's government developed a policy seeking to

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<sup>70</sup> Ibid.

<sup>71</sup> Alexander Murrinson, "Azerbaijan-Turkey-Israel Relations: The Energy Factor."



reestablish ethnic, cultural, and political ties with the Turkic peoples of Central Asia and the Caucasus dating back to the era of the Ottoman Empire.<sup>72</sup> By implementing this policy Turkey hoped to regain geostrategic significance in the Caucasus and Central Asia, and the opportunity to regionally spread the “Turkish Model”: parliamentary democracy, a relatively free-market economy and secularism in an Islamic society.<sup>73</sup> A second shift in Turkish policy was the decision to position the Turkish Republic as *the* regional energy transport terminal – the nexus between Caspian petroleum and European, North American, and Asian markets. Turkey was then, as it is now, heavily dependant on petroleum imports. By becoming an energy transport nexus between Russia and Europe, Turkey would be able to obtain additional sources of oil for domestic consumption while harnessing the economic and political benefits of controlling a major portion of Caucasus energy movement.

### **The United States, Turkey and the BTC**

During the early 1990s, President Bill Clinton and Turkish Prime Minister Suleyman Demirel collaborated on developing a policy to bring Caspian oil to world markets via a transnational pipeline.<sup>74</sup> Doing so would empower Western interests to exploit the large Caspian oil reserves, and compete with Russia to control energy resource movement out of the Caucasus. In effect, a transnational pipeline connecting Baku to Turkey would draw an east-west divide that would limit Russian movement in the southern direction through the Caucasus. Turkey and the United States believed such a pipeline would serve as the centerpiece in an East-West Corridor which would ensure

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<sup>72</sup> Ibid.

<sup>73</sup> Bulet Aras, “Post-Cold War Realities: Israel’s Strategy in Azerbaijan and Central Asia.”

<sup>74</sup> Cagaptay and Gencsoy, “Startup of the Baku-Tbilisi-Ceyhan Pipeline: Turkey’s Energy Role,” *The Washington Institute for Near East Policy* PolicyWatch #998, May 27 (2005)

the independence and economic viability of the newly independent states of the Caspian region. Just as important, Washington and Ankara wanted an energy delivery system to bypass a rebuilding Russia, a hostile Iran, dangerous Chechnya, and war-torn Armenia. The solution would be to build a pipeline that would move petroleum from the Caspian city of Baku (Azerbaijan), overland through Tbilisi (Georgia) and deliver it to ships at the Mediterranean port of Ceyhan (Turkey). The Baku-Tbilisi-Ceyhan (BTC) pipeline would be completed by 2006. It is the second longest petroleum pipeline in the world after Russia's Druzhba (Friendship) pipeline and cost just under \$4 billion (USD).

The United States invested a great deal of political and economic assets to develop the Caspian energy resources and ensure they bypass Russia and flow freely into Western markets. The United States and its allies succeeded even though the proven volumes of petroleum in the Caspian are quite modest relative to the world's top producers: Saudi Arabia and Russia. Even if Caspian oil development potential improves, production from the region is not likely to meet even 5 percent of 2020 world demand.<sup>75</sup>

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<sup>75</sup>Lucian Pugliaresi, "Energy Security: How Valuable is Caspian Oil?." Policy Brief 3, Cambridge, Mass.: Caspian Studies Program, 2001.

Top World Oil Producers, 2006 (thousand barrels per day)		
Rank	Country	Production
1	<a href="#">S. Arabia</a>	10,665
2	<a href="#">Russia</a>	9,675
3	<a href="#">USA</a>	8,331
4	<a href="#">Iran</a>	4,149
5	<a href="#">China</a>	3,856
6	<a href="#">Mexico</a>	3,710
7	<a href="#">Canada</a>	3,287
8	<a href="#">UAE</a>	2,945
9	<a href="#">Venezuela</a>	2,806
10	<a href="#">Norway</a>	2,786
11	<a href="#">Kuwait</a>	2,678
12	<a href="#">Nigeria</a>	2,443
13	<a href="#">Brazil</a>	2,167
14	<a href="#">Algeria</a>	2,122
15	<a href="#">Iraq</a>	2,010

Top World Oil Net Importers, 2006 (thousand barrels per day)		
Rank	Country	Imports
1	<a href="#">USA</a>	12,357
2	<a href="#">Japan</a>	5,068
3	<a href="#">China</a>	3,379
4	<a href="#">Germany</a>	2,542
5	<a href="#">S. Korea</a>	2,160
6	<a href="#">France</a>	1,908
7	<a href="#">India</a>	1,804
8	<a href="#">Italy</a>	1,578
9	<a href="#">Spain</a>	1,558
10	<a href="#">Taiwan</a>	935
11	<a href="#">Netherlands</a>	926
12	<a href="#">Singapore</a>	848
13	<a href="#">Turkey</a>	634
14	<a href="#">Belgium</a>	627
15	<a href="#">Thailand</a>	610

(Tables Provided by the EIA)<sup>76</sup>

Considering the relatively modest quantities of Caspian oil, why has this region received intensive attention from the United States and its Western allies? According to Lucian Pugliaresi, a veteran energy consultant in Washington, D.C., the “answer lies in the field of energy security: additional supplies, even at modest levels of output, can make an important contribution to limiting the market power of the major producers as well as reducing to some extent the percentage of world oil production subject to disruption.”<sup>77</sup> Therefore, even the rather modest output of the BTC pipeline can help lower oil prices and enhance energy security. For Israel, any plan to provide it with a stable supply of energy, decrease petroleum profits in Saudi Arabia and Iran, and align the Jewish State closer to moderate Muslims nations and the United States, provides an incredible strategic advantage.

<sup>76</sup>EIA – *Country Energy Profiles – World Regions*

<sup>77</sup> Lucian Pugliaresi

## **Azerbaijan: A Unique Source of Oil for Israel**

In the eyes of Israel, the newly independent Azerbaijan was a nation with vast petroleum reserves and no obligations to, or ideological allegiances with, the Arab world. As non-Arabs and non-Persians, the Azeris inherently had an incredible amount of flexibility in crafting their new foreign policy in early years of their independence. Israel realized Azerbaijan was quickly attempting to create close relations with Israel's ally Turkey, while at the same time limiting its cooperation with neighboring Iran – an enemy of Israel. This situation created the perfect opportunity for Israel to attempt to become involved in Azerbaijan's post-Soviet foreign policy planning.

Well before construction of the BTC pipeline, the government of Israel expressed interest in importing Azeri oil through the future pipeline. This was expressed by Israeli Prime Minister Binyamin (Bibi) Netanyahu during a meeting with Azeri President Heydar Aliyev in 1997 in Baku.<sup>78</sup> During the early stages of the BTC's development, Israel realized the pipeline would significantly suit its interests. First, it could provide Israel with a stable and Western-oriented source of petroleum. Second, the ultimate route of the BTC would circumvent Iran and link pro-Western Azerbaijan, Georgia, and Turkey together in a way that would enhance Israel's strategic interests. Third, Israel hoped to use its geographic position to establish itself as a regional transit hub for Caspian energy movement to the Far East. In August 2004, the Deputy Foreign Minister of Azerbaijan, Araz Azimov, noted the following about the benefit of the BTC to the State of Israel: "[The] BTC is going to Ceyhan, and that is [the] Mediterranean... and to buy the Azerbaijani oil is much preferable than the Persian Gulf (oil).... the

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<sup>78</sup> Prime Minister Benjamin Netanyahu met with Azerbaijani President Heydar Aliyev in the "wee hours of the morning", stopping over in Baku on his way back from Japan and South Korea. The visit made Netanyahu the first world leader ever to visit Azerbaijan's presidential palace, on the Caspian Sea.

