



# BULLETIN

## Embassy of the Republic of Azerbaijan

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*Dear friends,*

We are delighted to launch a new printed bulletin of the Embassy of Republic of Azerbaijan aimed at informing regarding developments in Azerbaijan, enhancing awareness about the status of the Canada-Azerbaijan relationship and exchanging ideas on further development.

Since the beginning of operation in September 2004, the Embassy has been working on the development of bilateral cooperation between Azerbaijan and Canada.

I was appointed by the President of the Republic of Azerbaijan as the Ambassador of the Republic of Azerbaijan to Canada on May 22, 2009 and presented my credentials to the Governor-General The Right Honorable Michaëlle Jean on October 2, 2009. I am looking forward to my tenure in Canada for furthering and expanding the bilateral relations for the benefit of both peoples.



Photo by Sat Seræe Guoin. Rideau Hall

Along with highlighting the achievements and developments in Azerbaijan and in bilateral cooperation via electronic newsletters and press releases regularly issued by the Embassy, we have also decided to launch the print publication to further promote the information exchange.

Through this communication tool, the Embassy hopes to have a mutual dialogue with various segments of Canadian society and expresses its readiness to assist in promoting political, economic, educational, cultural links between the two countries.

**Farid Shafiyev**  
Ambassador

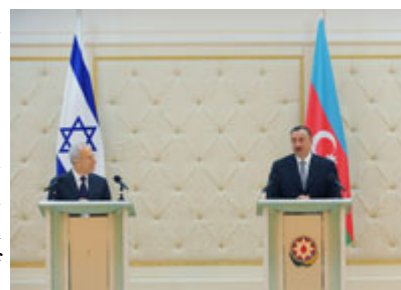
Along with the process of consolidation of independence regained in 1991, development of economic welfare, enhancement of democratic values and rule of law, Azerbaijan seeks to strengthen its regional and global position. Being the leader of the South Caucasus region and driving force of many regional projects held, Azerbaijan is also a reliable partner in the

international community striving for peace and stability in the world. The strategic location, natural resources, active involvement in transnational issues and international fora increases the interest in the country. The frequent visits of high-profile officials to Baku, the capital of Azerbaijan reflects the abovementioned fact.

## Foreign Policy: 2009 at a Glance

### Israeli President Visits Azerbaijan

On June 28-29, following the one-on-one meeting and talks between the delegations, the two Presidents Ilham Aliyev of Azerbaijan and Shimon Peres of Israel attended the ceremony of signing documents on culture, education, IT and science cooperation between the two states. President Aliyev in his speech expressed his satisfaction with the level of bilateral cooperation. The Azerbaijani President said that there are good prospects of cooperation between the two countries in economic and humanitarian spheres. Israel supports the principle of Azerbaijan's territorial integrity in the resolution of the Armenia-Azerbaijan conflict. Israeli President Shimon Peres also voiced



his position towards the Armenia-Azerbaijan conflict. "Despite the occupation you have managed to preserve your culture and optimism. I understand the problem of a million of refugees and IDP in the country with a population of over 8 million people. This means that every eighth citizen of the country is a displaced person. But you cope with this problem with dignity". Stressing high tolerance in the country, he expressed his gratitude for the good attitude towards the Jewish community in Azerbaijan. The Azerbaijan-Israel business forum, held during the meeting, brought together representatives from about 70 Azerbaijani companies and 50 Israeli businessmen.

### Polish President Lech Kaczynski Pays Official Visit to Azerbaijan

On July 2, Polish President Lech Kaczynski paid an official visit to Azerbaijan. Azerbaijan and Poland have signed several documents following talks between the two countries' delegations chaired by Presidents Ilham Aliyev and Lech Kaczynski. The documents concerned the Statute of the Consultative Committee of two presidents, a Protocol of intention between the State Oil Company of the Azerbaijan Republic and Grupa Lotos JSC and a Plan of cooperation for 2009-2010 between the Security Councils of the two countries. The Polish President said that the bilateral relations cover various fields and partnership with Azerbaijan is very important and has good development prospects. Azerbaijani President also expressed his confidence that the documents signed during the visit will strengthen the partnership.



### Ukrainian President Visits Azerbaijan

The President of Ukraine Viktor Yushchenko was given an official welcome in Baku on April 9th. Following a one-on-one talk, Presidents Ilham Aliyev and Viktor Yushchenko, the Council of the Presidents of the two countries held its first meeting and following that, several bilateral documents were signed. Most important among them was "The plan of action on the Azerbaijan-Ukraine cooperation for 2009-2010" which the Ukrainian President defined as "a clear plan for developing our relations and exact vision of prospects of bilateral relations". President Ilham Aliyev in his turn, expressing his satisfaction with the talks and outcomes of the visit, said that strategic cooperation between the two countries serves both national interests. "Today we have

deeply discussed a range of issues which are important not only for our countries, but for the whole region, for Europe, and initiatives we plan to launch in the field of transport for delivering the Caspian's energy resources to the world markets and diversify energy supplies, and the role of Ukraine and Azerbaijan in this regard".