Mediterranean Azerbaijani oil [will contribute] 15 million tons a year... Israel has its own demand there. Huge demands. [sic] In strategic way, Israel has certain reason to be interested in Azerbaijan.[sic]<sup>79</sup>

Although Israel keeps details of its oil imports largely confidential, an Israeli diplomat revealed that Israel has been importing petroleum from Azerbaijan since 1991.<sup>80</sup> By 2002, Israel was Azerbaijan's largest importer of oil after Italy.<sup>81</sup> In 2006, reporting indicated that Israel buys one-sixth of its oil from Azerbaijan.<sup>82</sup> And today, Azerbaijan is the main single source of crude oil to Israel, which buys most of its Azeri Light needs from AIOC<sup>83</sup>, with a smaller volume of the same grade from SOCAR.<sup>84</sup> Of all the areas of cooperation uniting the Israelis and Azeris since Azerbaijan's independence, none has proven more significant than collaboration in the energy sector. Worthy of note is that a significant amount of this collaboration has taken place outside of public view. In 2005, Rafael Abbasov, the former director of economic and trade development at the Israeli Embassy in Baku, and then an economics officer at the Asian Development Bank in Azerbaijan, noted in an interview that he believed there was growing "covert collaboration" in the energy sector between Israel and Azerbaijan which does not show up on trade-balance sheets. "In terms of oil, Israeli firms are a lot more involved than at

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<sup>79</sup> Alexander Murinson, "Azerbaijan-Turkey-Israel Relations: The Energy Factor," 47-58.

<sup>80</sup> Ibid.

<sup>81</sup> Ilya Bourtnan

<sup>82</sup> "Israel Negotiates Oil Purchase with Azerbaijan" Alexander's Gas & Oil Connections, News & Trends: Central Asia, Vol. 11 #12 (2006)

<sup>83</sup> The Azerbaijan International Operating Company (AIOC) is a consortium of 10 petroleum companies that have resource extraction contracts with the government of Azerbaijan. The companies include: BP (UK), Chevron (USA), Devon Energy (USA), StatoilHydro (Norway), Türkiye Petrolleri Anonim Ortaklığı (TPAO; Turkey), Amerada Hess (USA), State Oil Company of Azerbaijan (SOCAR; Azerbaijan), ExxonMobil (USA), Inpex (Japan), and Itochu (Japan).

<sup>84</sup> "Azerbaijan – The Israel Market." *APS Review Oil Market Trends*, July 14, 2008.

first meets the eye," said Abbasov. "Often they register as U.S. or U.K. branches and thus enter the Azerbaijani energy market and participate in bidding for tender contracts."<sup>85</sup>

## **Where Israel Gets Its Oil**

The State of Israel possesses a modern industrial economy thirsty for oil. Although the Israeli government is acting aggressively to decrease its dependence on foreign petroleum (which will be discussed later in this study), its need for fossil fuel imports remains high. Domestic oil production has been extremely limited from the moment of the State's founding – much to the chagrin of the Israeli government and the international Jewish community because of Israel's geographic proximity to the massive Saudi oil fields. More than 470 oil wells have been drilled in Israel since the 1940s with very little success.<sup>86</sup> The Central Intelligence Agency estimates Israeli oil production to be in the ballpark of 5,996 bbl/day, and consumption significantly over 200,000 bbl/day.<sup>87</sup> Jerusalem has to rely entirely on the global energy markets to meet its petroleum demand. Also of concern to Israel is the lack of oil producing nations in its neighborhood competing to supply the Jewish state with oil.

Over the last 25 years, significant fuel imports have arrived in Israel from suppliers as far away and diverse as Angola, Colombia, Mexico, Egypt, and Norway. However, since 1991 and the collapse of the Soviet Union, Israel has turned to Russia, Kazakhstan, and Azerbaijan for the bulk of its oil. In 2004, Israel's Minister of National Infrastructures admitted that "Israel's situation is complicated. We don't have diplomatic relations with most of the countries from which we import oil."<sup>88</sup> Jerusalem has long

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<sup>85</sup> Ilya Bortman

<sup>86</sup> *EIA Eastern Mediterranean – Oil*

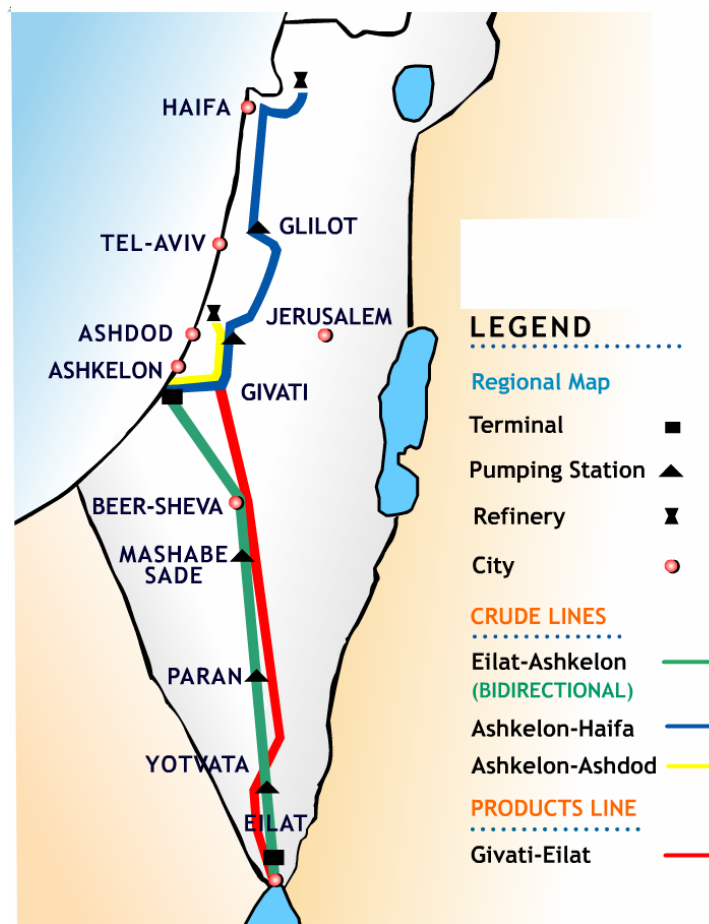
<sup>87</sup> *CIA World Fact Book – Israel*

<sup>88</sup> Daniel Engber, "Where Does Israel Get Oil?," *Slate*, July 14, 2006.

searched for a consistent, stable, and local source of petroleum to enhance its energy security. The Pahlavi leadership in Iran filled that need for a while: Starting in 1968, the Israelis used a domestic pipeline called the Trans-Israel-Pipeline "TIPline" to import Iranian oil from the Red Sea. However, when the Shah was overthrown in 1979, the Islamic Republic of Iran shut off the tap.

### The Trans-Israel-Pipeline: Israel's Portal into the Global Petroleum Market

Map: The Trans-Israel-Pipeline System in 2009



Map Courtesy of the Eilat-Ashkelon Pipeline Company (<http://www.eapc.co.il/pipelines.html>)

In the mid-1960s, the Israeli government realized the potential in Israel's landmass to serve as a land-bridge between the Mediterranean and Red Sea for the

movement of petroleum. This strategic benefit would allow for the construction of a trans-Israel pipeline transporting petroleum from the Arabian Gulf to consumers in Europe and Israel. The creation of such a pipeline linking the Red Sea and Mediterranean would position Israel within the Middle Eastern energy stream, allowing it to reap economic and strategic benefits from pipeline operations.

At this time, oil producers in the Arabian (Persian) Gulf had only two viable options for moving their petroleum from the Gulf to Europe and North America. The first option was to ship the petroleum around the Cape of Good Hope and back up into the northern hemisphere. The second option was to utilize a significantly shorter route provided by the Suez Canal. (The Sumed pipeline which runs along the Suez Canal route was not operational until 1977). In 1968, when the 254 km-long TIPLINE was completed, it provided Iran the fastest and least expensive way to move petroleum from the Gulf to Europe. Its construction was meant to transport Iranian oil via-Israel to European markets while also supplying the Israeli petroleum market. Unfortunately for Israel, after the fall of the Pahlavi regime in 1979, the 42-inch circumference pipeline went into disuse. After the Iranian Revolution, the TIPLINE was utilized by Egypt to move Egyptian-retrieved petroleum from the Red Sea to the Mediterranean. The Egyptians ended their relationship with the TIPLINE after the breakout of the Second Intifada in 2000.<sup>89</sup>

In the late 1990s, Israel embarked on a series of improvements and expansions on the TIPLINE to better prepare it to service domestic needs and make it a state-of-the-art international transit hub for petroleum, petroleum products, and natural gas. In 1996, a sea and land terminal for fuel oil was put into operation in Ashkelon to service both local

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<sup>89</sup> Gal Luft, "A Shortcut for Russian Oil to Asia." IAGS Energy Security March, 31 2004.



and international markets. Two years later, a modern LPG terminal, including a sea port (capacity of 1,500 tons), was built. In 2002, capacity at the LPG terminal was expanded to include 4,500 ton storage tanks which were converted to service distillates.<sup>90</sup> Then, in 2003, the most important project was completed – the Reverse Flow Project.

### **The Reverse Flow Project & Israeli Cooperation with Post-Soviet Russia**

The “Reverse Flow Project” on Israel’s TIPLINE allowed oil to flow in both directions and represented a new opportunity for Israel to become a major oil and gas corridor in the modern energy market. Previously, the outdated pumps on the TIPLINE were only capable of moving petroleum from Eilat to Ashkelon. Completion of this project gave Israel new options in the global petroleum market. Now, petroleum producers in areas north and west of Israel’s borders could use Israeli pipelines to transport oil to Asia over the seas. In doing so, Israel would add additional diversification to its petroleum portfolio and become a player in the petropolitics of the region, even though it was not a significant oil producer.

When the Ariel Sharon government came to power in 2001, Jerusalem pursued a “reset” in relations with Russia in hopes that Moscow would become a productive partner in finding a solution to the Israeli/Palestinian conflict. Israeli officials attempted to curry favor with the Russian political elite who were highly involved in Russia’s energy sector.<sup>91</sup> The outcome of this new Israeli policy was part of a plan to import Russian gas and oil from Russia via Turkey. The completion of the Blue Stream project made this possible. In 2003, years before the BTC would be completed, Russia and Israel reached an agreement for Russia to supply Asian markets with crude through the TIPLINE. At the

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<sup>90</sup> *Eilat-Ashkelon Pipeline Company – Milestones.*

<sup>91</sup> Alexander Murinson, “Azerbaijan-Turkey-Israel Relations: The Energy Factor.”

time, Russia's oil production had increased 11% from the previous year.<sup>92</sup> Not only was Russia about to overtake Saudi Arabia as the world's top oil producer, but it would bypass the Arabian Peninsula all together by moving Russian oil to energy-thirsty Asian markets via Israel. According to STRATFOR Global Intelligence: "For the past 20 years, the Persian Gulf states -- especially Saudi Arabia -- have held a de facto monopoly over crude supplies to East Asia, allowing them to charge an "Asian premium" that at times has ranged as high as \$3 a barrel. In 2002, some 40 percent of Saudi Arabia's 7.0 million bpd in exports went to Asian consumers. That surcharge alone netted Riyadh a tidy \$1 billion to \$2 billion in supplemental profit. Saudi Arabia hopefully spent the income wisely, because Riyadh won't be seeing that cash again. With the onset of Tipline operations, Russian crude can compete directly with Saudi supplies anywhere in Asia."<sup>93</sup>

Although Israeli-Russian relations during the Cold War were antagonistic, the war in Chechnya and a global increase in radical Islam had given Russian authorities an appreciation for Israel's long-standing security concerns. STRATFOR wisely sums up the economic dimension of the TIline to Israel and its cooperation with Russia: "Saudi Arabia is the key player in OPEC and endeavors to keep oil prices robust. That grinds on the nerves of energy-poor Israel, which imports 99 percent of its oil needs. Riyadh cooperated with U.S. authorities in the past to tank oil prices in an effort to bankrupt the Soviet Union. Though now under new management, Moscow has been about as forgetful of this as an elephant."<sup>94</sup>

By 2004, Russia had become one of Israel's top oil suppliers, although it is believed that more than \$1 billion a year from these petroleum transactions were carried

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<sup>92</sup> Sergei Blagov, "Russia Ready to Take on the Oil World," *Asia Times Online*, Feb. 14, 2004

<sup>93</sup> "Russian-Israeli Cooperation: A Threat to Saudi Oil?," *STRATFOR Global Intelligence*, July 16, 2003

<sup>94</sup> Ibid.

out by Russian entities registered in Cyprus.<sup>95</sup> In 2004, an Israeli official indicated in Moscow that Israel was interested in increasing oil supplies from Russia. That said, the economic and political benefits made possible by the Reverse Flow Project were even sweeter when the BTC pipeline became operational in 2006.

### **The BTC is Inaugurated**

When the first drops of Azeri oil filled the BTC pipeline in May 2005 (10 million barrels of oil are required to fill the BTC) at the Sangachal Terminal on the Caspian coast near Baku, a major turning point was reached in the Azeri-Israeli energy relationship. The first oil reached Ceyhan at 23:00 hours Baku time on May 28, 2006 enabling loading of the first lifting.<sup>96</sup> Shortly thereafter, on July 6, 2006, the BTC's inauguration ceremony was held in Ceyhan. Attending the ceremony was Israeli Minister of National Infrastructures Binyamin Ben-Eliezer and United States Secretary of Energy Bill Richardson. If Israel was previously cautious about publicly discussing its oil relationships, in this case, the Israeli government flaunted the details of its relationship with Azerbaijan. Azerbaijan, on the other hand, risked upsetting the Iranians by selling oil to the Jewish State. Baku expected reassurance from the United States and Turkey that its interests would be protected from Iranian meddling in oil exploration and extracting.<sup>97</sup> Iran disproved of the BTC because it denied Tehran potential energy transport revenues and supported a primary enemy of Iran: Israel. On August 25, 2006, Israel received the first Azeri oil load via the Baku-Tbilisi-Ceyhan pipeline for its own

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<sup>95</sup> Sergei Blagov

<sup>96</sup> "BTC Lifts First Oil From Ceyhan," *British Petroleum Press Release*, June 4, 2006.

<sup>97</sup> Alexander Murinson, "Azerbaijan-Turkey-Israel Relations: The Energy Factor."

domestic consumption.<sup>98</sup> It was only the sixth shipment of crude oil from the BTC via Ceyhan to the international markets.<sup>99</sup>

### **Have Oil, Will Travel: Baku-Tbilisi-Ceyhan-Ashkelon-Eilat-Asia**

From the annual Caspian Oil and Gas show in Baku on June 8<sup>th</sup>, 2006, Israeli Minister of National Infrastructure Benjamin Ben-Eliezer proclaimed:

*“We and the Azerbaijani side are interested in transporting Azerbaijani oil from Ceyhan [the Turkish port in the Mediterranean] through the ‘Ashkelon-Eilat’ pipeline towards the Red Sea and from there to such large markets as India and China... This pipeline is the shortest and cheapest way from the Mediterranean to the Red Sea.”<sup>100</sup>*

With the BTC up and running, Israel was ready to expand its role in the global energy market with oil from Azerbaijan. Ben-Eliezer’s announcement came on the heels of Kazakhstan’s announcement in early June that a new agreement for transportation of 25 million tons of Kazakh oil through the BTC would be signed in the coming weeks.<sup>101</sup> For years, the State Oil Company of Azerbaijan Republic (SOCAR) and the major actors in the BP-led AIOC had been investing considerably in Turkish oil and gas markets, setting up refining and fuel marketing ventures. The United States alliance with Israel, Azerbaijan and Turkey would compete with Russia in the effort to bring Caspian petroleum to Asia. By late 2006, the table was set for an expansion of the Azeri-Israeli energy relationship.