### **Georgian President in Baku for an Official Visit**

Georgian president Mikheil Saakashvili paid an official visit on May 20-21. A strategic partner in regional projects and a close ally of Azerbaijan, Georgia has the same aspiration to join Euro-Atlantic structures as Azerbaijan and the two countries cooperate in this direction. Regional projects like Baku-Tbilisi-Ceyhan oil pipeline, Baku-Tbilisi-Erzurum gas pipeline and Baku-Akhalkalaki-Kars railway project have contributed to the benefit of both countries. During the visit several documents of mutual concern were signed between the corresponding state institutions. Georgian President visited Milli Majlis, National Parliament, and met parliamentarians. During his speech he noted that Azerbaijan and Georgia have friendly and brotherly relations. Azerbaijan extended its helping hand to Georgia during the country's hard days. Mikheil Saakashvili noted development in Baku is a result of right and successful policy pursued in the country

### **Turkish Premier Visits Azerbaijan**

Recep Tayyip Erdogan, Prime Minister of Turkey, Azerbaijan's closest ally visited Azerbaijan on May 13th. In their one-on-one meeting, the two presidents emphasized the high level of bilateral relations based on the brotherhood between Azerbaijani and Turkish peoples. Mr. Erdogan said the "meeting is the best reply to those attempting to cast shadow on our cooperation". He stressed that Turkey was the first country to recognize Azerbaijan's independence and that Azerbaijan and Turkey protect each other's interests in the international community. He pointed out that Turkey closed its borders with Armenia after it occupied the Azerbaijani territories, adding the border will not be opened until they are liberated. "As long as the Armenia-Azerbaijan conflict is not resolved, peace and security in the South Caucasus region is impossible", underlined Mr. Erdogan. The Premier also noted European and Asian countries would derive benefit from settlement of the Armenia-Azerbaijan conflict. The Turkish Prime Minister also met with Azerbaijani parliamentarians and delivered a speech in Milli Majlis, National Parliament.



### **Russian President Paid Working Visit to Baku**

On June 29th, Russian President Dmitry Medvedev arrived in Baku for a working visit. During their joint press conference, the two Presidents Ilham Aliyev and Dmitry Medvedev expressed their satisfaction with the high level of political and economical interaction between the countries. "Today, we laid a good basis for effective cooperation in the gas field. Today, Gasprom and SOCAR signed a deal which marks a new chapter in our relations. I think this will be very successful and mutually beneficial cooperation" said President Aliyev. Several documents, including an agreement on the Caspian Sea, diplomatic issues, real estate and a memorandum on main principles of completing delimitation of the state border were signed during the visit. The Russian President, remembering the agreement on friendship and partnership concluded last year, said "frequent bilateral meetings contribute to the development of bilateral strategic ties". The President also stressed that the Nagorno-Karabakh conflict between Armenia and Azerbaijan has all chances to be solved in the near future, and Russia is ready to do best for this. Azerbaijani President, thanking for Russia's active participation in the resolution process, said that Azerbaijan supports the solution of the Armenia-Azerbaijan conflict on the basis of UN resolutions and the question of self-determination of peoples can be resolved within the territorial integrity of Azerbaijan.

## Visit to Greece

On February 16 -17, President Ilham Aliyev paid a state visit to Greece where he met with his Greek counterpart Karolos Papoulias and signed several documents, including the convention on the avoidance of double taxation with respect to taxes on income and on property, an agreement on air cooperation, on IT cooperation, a memorandum on renewable energy reserves and energy efficiency. “We are sure that results of the visit will be successful and have a positive impact on bilateral ties... much work has been done to ship Azerbaijani energy resources to the world markets for the past years. In this respect, development of Azerbaijan-Greece relations will positively impact on it”, the Azerbaijani President noted when making statement for the media.



President Ilham Aliyev recalled his participation in the inauguration of the Turkey-Greece pipeline, adding this pipeline marked the beginning of the new era in Azerbaijan-Greece relations and regional energy cooperation. The transit corridor Italy-Turkey-Greece is deemed to transport the gas supply from Caspian basin to Greece and Italy and to other European countries. The capacity of the pipeline is going to be 12 billion cubic meters.

## Azerbaijani President Visits London

Azerbaijani President Ilham Aliyev paid an official visit to the UK on July 12-14 where he met with British Premier Gordon Brown. The British Premier congratulated the Azerbaijani leader on the economic achievements his country has reached. He said that Great Britain and Azerbaijani have “successful cooperation” in various fields, including energy”. British Premier also praised Azerbaijan’s “active participation” in antiterrorism coalition, democratic reforms held in the country and successful development of Azerbaijan-European Union relations. He also stressed his country’s further support to Azerbaijan in international arena. Azerbaijani President spoke about enhanced bilateral cooperation in various fields and informed the



British Premier about Azerbaijan’s economic achievements in economic, energy and non-oil sector. The President also met with Elizabeth II Queen of the United Kingdom of Great Britain and Northern Ireland in Buckingham Palace and Prince Andrew, Duke of York. He also delivered a speech in the Royal Institute of International Relations on the topic “Foreign Policy Challenges for Azerbaijan”. During the official visit, President Aliyev also met the head of British Council, members of the parliament, and BP executive director.

## Azerbaijani Foreign Minister Paid Official Visit to Georgia

On April 1-2, Azerbaijan’s Foreign Minister Elmar Mammadyarov was in Georgia for an official visit where he met with the country’s leadership. During his meeting with President Mikheil Saakashvili, Mr.Mammadyarov described the two countries` bilateral relations as successfully developing. Mr. Saakashvili praised the current level of the Azerbaijan-Georgia relations. He said Azerbaijan had always rendered assistance to his country during its difficult times, describing the fact as “an example of brotherhood”. Mr. Mammadyarov`s meeting with Prime Minister Nika Gilauri focused on a variety of issues, including regional security, maintenance of mutual investment, energy and transport. The Baku-Tbilisi-Kars railway project was also touched upon, and the Georgian Premier said that a tender will soon be announced to start the second stage of the project. Azerbaijani FM also met his counterpart Mr. Grigol Vashadze to exchange views on several issues, including current level of the bilateral ties, joint energy and transport projects, cooperation within international and regional organizations, GUAM`s work and EU`s Eastern Partnership program. The two ministers discussed the Nagorno-Karabakh conflict, and Mr. Mammadyarov thanked the Georgian government for “always supporting Azerbaijan’s fair stance and its efforts to restore its territorial integrity.” The two sides also signed a 2009 plan of action to conduct consultations between the foreign ministries of Azerbaijan and Georgia.