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<sup>98</sup> “Delivery of First Azeri Oil to Israel via BTC Important Event,” *Alexander’s Gas & Oil Connections, News & Trends: Middle East*, Vol. 11 #17 (2006)

<sup>99</sup> Alexander Murinson, “Azerbaijan-Turkey-Israel Relations: The Energy Factor.”

<sup>100</sup> Fariz Ismailzade, “Israel Shows Interest in Azerbaijani Energy and Trade Projects.” *Eurasian Daily Monitor* Volume 3, Issue 112: 9 June (2006)

<sup>101</sup> Ibid.

In December 2006, Israel and Turkey commissioned a feasibility study to examine the possibility of constructing an “underwater infrastructure corridor” between the Turkish port of Ceyhan and Haifa, Israel – a distance of approximately 460 km. This potential infrastructure corridor (pipeline), known as the “MED Stream”, would consist of three to five underwater pipes to transport crude oil, natural gas, electricity, water, and fiber-optics. If this project were to be completed, Israel would be physically connected to Azerbaijan, and therefore the Caspian’s petroleum and natural gas reserves. In late October 2007, the Israeli government announced the study found the project economically viable, and that the possibility of India joining the agreement was being considered.<sup>102</sup> The study team had researched several options for energy delivery from Turkey to Israel. The shipments would include crude oil (20-50 million tons a year), natural gas (4-10 BCM), electricity (4,200 MW) and water (400-1,000 m. cubic meters a year).

Currently, Israel is considering two methods of filling the MED Stream with petroleum. In the coming months/years the Israeli government will have to make an important decision of which sources to use. The first option would simply link the BTC petroleum pipeline in Ceyhan to bring Azeri and Kazakh oil to Asian markets via the MED Stream and TIPLine. The second option, currently being discussed with Russian and Kazakh producers, would link the MED Stream to the currently under-construction Samsun pipeline (scheduled for completion in 2010).

For the MED Stream to come to fruition as a natural gas corridor, Israel has to make an additional choice. The first option would be to link the BTC with the BTE

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<sup>102</sup> “Significant Progress in Advancing the Infrastructure corridor project (Med Stream) between Turkey and Israel,” *Israel Ministry of National Infrastructures Press Release*, Oct. 24, 2007.

natural gas pipeline (Baku – Tbilisi – Erzerupm) which conveys Azeri gas from the immense reservoirs of the Caspian Sea (the Shah-Deniz gas field) and in the future, perhaps gas from Kazakhstan and/or Turkmenistan. The second option (which could be combined with the first) would link the MEDStream with Russia's Blue Stream pipeline which delivers Russian gas to Turkey via the Black Sea.<sup>103</sup> If the feasibility study runs on schedule, the current target date for the completion of the MED Stream pipeline is 2012 – 2013.

Policy makers in Israel, Azerbaijan and the United States will have many concerns as the MED Stream corridor planning continues. The first is whether or not the benefits of the pipeline are worth the incredible costs (estimates range between 2 – 4.5 billion dollars) and engineering complications to construct an underwater pipeline as opposed to shipping the materials between Turkey and Israel. The second concern is related to both capacity and politics. Will the TIPLine be able to service both Russian and Azeri producers looking to move their products to Asia? Will the capacity concerns lead to larger political drawbacks for the countries involved? Will Israel be forced to pick sides in an all-or-nothing competition over its pipeline infrastructure? Or can capacity be increased and political discourse aimed towards the goal of mutual benefit (countering Saudi influence in Asian markets for example)?

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<sup>103</sup> Ibid.

# Transportation Systems from the Caspian Area



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<sup>104</sup> Map Courtesy of ENI (Italy)

## **Azerbaijan, Israel and India May Start with Ships on the Mediterranean**

While the MED Stream remains a functional pipeline only on paper, pragmatic Israel and Azerbaijan are pursuing other avenues to move Azeri oil to the large Asian markets. On a visit to India in February 2008, Turkish Foreign Minister Ali Babacan offered to facilitate the supply of Caspian oil to India via Israel through a combination of overland pipelines and supertankers. During his visit, Babacan said that a feasibility report on the project will be conducted soon.

**Map: Potential Oil Route from Baku to India**



(Graphic Courtesy of the *Asia Times*)

Babacan's plan would move Azeri oil through the BTC pipeline, where it would be sent from Ceyhan across the Mediterranean Sea by tanker to the Israeli port of Ashkelon. From Ashkelon, the crude would move through Israel's TIPline, where it would again be loaded onto super tankers, sent through the Gulf of Aqaba and the Red Sea via the Gulf of Aden, and the Arabian Sea to India. The Turkish Foreign Minister said



that his offer - conceived by the United States and Israeli National Infrastructure Minister Benjamin Ben-Eliezer - holds the promise of a well-established route by which energy-hungry India could access Central Asian reserves in contrast to "less-practical alternatives".<sup>105</sup>

India has a significant need for imported oil, importing about 70% of its oil requirements, a dependence expected to increase to over 91% by 2020.<sup>106</sup> About half of India's imports come from Gulf Cooperation Council (GCC) countries - Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.<sup>107</sup> India, like the United States, is a country looking to decrease dependency on unstable Middle Eastern oil markets: India is looking towards the Caspian to diversify its oil supply. Its search has become even more urgent after a series of failures to secure bids on oil contracts recently available in Nigeria, Kazakhstan, Myanmar and Canada between 2006 and 2008. India also realizes that a land-based pipeline linking the Caspian and India is politically impossible because Iran, Pakistan, Afghanistan - thousands of miles of rugged and hostile terrain - stand in the way.

Considering India's immediate neighbors to the West, the Turkish petroleum offer should be very appealing to India. Firstly, the BTC and TIPLINE infrastructure already exists. Secondly, moving Azeri oil through Israel allows India to skip the expensive Suez route. In addition, as the *Asia Times* notes, "Israeli ports, already supplied by super tankers, accommodate larger vessels than those that can pass through the Suez Canal, and tariffs for the Ashkelon-Eilat pipeline are lower than those charged by Egypt for shipping

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<sup>105</sup> "Azerbaijan – The Turkish Market & Transit Facilities - Oil Pipe Lifeline To India." *APS Review Oil Market Trends*, July 14, 2008.

<sup>106</sup> Sudha Ramachandran. "Turkey Offers Oil Pipe Lifeline to India," *Asia Times Online*, Feb. 27, 2008.

<sup>107</sup> Ibid.

through the Suez, itself a more congested route than the Gulf of Aqaba. Costs could fall further if a proposed undersea pipeline connecting Ceyhan with Israel goes ahead.”<sup>108</sup>

Securing oil for the Azeri-Turkish-Israel-U.S. deal is another matter for India. As mentioned, India has not been consistently successful in winning stakes in Central Asian oil fields. According to the *Asia Times*, OMEL, an Indian joint venture of state-run ONGC-Videsh Ltd, the overseas arm of Oil and Natural Gas Corp (ONGC) and Mittal Energy Ltd, has been looking for stakes in Kazakhstan, Turkmenistan and Azerbaijan. These deals are in different stages of progress and a finalization of any remains elusive.<sup>109</sup> In Azerbaijan, Tata Petrodyne Ltd, a wholly owned subsidiary of India's Tata Sons, has united with the Indian Oil Corporation (a refining corporation) and exploration firm Oil India Ltd to place a bid for a 51% stake in Shivan Oil Operating Company held by Caspian Energy Group (CEG). Shivan runs the Kyurovdag oil field in Azerbaijan. The *APS Review of Oil Market Trends* notes that in this context, Turkey's offer to India has considerable potential: at least the pipelines which might bring Azeri oil and gas to India already exist, with the BTC and South Caucasus Pipeline (SCP) in operation.<sup>110</sup> On the Israeli side, a supply deal with Turkey would extend India's links with Israel. In affect, moving Azeri oil to India helps Israel strengthen ties to three nations – India, Turkey and Azerbaijan – four nations if one includes Georgia which has a share in the BTC's profits.

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<sup>108</sup> Ibid.

<sup>109</sup> Ibid.

<sup>110</sup> “Azerbaijan – The Turkish Market & Transit Facilities - Oil Pipe Lifeline To India.” *APS Review Oil Market Trends*, July 14, 2008.

## Azeri Gas: A Crucial Element of Israel's Energy Future

Israel is in the throes of an “energy revolution” aiming to integrate natural gas into its electrical and industrial economy. Until now, this study has focused on the importance of Azeri petroleum for the government of Israel. However, Jerusalem is equally determined to gain access to Azeri natural gas. As Brig. Gen. (Res.) Binyamin Ben-Eliezer, Israeli Minister of National Infrastructures noted in October 2008, “Israel today is at the height of a revolution whose main focus is the integration of natural gas into the electricity and industrial sectors. The desalination plant in Ashkelon, which is one of the largest in the world, is using natural gas, as is the paper mill in Hadera.”<sup>111</sup> In Feb 2009, Ben Eliezer noted he had full confidence that the energy economy division would be 20% solar, 40% natural gas and 40% coal-based by 2020.<sup>112</sup>

Well before Israel's recently declared “energy revolution” [which in addition to natural gas conversion includes large investments in solar technology, electric cars, and numerous other renewable technologies], Israel has been seeking stable sources of natural gas. Since the 1980s Israel's need for gas has grown exponentially. By 2010, Israel's need for natural gas is projected to reach 282.5 billion cubic feet.<sup>113</sup> Furthermore, as noted by scholar Alexander Murinson, “The Israel Electric Company, the national electricity provider, is currently investing \$1.5 billion in the construction of eight additional natural gas power plants. Turkey intends to play a role in the supply of natural gas to Israel through its territory and participates in the critical projects for the Israeli

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<sup>111</sup> Brig. Gen. (Res.) Binyamin Ben-Eliezer, “Energy as an Element of Israel's National Security.” *Jerusalem Center For Public Affairs: Jerusalem Issue Brief*, Vol. 8 #13 (2008)

<sup>112</sup> Rachel Neiman, “US-Israel Sign Agreement of Cooperation in Renewable Energy.” *Israel Ministry of Foreign Affairs Press Release (Israel 21C)*, Feb. 26, 2006.

<sup>113</sup> Murinson, Alexander. “Azerbaijan-Turkey-Israel Relations: The Energy Factor.”

power network. In fact, in October 2005, the Turkish conglomerate Zorlu Energy signed a major contract to participate in construction of the Ashdod gas-based power plant in southern Israel.”<sup>114</sup>

Israel’s decades-long search for a reliable source of natural gas has been hindered by a number of barriers. The first is faced by every non-natural gas-producing nation which hopes to import natural gas: how will the gas physically be delivered? Natural gas can only be moved in two ways: in gas-form via pipeline or in liquid form (Liquid Natural Gas (LNG)) via tanker. LNG is a very expensive and dangerous method of moving natural gas, and Israel’s neighbors (with the exception of Egypt) are not conducive to land-based pipeline deliveries. After years of political delay, Egypt agreed in June 2005 to supply Israel with \$2.5 billion (USD) worth of natural gas over the next 15 years.<sup>115</sup> Although this was a significant addition to Israel’s energy portfolio, Jerusalem still seeks additional sources of gas to meet internal demand.

Israel almost secured a stake in Turkmenistan, Azerbaijan’s Caspian neighbor to the east, and host to the world’s 2<sup>nd</sup> largest natural gas reserve. In the 1990s, Yosef Maiman, then CEO of the Israeli energy conglomerate Merhav, developed close ties with Turkmenistan’s unique leader Saparmurat Niyazov (Turkmenbashi). According to Murinson, “Merhav became the largest foreign contractor of the Turkmen oil and gas industry... In October 1998, Merhav negotiated with the Turkmenbashi government for a \$3 billion deal to build a trans-Caspian gas pipeline (TCGP) that would bypass Russian territory. Earlier that same month, Turkish President Suleiman Demirel and Saparmurat Niyazov signed a long-term agreement for the supply of Turkmen gas to Turkey via the

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<sup>114</sup> Ibid.

<sup>115</sup> “Egypt, Israel Sign US \$2.5 Billion Gas Deal,” *Israel Insider*, June 30, 2005.

Israeli Merhav-backed pipeline. This pipeline was expected to be a substantial component of the U.S.- sponsored "East-West Corridor" and would run along the Baku-Tbilisi-Ceyhan oil pipeline. Despite the high cost estimate of its construction, the United States lent support for the project... The American government hoped these projects would guarantee Turkey's energy needs, and possibly be a future power source for Israel. The Merhav deal included the prospective development of upstream gas resources, negotiating rights of way with Azerbaijan and Georgia, and constructing a 2,000 kilometer pipeline capable of transporting 30 billion cubic meters of gas annually.”<sup>116</sup>

Israel and the United States’ joint goal to build a Turkmen trans-Caspian natural gas pipeline bypassing Russia was never fulfilled. Russian and Iranian opposition to the TCGP became too severe. Both Russia and Iran cited environmental risks when rejecting the TCGP, but a closer look reveals that geopolitics were at play. Russia does not want to lose its monopoly on east Caspian gas exports, and Iran does not want to remain isolated, lose its opportunity to extract Caspian reserves, or allow the Jewish State and the United States of America to succeed. Still, Azerbaijan, Israel, the United States, and Turkey have not lost hope on constructing the TCGP.

Addressing an international energy conference in Baku in March 2006, Azerbaijan's Industry and Energy Minister Natig Aliyev outlined the advantages of a trans-Caspian gas pipeline from Turkmenistan and Kazakhstan via Azerbaijan to the South Caucasus. Aliyev underscored the project's value for diversifying supplies and restraining prices. In addition, Aliyev urged Turkmenistan and Kazakhstan to become part of the project without waiting for approval from other Caspian countries -- an allusion to Moscow and Tehran. He noted that impediments to a seabed pipeline are

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<sup>116</sup> Murinson, Alexander. “Azerbaijan-Turkey-Israel Relations: The Energy Factor.”

political, not technical.<sup>117</sup> Azerbaijan, Israel, the United States, Turkey, and Europe know: to ensure their long-term energy security, they will have to break the Russian monopoly on Caspian gas exports. The BTC was the first step in breaking this regional monopoly, and the TCGP is a crucial next step to assure Western energy security in the coming decades.

In March 2001, Azerbaijan signed its own natural gas export deal with Turkey. Azeri gas is extracted from Azerbaijan's Shah Deniz gas field and runs via the South Caucasus Pipeline (SCP) [also: Baku-Tbilisi-Erzurum Pipeline, BTE pipeline or Shah-Deniz Pipeline] to Turkey. It is this pipeline that Israel hopes to extend from Erzurum to Ceyhan and eventually to the MED Stream and Israel. The SCP would also be linked to the TCGP (if its construction becomes possible). As the TCGP negotiations continue, the South Caucasus pipeline may be the best way for Israel to diversify its natural gas imports. Therefore, Azeri gas is primed to become an integral part of Israel's natural gas portfolio. In May 2006, Israeli National Infrastructure Ministry Director-General Hezi Kugler, held talks with Azeri officials about possible future gas supplies, but no details of the negotiations were released.<sup>118</sup>

The United States is optimistic about Azerbaijan's natural gas future. The US Energy Information Agency states, "With the addition of the Shah Deniz natural gas and condensate field and the South Caucasus Pipeline, Azerbaijan will become a large natural

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<sup>117</sup> Vladimir Socor, "Azerbaijan Spearheading Initiative on Trans-Caspian Gas Pipeline," *Eurasia Daily Monitor*, Vol. 3 Issue 62. March 30, 2006.