## **Azerbaijani Foreign Minister Meets US Secretary Of State**

During his visit to US on May 6, Azerbaijan's Foreign Minister Elmar Mammadyarov has met US Secretary of State Hillary Clinton. The US Secretary of State said the two countries have very common views on a number of issues. "Today's meeting with Mr. Mammadyarov will allow us to explore ways to further expand and deepen our relations," she added. Mrs. Clinton pointed to Azerbaijan's strategic location, saying it is very important both for the region and the whole world. Mr. Mammadyarov said he hopes the talks with the US Secretary of State will serve to take the cooperation with the United States forward. As part of his visit, the foreign minister also met US National Security Adviser James Jones and Special Envoy for Eurasian Energy, Ambassador Richard Morningstar to discuss the Azerbaijan-US relations, Nagorno-Karabakh conflict, Azerbaijan's contribution to global anti-terror war, and Eurasian energy infrastructure.

## **Azerbaijani Foreign Minister Meets Japanese Premier in Tokyo**

As part of his visit to Japan on June 17-19, Foreign Minister of Azerbaijan Elmar Mammadyarov met with the country's Prime Minister Taro Aso. The Japanese Premier said that his country attaches significant importance to cooperation with Azerbaijan. He praised the current level of bilateral political and economic ties. Touching upon energy cooperation between the two countries, Mr. Aso said "Japanese government is interested in deepening cooperation with Azerbaijan in other areas as well". Minister Mammadyarov noted that the two countries share the same position on numerous regional and international issues. He pointed out Azerbaijan was interested in using Japanese technologies in non-oil sector. The Azerbaijani Foreign Minister also met with his Japanese counterpart Hirofumi Nakasone. The two ministers praised an active dialogue between Azerbaijan and Japan and political consultations between the two countries. The Azerbaijani minister thanked the Japanese government for supporting various programs in his country through Official Development Assistance (ODA), which funded a number of important projects in the country's regions. Mr. Nakasone praised the geopolitical position and energy policy of Azerbaijan, saying stability in the country will contribute to peace and security in the South Caucasus.



## **Azerbaijan-NATO Consultations Held in Brussels**

The Foreign Minister of Azerbaijan Elmar Mammadyarov and his accompanying delegation including high-level officials from ministries of Defense, National Security, Internal Affairs, Emergencies and State Border Service visited NATO Headquarters in Brussels on July 15. Mammadyarov met with NATO top officials and attended a North Atlantic Council-Azerbaijan meeting. During the Azerbaijan-NATO consultations, the talks focused on bilateral cooperation, implementation of Azerbaijan's Individual Partnership Action Plans (IPAPs), regional security, as well as transportation of Azerbaijan's energy resources to European markets. NATO highly appreciated reforms carried out in Azerbaijan in security sector and the country's contribution to operations of the International Security Assistance Force in Afghanistan. The Alliance also praised the cooperation with Azerbaijan in science, education and environment. These kinds of consultations between Azerbaijan and NATO are held once a year.

## **Baku Hosts International Conference on Defense Policy and Strategy**

An international conference entitled "Defense Policy and Strategy" was held in Azerbaijan's capital, bringing together the country's officials, NATO experts and foreign military attaches. Opening the event, Azerbaijan's Deputy Minister of Foreign Affairs Araz Azimov said NATO must ensure security not only of its members, but also its partners. "Azerbaijan is ready to review conceptual aspects of its cooperation with NATO. We need to increase the quality of our work under joint programs. Strategic partnership and cooperation with NATO must be based on mutual trust." The conference has been co-organized by the Azerbaijan Foreign Ministry and NATO.

# Azerbaijan

## *Brief introduction*

Azerbaijan is one of the cradles of human civilization, whose track is engraved in Gobustan stones, an ancient cave dwelling which a famous Norwegian explorer Thor Heyerdahl called “spreading center of the Caucasian people”. Azerbaijan was also an ancient place of worship of Zoroastrians attracted by myriads of flames from oil fields. Christianity arrived in Azerbaijan with the mission of St. Eliseus and in IV-VII century it was a dominant religion in Azerbaijan. During the Middle Ages Azerbaijan contributed to the development of Islamic science and arts. In time of oil boom on the verge of XIX and XX centuries Azerbaijan, producing half of the world oil input, allured many business people and artists who brought to our capital Baku bouquet of new gothic and baroque. In 1908 Azerbaijani composer Uzeir Hajibeyov staged the first Oriental opera “Leyli and Medjnun” in Baku.

Azerbaijan was the first Republic in the East established on May 28, 1918, with functioning parliament. In the same year woman suffrage was granted in Azerbaijan – a year earlier than in Canada. Unfortunately, the life of the Azerbaijan Democratic Republic was short and ended in 1920.

Decades of striving of the Azerbaijani people to live in a free and independent state led to the restoration of independence on October 18, 1991. The Republic of Azerbaijan became a member of the United Nations on March 2, 1992.