<sup>118</sup> John C.K. Daly. "Azerbaijan Joins the Middle East," *Eurasia Daily Monitor*, Vol. 5 Issue 91. May 13, 2008.

gas provider to Turkey and to Europe in the upcoming decade.”<sup>119</sup> Israel does not want to miss the boat on this natural gas endeavor.

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<sup>119</sup> John C.K. Daly, *Azerbaijan Joins the Middle East*

## ***Notable Bilateral Cooperation Outside of the Energy Sector***

After Azerbaijan was defeated by the Armenians and lost the Nagorno Karabakh territory, Baku asked Jerusalem to help rebuild its devastated military. The potent Israeli defense industry obliged, selling Azerbaijan advanced aviation, antitank, artillery, and anti-infantry weapon systems.<sup>120</sup> Since then, the exchange of defense technologies from Israeli to Azerbaijan has continued. Ilya Bourttman noted that in 2004, press reports revealed an undisclosed Israeli weapons system was being sent to Turkey to be assembled and then delivered to Azerbaijan. Bourttman writes: "While Israeli, Turkish, and Azerbaijani officials denied the report - Israeli policy prohibits confirmation of such deals - an Azerbaijani military official defended the purchase, saying "our country's interest in Israeli weapons is natural as this country possesses up-to-date types of weapons, military hardware, and special equipment.""<sup>121</sup> The military arena was not the only economic area that saw significant Israeli-Azeri cooperation in the early years of their relationship. In 1995, an Israeli journalist visiting Baku observed that Israeli goods were flooding the market. "Strauss ice cream, cell phones produced by Motorola's Israeli division, Maccabee beer, and other Israeli imports are ubiquitous," she wrote.<sup>122</sup>

As Azerbaijan deregulated its industries and liberalized markets, corporations in Israel strove to enter its economy. The first company to do so was Bezeq, a major telephone subsidiary. Bezeq built and continues to operate telephonic infrastructure throughout the country. In March 1994, Bakcell was established as a joint venture between the Israeli company GTIB and Azerbaijan's Ministry of Communication.<sup>123</sup> It

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<sup>120</sup> Ilya Bourttman

<sup>121</sup> Ibid.

<sup>122</sup> Ibid.

<sup>123</sup> The Israel Export and International Cooperation Institute. *Azerbaijan Telecommunications Market*.



was the first cellular communication company in Azerbaijan. From 2000 to 2005, Israel went from being Azerbaijan's tenth largest trading partner to its fifth. This relationship has enormously benefited Baku's economy: According to U.N. statistics, between 1997 and 2004, exports from Azerbaijan to Israel increased from barely \$2 million to \$323 million.<sup>124</sup>

On February 21<sup>st</sup>, 2006, an Azerbaijan-Israeli business forum took place in the Azeri town of Guba, 170km to the north of Baku in the Caucasus Mountains. Businessmen from northern Azerbaijan and Israel came together to discuss applied technologies in processing and packaging of agricultural products, drip irrigation systems, fish breeding, and agricultural planning. Those participating included the Israeli companies Netafim, Tahal, Arbel, Fabren Gardes, and members of the Azerbaijan Parliament. The Israeli participants reported results from the use of advanced technologies (applied by small and medium-scale businesses) in milk, vegetable and meat, processing and packaging of agricultural products, drip irrigation, agricultural planning, and training courses. A local Member of Parliament, Vahid Ahmedov, said the businessmen of northern Azerbaijan needed long-term loans with low interest rates to develop their businesses. Local officials and the Parliament members, who initiated the meeting, asked the Israeli companies to fund several projects in the northern provinces of Azerbaijan. A representative from the Israeli agricultural company Nefatim said he would be able to arrange a low interest loan to help Azerbaijani businessmen.<sup>125</sup>

During 2005 and 2006, economic relations between Israel and Azerbaijan experienced a boom period. Trade turnover reached \$205.8 million (USD) in 2005 and

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<sup>124</sup> Ilya Bourttman

<sup>125</sup> The Israel Export and International Cooperation Institute, "Azerbaijan: Israel Companies Demonstrate Advanced Agricultural Technologies," March 1, 2006.

\$104.5 million in the first quarter of 2006 alone, which is several times higher than the first quarter of 2005.<sup>126</sup> On June 8, 2006, Heydar Babayev, Azerbaijan's Minister of Economic Development, noted great potential for trade expansion between the two countries and that a new agreement on protection and encouragement of investments between Azerbaijan and Israel was under preparation. "Azerbaijan is interested in developing the non-oil sector of the economy and that is why the offer from the Israeli side to develop cooperation between the businessmen of the two countries is very useful for us," Babayev said.<sup>127</sup>

In February 2007, Heydar Babayev visited Israel and met with senior Israeli cabinet members Tzipi Livni, Benyamin Ben Eliezer and Avigdor Lieberman. The visit resulted in the first bilateral economic treaty signed between the two nations on investment protection. During the trip, Babayev visited various hi-tech, agricultural, venture capital, infrastructure and construction companies. Babayev also visited the Eilat-Ashkelon Pipeline and Israel's national water company – MEKOROT. Israel's Ambassador to Baku, Arthur Lenk, said of the visit: "While Israel is already Azerbaijan's second largest trading partner, a goal of the visit is to jointly discover additional areas for cooperation. One exciting idea is promoting Israeli hi-tech involvement in Azerbaijan and seeking partnership for joint investments – both in Azerbaijan and in Israel".<sup>128</sup> In a statement during his visit, Minister Babayev emphasized that trade exchange between Azerbaijan and Israel was \$700 million last year (2006). While most is Israel's purchase of Azerbaijani oil, he stressed there is "great potential and prospects for development of

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<sup>126</sup> Fariz Ismailzade. "Israel Shows Interest in Azerbaijani Energy and Trade Projects." Eurasian Daily Monitor Volume 3, Issue 112: 9 June (2006)

<sup>127</sup> Ibid.

<sup>128</sup> Embassy of Israel in Azerbaijan. *Newsletter: Archive*.

agriculture melioration, irrigation and tourism relations, inviting Israeli entrepreneurs to join projects with Azerbaijan. Business forums, exhibitions and other events are planned to be held in order to promote cooperation economic relations between the two nations”.<sup>129</sup>

In March 2007, the Embassy of Israel in Baku and the United States Agency for International Development (USAID), in cooperation with MASHAV (Israel's Center for International Cooperation), held a unique training course in Israel entitled “Irrigation Systems for Intensive Crop Production” for Azerbaijani businessmen and officials. After a competitive selection process, twenty-five business owners, farmers, and representatives from the Amelioration and Water Farm Company were chosen from various regions of Azerbaijan to participate in the training. During the course, the participants learned about new Israeli irrigation methods and strategies to manage agricultural systems. The participants also met with irrigation system companies during this visit. This training is another example of growing cooperation between the State of Israel and the Republic of Azerbaijan. While most MASHAV programs allow for only one or two participants from a range of countries, this course was tailor-made for candidates from Azerbaijan. It was the first ever all-Azerbaijani training course to take place in Israel.

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<sup>129</sup>Embassy of Israel in Azerbaijan. *Newsletter: Archive*.