Today the people of Azerbaijan, comprising various ethnic and religious groups, are working to develop modern and democratic state with a free market and solid social institutions. Our major foreign policy objectives are to eliminate threats to our independence and territorial integrity, integrate with European and Euro-Atlantic structures, promote trans-regional economic projects, and contribute to the strengthening of global security.

## Politics

### *Azerbaijan-Canada bilateral relations*

The Embassy of Azerbaijan in Canada is pursuing the goal of enhancing political, economic and trade relations between the two countries. The Canadian-Azerbaijani Interparliamentary Friendship Group (CAIFG) plays a very important role in this endeavor. The CAIFG was established in 2006, enrolling members of different parties from the Parliament of Canada. It played a significant role not only in Interparliamentary cooperation between the two countries, but also in the political and economic relationship.

On March 12, 2009, on Parliament Hill, the CAIFG held its annual meeting. Senators and Members of the Parliament from the Conservatives, Liberals and Bloc Quebecois attended the meeting along with representatives of the Embassy of the Republic of Azerbaijan. Representatives of the Assembly of Azerbaijani Canadian Organizations, Association of Progressive Muslims of Canada, B’Nai Brith Canada also attended the event. Ms. Yasmin Ratansi, MP (L), is the chair of the CAIFG and Senator David Smith (L) and Mr. Barry Devolin, MP (C) are Vice-chairs of the Group.

The CAIFG members led by Senator David Smith visited Azerbaijan in 2008 on the occasion of 90th anniversary of the Azerbaijani Parliament, established in 1918 during the period of the Azerbaijani Democratic Republic.

### *Azerbaijan and International Security*

Azerbaijan actively engages in the Euro-Atlantic processes on the basis of common democratic values such as the promotion and protection of human rights, the rule of law, free market economy and respect for international law. We believe that the Euro-Atlantic integration enlarges the boundaries of democracy, stability and prosperity throughout our continent.

Since Azerbaijan regained its independence, European and Euro-Atlantic political, security and economic institutions has always been and continues to be one of its main foreign policy priorities. NATO-Azerbaijan Partnership started gaining momentum after the Partnership for Peace Framework Document signed in May of 1994. As a vivid proof of its adherence to peace, Azerbaijan has been supporting the efforts of the international community in the Service of Peace.

Kosovo was the first test ground for Azerbaijani peacekeeping forces. Since September 1999 a peacekeeping platoon of Azerbaijani Armed Forces numbering 34 personnel as part of the Turkish peacekeeping battalion served in Kosovo under

the command of NATO. Participation in KFOR has improved further the professional experience of peacekeeping forces of Azerbaijan and paved the way for contribution to future peace support operations. On April 15, 2008, the Azerbaijani troops serving in Kosovo returned home.

Azerbaijan's determination to participate actively in the anti-terrorist coalition was followed by the decision to join with peacekeeping platoon the Afghanistan. The number of Azerbaijani peacekeepers in ISAF was raised to 45 in January 2008. At the NATO Bucharest Summit Azerbaijan's President declared the intention of further increasing the military contingency in Afghanistan. Azerbaijan's contribution to peace and security in Afghanistan goes beyond the peacekeeping mission and includes the inputs in civil-military reconstruction of the country such as the education of Afghan officers and civilians in Azerbaijan, contribution to road construction, contribution to humanitarian demining projects, and financial contribution to the NATO Trust Fund project etc. In August 2003, a peacekeeping contingent of Azerbaijani Armed Forces numbering 151 personnel was sent to Iraq for participation in the operation conducted by the coalition forces for restoration of security and stability in Iraq and the contingent successfully completed the task given to it.

### *National Security*

#### Armenia-Azerbaijan conflict

As a result of the aggression of the Republic of Armenia against the Republic of Azerbaijan about 20 percent of the territories of Azerbaijan are currently occupied. Since February 1992, the process of mediation efforts on the settlement of Armenian-Azerbaijani conflict within the Conference for Security and Cooperation in Europe (hereinafter - OSCE) has been going on.

In 1993, the UN Security Council adopted resolutions 822, 853, 874 and 884 calling for the cessation of hostilities, unimpeded access for international humanitarian relief efforts, and the eventual deployment of a peacekeeping force in the region. The UN also called for the immediate, complete and unconditional withdrawal of all ethnic Armenian forces from the occupied territories of Azerbaijan.

On 25 December 2005, the Parliamentary Assembly of the Council of Europe (PACE) adopted a resolution 1416 entitled "The conflict over the Nagorno-Karabakh region dealt with by the OSCE Minsk Conference". The Parliamentary Assembly reaffirmed the occupation of a considerable part of the territory of Azerbaijan and expressed its concern that the military action, and the widespread ethnic hostilities which preceded it, led to large-scale ethnic expulsion and the creation of mono-ethnic areas which resemble the terrible concept of ethnic cleansing. The Assembly made it clear that the occupation of foreign territory by a member State constitutes a grave violation of that State's obligations as a member of the Council of Europe and reaffirmed the right of displaced persons from the area of conflict to return to their homes safely and with dignity. The Assembly also recalled the relevant resolutions of the UN Security Council and urged the parties concerned to comply with them, in particular by withdrawing military forces from any occupied territories.

#### Position of Azerbaijan towards the conflict settlement

Although the mediation efforts conducted for some time within the framework of the OSCE have not always been consistent and have yet to yield results, Azerbaijan continues to be committed to solving the conflict peacefully and in a constructive manner.

The strategy of the government of Azerbaijan is aimed at the liberation of all occupied territories, the return of forcibly displaced population to their homes, and the establishment of durable peace and stability in the Nagorno-Karabakh region of Azerbaijan, as well as in the entire South Caucasus. The ultimate objective of the settlement process is to elaborate and define the model and legal framework of the status of the Nagorno-Karabakh region within Azerbaijan. Azerbaijan believes that the process of definition of any status should take place in normal peaceful conditions with direct, full and equal participation of the entire population of the region, namely, the Armenian and Azerbaijani communities, and in their constructive interaction with the government of Azerbaijan exclusively in the framework of a lawful and democratic process.

However, it is very difficult to hope for a substantial breakthrough judging from a position, on which Armenia persists. Indeed, the military actions against Azerbaijan were aimed from the very beginning at seizing the territories by means of force and fundamental change of their demographic composition. Therefore, it is exactly for the purpose of unilateral secession Armenia wants to retain control over some occupied districts, prevents the displaced Azerbaijani population from returning to their homes and thus excludes equal consideration of opinions of both communities. It is obvious that this approach of Armenia cannot serve as a sound basis for the conflict resolution. To hold otherwise would be tantamount to

accepting the consequences of breaches of the rule of law and human rights, or, in other words, prevalence of force over justice.

While being committed to the peaceful settlement of the conflict, Azerbaijan, however, will never compromise its territorial integrity and thus accept a fait-accompli based solution, which the Armenian side is trying to impose. The conflict can only be solved on the basis of respect for the territorial integrity and inviolability of the internationally-recognized borders of Azerbaijan, and peaceful coexistence of Armenian and Azerbaijani communities in the Nagorno-Karabakh region, fully and equally enjoying the benefits of democracy and prosperity.

The continuation of “no peace-no war” situation without concrete prospects for the soonest resolution of the conflict represents a permanent direct threat to the security, independence and democratic development of Azerbaijan. It is also the main source of instability in the whole South Caucasus.

## Economy

### *Canada-Azerbaijan relations*

According to the statistics trade relations between Canada and Azerbaijan increased in 2008. Canada’s total import from Azerbaijan reached 1,168,295 billion dollars in 2008. The same year Canada’s total export to Azerbaijan amounted 19,713 million dollars.

Business relations between Azerbaijan and Canada have also been increased in recent years, but a lot of potential still remains unrealized. The Embassy of Azerbaijan is focused on the promotion of economic relations between our countries and is working to encourage Canadian businessmen to invest in the Azerbaijani Economy. As a result of the Embassy’s efforts, Canadian businessmen visited Azerbaijan and met with their counterparts on June 20, 2007. Also in May 10-12, 2009, within the framework of Canadian-Turkish Business Council Conference held in Istanbul, Azerbaijani Export & Investment Promotion Foundation gave a presentation about the *Business Environment* in Azerbaijan and was highly appreciated by Conference participants.

### *General information about Azerbaijani Economy*

According to the World Bank’s *Doing Business 2009* Report, **Azerbaijan is one of the ten biggest improvers** in the world on economy. In the first half of 2009 gross domestic product (GDP) of Azerbaijan has grown 3.6 percent and non-oil GDP - 4.1 percent, which indicates that the future of the country is less dependent on the oil factor. Rate of inflation has decreased and amounted 3.7 percent over last six months.

Despite the world financial crisis, the impact of it has been minimized in Azerbaijan. The incomes of the population increased 19 percent and average monthly salary 15 percent. The second stage of the State Program on Socio-Economic Development of Regions has been launched and the main projects were implemented in the transport sector.

One of important directions of Azerbaijan’s foreign economic policy is relations with international financial-credit and economic structures. Much has been done in this field over the passed time. Azerbaijan became member of almost all the prestigious international structures, as well in 1992 International Monetary Fund, World Bank, European Bank for Reconstruction and Development, Islam Development Bank, in 1999 Asian Development Bank and carries out regular consultations with these organizations on issues concerning transition to market economy, use their financial resources.

### *Energy Security*

One of the priorities of economic policy of Azerbaijan was preparation of an oil strategy of an independent state. Implementation of this strategy started in September of 1994 by signing the 30-year contract between Azerbaijan State Oil Company and 13 popular oil companies (Amoco, BP, McDermott, Unocal, SOCAR, LUKoil, Statoil, Exxon, Turkiye Petrolleri, Pennzoil, Itochu, Ramco, Delta) of a number of countries of the world (USA, Great Britain, Russia, Turkey, Norway, Japan and Saudi Arabia) on joint exploitation of 'Azeri', 'Chirag' wells and deep part of 'Guneshli' well in Azerbaijan sector of Caspian Sea and share division of oil production. 20 September of 1994, which was written with golden letters in new history of independent Azerbaijan, will always be remembered by present and future generations. 'Contract of century' is bright reflection of implementation of new oil strategy, which is the economic development concept of independent Azerbaijan.

## Oil

Azerbaijan is rich in mineral resources, the most important of which is oil. According to calculations Azerbaijan has 13 billion barrel proved oil reserves. The main oil fields are on the Apsheron Peninsula and the Caspian Shelf. The richest deposits of oil have been discovered in the aquatics to the south of Apsheron. Azerbaijan is one of the world's oldest oil-producing countries. The country's oil industry experienced a boom at the end of the 19th and the beginning of the 20th century. During World War II, Azerbaijan produced approximately 500,000 barrels per day. However, oil production in Azerbaijan dropped off dramatically in the post-war years as the Soviet Union directed resources for energy development to other regions. In addition, due to extensive oil development combined with a lack of environmental protection measures, Azerbaijan's coastline and the Caspian Sea suffered heavy environmental damage during the Soviet era. The years of independence marked a new era of oil exploration and production.