**Azerbaijani Farmers Inspect Israeli Suspended Strawberry Beds**<sup>130</sup>

That same month, an Azerbaijani delegation headed by Kamaladdin Heydarov, Minister of Emergency Situations, visited Israel to witness an emergency preparedness and crisis management exercise carried out by the Israeli government. The participation of the Azerbaijani delegation in the trainings offered a unique opportunity to observe and gain information about Israeli emergency defense potential. Minister Heydarov stated that these trainings are not new for Azerbaijan. He added that it is important to take part in such exercises and exchange of experience. Heydarov also noted he plans to have Azerbaijani emergency service specialists trained in Israel.<sup>131</sup>

According to information published by Israel's Central Bureau of Statistics (CBS), Israeli exports to Azerbaijan in the first 11 months of 2007 reached \$80.4 million (USD). This is a rise of 202% over the same period in 2006, and the largest percentage gain in the world for Israeli exports. According to the CBS figures, Israeli exports to Azerbaijan in 2006 totaled \$28 million; in itself a significant increase over the total of \$5.4 million the previous year. In 2007, key Israeli exports to Azerbaijan included technology and machinery, medical equipment, and paper products.

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<sup>130</sup> Photo Courtesy of USAID

<sup>131</sup> Embassy of Israel in Azerbaijan. *Newsletter: Archive*.

Last year, 2008, was also very active in the realm of Azeri-Israeli bilateral relations. In May, Israel's Minister of Agriculture and Rural Development, Shalom Simhon, visited Azerbaijan. During his visit he met with Azerbaijani President Ilham Aliyev, Ismat Abbasov, Minister of Agriculture and Heydar Babayev. In their meetings they discussed how to further advance their development and cooperation in the field of agriculture. Azerbaijani officials emphasized the importance of using Israeli technology and experience for the development of Azerbaijan's agricultural sector and Minister Simhon expressed readiness to share Israel's skills with Azerbaijan. Minister Simhon visited a new Azerbaijan-Israeli strawberry farm joint venture using Israeli technology in the Azeri village of Mahammadli. Simhon also hosted a seminar on Israeli Business Opportunities in Agriculture for Azerbaijani businessmen.

A delegation from Israel's construction supply sector visited Baku in July 2008. The construction boom in Azerbaijan has lead Israeli construction companies to show an increasing interest in the Azerbaijan construction sector. Representatives of six well-known Israeli companies brought a variety of technologies to demonstrate and sell to Azerbaijani construction companies. The delegation's visit also included a trade forum where each of the Israeli companies gave a short presentation to potential Azerbaijani partners. Additionally, about 40 one-on-one meetings took place between Israeli and Azerbaijani companies. Finally, the Israeli delegation visited a number of key construction sites in the Baku area including the Park Bulvar shopping mall project and the renovation of the historic Bibiheybat Mosque.

In September 2008, the Israeli newspaper *HaAretz* reported that Israel and Azerbaijan closed a weapons deal worth hundreds of millions of dollars.<sup>132</sup> These deals are classified, and therefore the newspaper did not provide specific details of this military cooperation. That said, the Israeli Defense Ministry has announced it will sell the Azeri government ammunition, mortars and radio equipment. Several Israeli firms were involved in the deal. The company Soltam will supply mortars and ammunition, and Tadiran Communications will provide the radio equipment.<sup>133</sup>

In November 2008, the “Israel-Azerbaijan Hi-Tech Opportunity Seminar,” co-hosted by the Embassy of Israel and Azerbaijani Ministry of Communication and Information Technology, took place in Baku. At the seminar, Azeri Minister of Communication and Information Technology, Ali Abbasov, emphasized his appreciation for Israel-Azerbaijan cooperation, particularly in the technology sector. Minister Abbasov called the non-oil sector a priority for the Azerbaijani government and emphasized that Israel was a model for the development of Azerbaijan’s hi-tech information and communication technologies (ICT) sector. The seminar, organized within the framework of the 2008 Bakutel exhibition, also included presentations by five leading Israeli companies. Amos Spacecom, Gilat SATCOM, Gilat Satellite Networks, Radwin, and Ness Technologies offered a variety of innovative and effective solutions and technologies appropriate for development of the hi-tech sector in Azerbaijan. Following the seminar and throughout their visit, representatives of the Israeli companies took the opportunity to meet Azerbaijani companies and discuss collaboration.

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<sup>132</sup> Yossi Melman, “Israel and Azerbaijan Close Multi-Million Dollar Arms Deal,” *HaAretz*, Sept. 26, 2008.

<sup>133</sup> *Ibid.*

In February of this year (2009), the Government of Israel announced exports to Azerbaijan in 2008 broke records for the third consecutive year. According to figures released by Israel's Central Bureau of Statistics, Israel exported a total of \$128,896,130 in 2008, a 56.4% increase over the 2007 figure of \$82,416,290. Azerbaijan was Israel's 41st largest market in 2008, ahead of established partners Portugal, Ireland, Serbia, Bulgaria and Norway. For Azerbaijan, Israel has become its third largest trading partner and bilateral trade between the two states encompassed 6.4% of Azerbaijan's total trade. According to figures announced by Azerbaijan's Statistical Committee, Israel imported approximately \$3.5 billion of goods (mostly oil) from Azerbaijan in 2008.

## ***Conclusion***

The bilateral relationship formed between the governments of Azerbaijan and Israel has become vital to both nations. One Muslim nation and one Jewish nation, both constantly under threat, have collaborated in the spheres of politics, energy, security, and economics for great mutual benefit. Furthermore, as demonstrated, this relationship holds strategic significance to the United States.

## **The Importance of Israel to Azerbaijan**

Alignment with Israel in the early years of its independence allowed Baku to guide itself towards the West and away from Russia's sphere of influence. Based on history and geography, Baku must maintain cordial relationships with Moscow. However, cooperation with Israel has allowed Baku to achieve an incredible amount of independence within a complicated geopolitical region. This same truth holds for Baku's complex relationship with Iran. Although Azerbaijan shares historical, cultural and religious ties with Tehran and is one of Iran's biggest trading partners, Baku has worked with Israel to stymie Iranian meddling in Azeri affairs. Jerusalem and Baku have also collaborated to hinder the expansion of Islamic extremism within Azerbaijan's borders through intelligence and security cooperation.

Ties with Israel have brought a large amount of foreign investment and capital into Azerbaijan. Israeli companies have been involved in numerous sectors of the Azeri economy, and business ties continue to grow substantially with each passing year. Israel provides high-tech technologies to Azerbaijan ranging from modern telecom infrastructure to modern agricultural methods, first-rate military hardware and



construction technologies. Israel has also become Azerbaijan's greatest client in the energy sector, which is the most profitable for Baku.

Azerbaijan also relies on the American Jewish community to lobby on its behalf in the halls of the U.S. Congress because it lacks a large and politically-organized American diaspora. The American Jewish community may have been the central factor in having Section 907 of the Freedom Support Act waived every year since 2001 by the President of the United States – allowing U.S. foreign aid to enter Azerbaijan. By cooperating with Israel in numerous areas, Baku strengthens its relationship with the United States: Israel's greatest ally.

### **The Importance of Azerbaijan to Israel**

Israel's strong relationship with Azerbaijan allows it to be involved in Caspian affairs. Primarily, Israel has gained access to critical Azeri oil and gas supplies, and energy movements out of the region. Baku also serves as a base for Israeli endeavors into Central Asia - Kazakhstan and Turkmenistan in particular. Involvement in Azerbaijan allows Jerusalem to support the significant Azeri Jewish community. Moreover, a cordial relationship with Azerbaijan provides Israel a secular Muslim ally, a crucial element of Israel's greater foreign policy strategy. This relationship also provides benefits towards Israel's representation in international organizations such as the United Nations, World Trade Organization, and Organization of the Islamic Conference (OIC) of which Azerbaijan is a member.