## Natural Gas

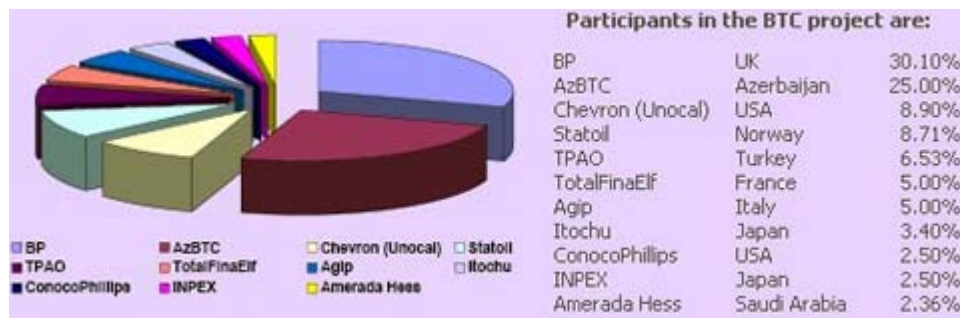
Azerbaijan has huge natural gas reserves. The Shah Deniz natural gas field, which was discovered in 1999, is estimated to contain between 25 trillion cubic feet (Tcf) and 39 Tcf, making it the largest find of the last 20 years. Over 95% of Azerbaijan's gas production comes from offshore fields, rather than onshore. It is expected that increased future production will come from the Nakhchivan, Gunashli, and Shah Deniz fields. Currently, the State Oil Company of Azerbaijan produces some 85% of Azerbaijan's natural gas.

## Energy strategy of Azerbaijan

In recent years Azerbaijan has strengthened its state independence, achieved stable social and political status, moving towards democracy, market-oriented economy, having ensured thereby gradual integration into the world economy. Implementation of this policy enabled Azerbaijan to play an important role in the geo-politics of the Caucasus and in the Caspian Region. Azerbaijan has turned into the geopolitical centre concentrating the interests of the USA, the states of Europe and Asia not only because of its oil and gas reserves but also due to the key location on the Black Sea - Caspian Sea basin. The realization of tremendous projects on exploration of hydrocarbon resources and their further transportation to the world market has turned Caspian region into one of the key regions in the XXI century. The course of "oil diplomacy" of the Azerbaijan government aimed for attraction of foreign, especially Western, companies to energy projects of the Caspian Sea has already shown and is still showing its benefit.

## Baku-Tbilisi-Ceyhan pipeline

Heydar Aliyev Baku-Tbilisi-Ceyhan Main Export Pipeline is an international project designed for the transportation of crude oil, produced from the oilfield in Azerbaijan sector of the Caspian Sea, to the international markets. The length of the BTC pipeline route is 1, 767 km, of which 443 km are in Azerbaijan, in Georgia - 248 km, in Turkey - 1,076 km. The design life of the pipeline is 40 years, while the capacity is 1 billion barrels (50 mln. tones) of oil per annum. 1 million barrels per day or 50 million tones per year. The BTC pipeline was officially inaugurated on July 13, 2006 by the Presidents of Azerbaijan, Turkey and Georgia in Ceyhan, Turkey.



## Baku-Tbilisi-Erzurum Gas pipeline

The Baku-Tbilisi-Erzurum Pipeline is a natural gas pipeline to transport natural gas from the Shah Deniz gas field in the Azerbaijan sector of the Caspian Sea to Turkey. 42 inches (1,070 mm) diameter gas pipeline runs in the same corridor as the Baku-Tbilisi-Ceyhan pipeline. It is 692 kilometres long, of which 442 kilometres is laid in Azerbaijan and 248 kilometres

in Georgia. The initial capacity of the pipeline is 8.8 billion cubic meters (bcm) of gas per year, and after 2012 its capacity could be expanded to 20 bcm per year.

#### *Other regional projects*

Trilateral Agreement “On **Baku-Tbilisi-Kars** New Railway” between the Government of the Republic of Azerbaijan, the Government of Georgia and the Republic of Turkey was signed at the meeting with participation of President of the Republic of Azerbaijan Ilham Aliyev and President of Georgia Mikhail Saakashvili and Prime-Minister of the Republic of Turkey Rejep Tayyip Erdogan in Tbilisi on February 7, 2007. Implementation of the international project of Baku-Tbilisi-Kars railway line and construction of railway line tunnel in Bosphorus, along with providing connection of Trans-Europe and Trans-Asia railway networks and carrying freight and passengers directly through Azerbaijan, Georgia and Turkey territories will serve increasing the transit potential of regional countries, accelerate the processes of integration in Europe, develop the cooperation within the framework of European Neighborhood policy, intensify state independence and national liberation of Azerbaijan as well as serve to expand the foreign economic relations of our country.

### ***Transparent Economy***

On December 29, 1999 the Decree 'On Establishment of State Oil Fund of Azerbaijan' was signed. Major goal of creation of Oil Fund was to ensure fair division of oil wealth among Azerbaijani people. One of main targets of Fund is to collect and increase oil revenues for future generations and to use these revenues for present generations by taking into consideration current social needs of country, economic progress and development requirements. The first funds from Oil Fund were allocated to funding the measures concerning improvement of social-domestic circumstance of refugees and IDPs that are most sensitive section of Azerbaijani people and live under hardest conditions.

Important works are being implemented in direction of meeting the requirements of economy and population to energy resources. As a bright example of this, 'State Program on development of fuel-energy complex of Azerbaijan Republic (2005-2015)' was prepared by Industry and Energy Ministry and confirmed by Decree 635 of President of Azerbaijan dated February 14, 2004 in order to ensure energy security in the country and meeting the growing demands of energy resources in a more effective manner. Being one of major fields of Azerbaijani economy in all times, agriculture played important role in development of country and assurance with necessary consumption products.

### ***The United Nations Public Service Award***

Numerous positive results achieved within a short time by reforms implemented in all fields of the economy prove once again the correctness of economic policy. As a result, some governmental structures received awards from different international organizations. During the 7th Global Forum on *Reinventing Government* held on June 26-29, 2007 at the United Nations headquarters in Vienna, the State Oil Fund of the Republic of Azerbaijan (SOFAZ) received the United Nations 2007 Public Service Award. The UN Public Service Award – the Trophy and Certificate for Improving Transparency, Accountability and Responsiveness in Public Service was presented to the State Oil Fund respectively which is a first governmental agency that received the UN Public Service Award among the governmental institutions of the Eastern Europe and CIS countries.

### ***World Bank: Azerbaijan is a Top Reformer***

On September 12, 2008 Azerbaijan was included to the list of the World Bank's top 10 countries that simplified their business regulations, according to the annual "Doing Business" report released in 2008 by the World Bank. The report said Azerbaijan undertook reforms in 7 of the 10 areas studied by the report, including making it easier to start a business, contract enforcement and property registration, easing tax administration burdens and employment restrictions, and strengthening investor protections and credit information.

### ***Anti-corruption measures***

In May 2009, former Canadian MP, Mr. John Williams (the Global Organization Against Corruption-GOPAC) met with *South Caucasus Parliamentarians' Network against Corruption-CAUPAC* members in Baku, Azerbaijan to further discuss the concepts and agenda of GOPAC. This is an international network of parliamentarians dedicated to good governance and combating corruption throughout the world. Anti corruption measures implemented in Azerbaijan was highly appreciated by GOPAC.

Azerbaijan was also one of the first countries to sign up to the Extractive Industries Transparency initiative (EITI) which is helping to develop a more effective anti corruption agenda. Since the State Oil Fund's operations, especially the results of the EITI have always been a matter of interest of internationally renowned non-governmental organizations.

The United Nations General Assembly adopted a resolution on the subject of “Strengthening Transparency in Industries” that was brought before members to a vote by the Government of Azerbaijan. The resolution, which passed unanimously, gives strong backing to the EITI and emphasizes that transparency and accountability should be embraced and promoted by all its member states. The resolution was co-sponsored by 22 other countries, including **Canada**.

### *IT and Communication*

Azerbaijan also attaches a great importance to the development of Information Technologies sector. The country has a wide network of academic institutions and laboratories specialized in ITC – Cybernetic Institute of the National Academy of Sciences.

In 2003, the Government of Azerbaijan adopted the National Strategy for the Development of Information Technologies and Communication (ITC) sector, and the creation of information society. The Government has been implementing some other programs – Electronic Azerbaijan, Program on ICT Provision of Secondary and High Schools. The Government simplified many procedures for license acquiring. Many regional ICT hubs were established. Rates and tariffs for communication services were reduced for 35-60 %. Some joint state ITC enterprises have been privatized. The government stipulates the establishment of independent entity in charge of ITC regulations. The presence of foreign ITC companies in Azerbaijan is enhancing – Intel, IBM, Cisco, Microsoft, Siemens, Ericsson, Alkatel, etc. Local ICT companies are strengthening at the domestic market – AZEL, RISK, Ultra.

In light of these, the delegation of the Republic of Azerbaijan led by Deputy Minister of Communication and Information Technologies Mr. Iltimas Mammadov visited Canada on October 9-13, 2007. The visit was sponsored through “Partnership for Tomorrow Program 2” funded by the Canadian International Development Agency (CIDA), and administered by the Association of Universities and Colleges of Canada (AUCC). The goal of the visit was to learn the Canadian experience in managing and developing IT clusters as well as to foster the partnership between Azerbaijani and Canadian IT sectors at different levels. The Azerbaijani Delegation explored the prospect of the creation of sustainable partnerships between the Government of Azerbaijan, selected private sector organizations and academic research institutes and Canadian counterparts.

## **Humanitarian Affairs and Education**

The Embassy of Azerbaijan is developing bilateral relations with Canada in the spheres of Education and Science. The Embassy is actively cooperating with academic institutions and think tanks to foster joint research and student exchange.

The Government of Azerbaijan has adopted the Azerbaijani Students’ Study Abroad State Scholarship Program for 2007-2015 that aims to send up to 5,000 students to world class universities in various countries including Canada. The Ministry of Education of Azerbaijan is actively working with the *Association of Universities and Colleges of Canada* to this end.

*Munk Centre* for International Studies (University of Toronto) is among the think tanks that the Embassy has been working with. On March 28, 2008 in the University of Toronto a scholarly conference on Azerbaijan’s Foreign Policy and Security was held jointly by the Centre of European, Russian and Eurasian (CERE) Studies at the Munk Centre and the Embassy of Azerbaijan in Canada. The key speaker was Professor Thomas Goltz, author of *Azerbaijan Diary*, a much-acclaimed account of Azerbaijan's immediate post-Soviet years. The presentations were followed by commentaries of CERES’ professors Dr. Robert Austin, Dr. Lucan Way and Dr. Edward Schatz. The Conference brought together scholars and practitioners to review modern developments in Azerbaijan, its role in the Caspian region and its policy objectives.