Israeli businesses have thrived in Azerbaijan. Israel has become Azerbaijan's third largest trading partner and Israeli exports to Azerbaijan broke records for a third consecutive year in 2008. In 2008, Israel imported approximately \$3.5 billion of goods

from Azerbaijan. This figure represents nearly 4.5% of Azerbaijan's total gross domestic product. Israelis have given Azeri's cellular phones, arms to rebuild its distressed military, and the world's most sophisticated strawberry-growing technologies.

By sharing a mutual fear of Iranian ambitions in the region, Israel benefits from its cooperation with Azerbaijan to negate Tehran's ambitions in the Caspian. As I noted, it is believed that Baku has gone as far as to allow Israel to collect intelligence along the Azerbaijan-Iran border. Furthermore, cooperation with Baku to quash the rise of Islamic expansionism in the region provides Israel with a strategic advantage. This in turn helps Israel support its American ally's mutual goal of curbing Iranian involvement in Caucus and Middle Eastern affairs. Additionally, close relations with Baku allow closer Israeli relations with Turkey, a NATO member and American ally.

### **The Importance of the Azeri-Israeli Relationship to the United States**

The Azeri-Israeli relationship would not have blossomed into its current state had it not been for the United States. The collapse of the Soviet Union caught the Azeri government in a wave of global strategic forces. During this time, the United States collaborated with Azerbaijan to instigate new large-scale oil and gas extraction from the Caspian Sea. This US-led expansion of the petroleum sector, combined with Baku's quest for foreign assistance, opened the door for Israeli cooperation. Azerbaijan saw the United States and Israel as Western allies who could provide the assistance necessary to move it out of Russia's sphere of influence and thereby facilitate Azerbaijani modernization. American and Turkish leadership in creating the East-West Corridor and the Baku-Tbilisi-Ceyhan Pipeline, has opened the door to ever-increasing energy cooperation between Azerbaijan and Israel.

Some American observers argue that developments in Azerbaijan are largely marginal to U.S. strategic interests.<sup>134</sup> These observers recommend extreme caution in adopting policies that heavily involve the United States in a region weighed down by ethnic and civil conflicts. Others argue that since the European Union recognizes the South Caucasus region as part of its “neighborhood,” it should be the primary actor in the region. I believe these arguments are erroneous. The current geopolitical climate mandates comprehensive American engagement in Azerbaijan. By supporting Israel’s energy ambitions vis-à-vis Baku, the United States can continue to create a counterbalance to Russian and Iranian influence in the Caspian. Moreover, as Israel has learned, close ties with Azerbaijan could benefit U.S. relations with other Islamic countries, particularly those in Central Asia where the United States has recently experienced diplomatic setbacks. Involvement in the Caucasus and Central Asia is critical for United States in combating Islamic extremism in the region. U.S. involvement is also crucial for facilitation of energy partnerships sought by the United States and its allies; particularly the facilitation of the TCGP from Turkmenistan to Azerbaijan. In addition, energy resources in the Caspian region are a U.S. strategic interest because Azerbaijani and Central Asian oil and natural gas deliveries would lessen Western energy dependency on Russia and the Middle East.

The United States faces extreme challenges in its Central Asian, Caucasian, and Middle East foreign policy. Washington constantly has to strive to assure a steady and affordable supply of energy. For this reason, I cannot imagine the United States modifying its strong support of the Azeri-Israeli relationship in the early years of the

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<sup>134</sup> See: U.S. Congressional Research Service. Armenia, Azerbaijan, and Georgia: Political Developments and Implications for U.S. Interests (RL33453; November 6, 2008), by Jim Nichol

Obama presidency. It is safe to assume the new President will hear from U.S. allies Israel and Turkey and their respective lobbies in the United States on this matter in the coming months. The Israeli-Azeri energy relationship has become too important to be left off the table. Furthermore, as I have mentioned, the Azeri-Israeli effort to curb Iran's influence in the Caucasus serves American interests. Cooperation between Baku and Jerusalem in breaking the Russian near-monopoly of energy movements out of the Caspian serves the same purpose. Finally, working with Israel to strengthen Baku's alliance with the West provides the United States with a critical, secular, Muslim ally in a difficult neighborhood.

## **Opportunities and Challenges**

The recent reelection of Binyamin Netanyahu supports continued growth of the Azeri-Israeli relationship. On April 3, 2009, Israeli Ambassador Arthur Lenk stated bilateral relations between Azerbaijan and Israel will continue to develop at previous levels. Ambassador Lenk noted, "Netanyahu visited Baku in the middle of the 90s and he has a very strong understanding of the importance of our relations. [Current Foreign Minister] Avigdor Lieberman was in Baku less than two years ago as Deputy Prime Minister at that time. He is very focused on our relations and considers Azerbaijan as important partner."<sup>135</sup>

Nonetheless, challenges remain. Azerbaijan has never opened a permanent diplomatic mission in Israel as the Israelis have done in Baku. The reasoning for this Azeri decision is based on their desire not to provoke neighboring Iran or the Arab nations composing the OIC of which Azerbaijan is a member. In a period of uncertain

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<sup>135</sup> U. Sadigova. "Israeli-Azerbaijani Relations to be Developed During New Government: Ambassador," *Trend News*, April 3, 2009.

American-Israeli-Iranian relations, it is unclear how Azerbaijan will choose to proceed. Iran has declared on several occasions that if the U.S. or Israel take military action against its territory, it will retaliate against targets in Azerbaijan. Regardless of this threat, the Azeri government has made it clear it has no intention of abandoning its strategic partnership with Israel. According to Azerbaijani officials, Baku plans to open a trade office in Israel which could serve the same role as a diplomatic mission. In an interview with the *Jerusalem Post*, Azeri Foreign Minister Elmar Memmedyarov added “having full diplomatic relations will happen for sure.”<sup>136</sup>

Israeli business and government interests are committed to further investment in Azeri energy, agricultural and other business sectors. The Azeri government has shown its willingness to work with any nation as long as its partnerships serve Azerbaijan’s national interests. As clearly demonstrated throughout this paper, Israel fits this mold. Oil, Islam and strawberries will continue to unite pragmatic Azerbaijan and Israel long into the future.

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<sup>136</sup> Shamkhal Abilov. “Why Azerbaijan Has No Full Diplomatic Relations with Israel,” *Journal of Turkish Weekly*, December 25, 2008.

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## **Maps**

### **Map: Azerbaijan and Israel's Neighborhood**

Courtesy of the [Perry-Castañeda Library Map Collection](#)

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### **Map: Middle East**

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**Map: The BTC and Other BP Interests in the Caspian**

Courtesy of British Petroleum

Available from:

[http://www.bp.com/liveassets/bp\\_internet/globalbp/STAGING/global\\_assets/images/IC\\_UMP\\_BP\\_in\\_Azerbaijan\\_375xvar.gif](http://www.bp.com/liveassets/bp_internet/globalbp/STAGING/global_assets/images/IC_UMP_BP_in_Azerbaijan_375xvar.gif) (Accessed 3/15/09)

**Map: The Caspian Region**

Courtesy of the Energy Information Administration (EIA)

Available from: <http://www.eia.doe.gov/cabs/Caspian/Background.html> (Accessed 3/2/09)

**Map: The Caspian Oil Fields of Azerbaijan**

Courtesy of the Perry-Castañeda Library Map Collection

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**Map: The Trans-Israel-Pipeline System in 2009**

Courtesy of the Eilat-Ashkelon Pipeline Company

Available from: <http://www.eapc.co.il/pipelines.html> (Accessed 3/18/09)

**Map: Transportation System from the Caspian Area**

Courtesy of: ENI

Available from: [http://www.eni.it/it\\_IT/attachments/media/comunicati-stampa/2007/04/Rete\\_Trasporto\\_961\\_595.gif](http://www.eni.it/it_IT/attachments/media/comunicati-stampa/2007/04/Rete_Trasporto_961_595.gif) (Accessed 3/19/09)