The Embassy is also working with *the Norman Paterson School of International Affairs* (Carleton University) which has been training Canada's graduate students in international affairs. Within the framework of the cooperation with NPSIA the Embassy is organizing a scholarly conference entitled “Azerbaijan in the Caspian Geopolitical Context” to be held on November 12, 2009.

## Cultural Affairs

### "Baku - the Capital of Islamic Culture 2009"

Baku, the capital of Azerbaijan was declared the capital of Islamic culture of 2009. Located at the crossroads of East and West and historically serving as the bridge between Western and Oriental traditions, it has benefited from both. Now, when the year of 2009 was launched as the year of Islamic culture in the capital, the ceremony brought together Islamic and European culture.

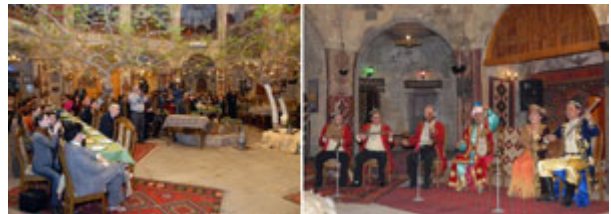
"Baku is a very important and historic place for the Islamic culture and civilization", said Director-General of the Islamic Educational, Scientific and Cultural Organization, ISESCO, Abdulaziz Othman Altwaijri, who arrived here to attend the official launch of the culture year, adding the Azerbaijani capital "today combines past, present and future of the Islamic world". President Ilham Aliyev noted "as an independent country Azerbaijan tries with its policy, and practical work to bring the Islamic world closer, and strengthen the Islamic solidarity." The President said "unity, solidarity of Islamic countries within international organizations including the United Nations is of significant importance. Our joint initiatives aim to ensure peace, security, prosperity across the world, not to allow wars, reinforce the dialogue among civilizations and thus lead to results adequate for all of us. Azerbaijan's role in these issues increase gradually." Within the yearly cultural program numerous events dedicated to different specters of Islamic culture starting from concerts to exhibitions, are being show-cased.

### Heydar Aliyev Foundation on the Path of Promoting Education and Culture

The Heydar Aliyev Foundation marked this year its 5<sup>th</sup> anniversary on May 10. Founded in 2004, as a non-commercial non-governmental organization, the foundation has played a significant role in the social, cultural, educational development of the country. The activity of Heydar Aliyev Foundation led by Mrs. Mehriban Aliyeva, the First Lady of Azerbaijan, is broad and multisided. The projects held by the Foundation aim to develop education and health systems, culture, promote the country abroad, protect cultural heritage and improve the well-being of the people. Much attention is paid to construction of new education establishments meeting the modern standards, reconstruction of historical, cultural facilities, establishment of museums and museum centers, overhaul of religious temples, promotion of our rich culture, spread of Azerbaijan's truths, development of social life and environmental security. Project "New school for developing Azerbaijan" is one of the great projects implemented by the Foundation in the field of education. 283 new schools were built in various regions of the republic within the framework of the project. This is a serious change in the lives of over 75,000 pupils gaining the opportunity to study in new conditions, on the level of modern standards. Every year the project "Support for education" provides first-form schoolchildren of martyrs' families, IDP families and low-income families with bags and school supplies. The named project was also being implemented beyond the country. The school destroyed by the earthquake in Muzaffarabad city of Islamic Republic of Pakistan, was rebuilt within the framework of this project of the Foundation. The Foundation is also contributing to the reconstruction of medical centres and children health centres.

### "The World of Mugham" International Festival

For a week hundreds of peoples from different corners of the world made Azerbaijan's capital their home to enjoy Mugham, Azerbaijani folk music included in the UNESCO's world cultural heritage. President Aliyev, attending the opening ceremony said that Mugham is national value, cherished by Azerbaijani people and passed from generation to generation. "We build our modern, strong, secular and mighty Azerbaijan on the basis of our historical legacy, rich cultural diversity and attained great achievements in this pathway. We share all universal values, but the most important and significant for us are our national values – the values of Azerbaijan. In order to preserve, develop these values and transfer them to future generations, we have to strengthen our overall potential" he noted. Held on the initiative of Azerbaijan's First Lady Mrs. Mehriban Aliyeva, the Festival brought together mugham singers from 40 countries. The top three winners of the festival from Azerbaijan, Uzbekistan and Egypt were awarded with money prizes. The three-day contest featured performances by a total of 20 singers from Azerbaijan, Iran, Syria, Iraq, Morocco, Uzbekistan, Tajikistan, Kazakhstan, Egypt, Turkey and Germany.

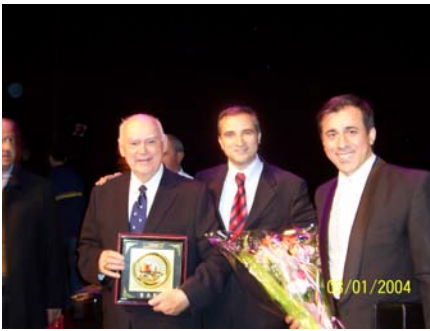


## Azerbaijani Mud Volcanoes Contesting in 7 New Natural Wonders of the World

The non-commercial organization of Switzerland “7 wonders of nature” announced international competition. The competition covered 261 natural and historical monuments from 222 countries. Mud volcanoes of Azerbaijan are now among the 28 finalist natural wonders. The winners will be declared in 2011. The term mud volcano or mud dome is used to refer to formations created by geo-excreted liquids and gases, although there are several different processes which may cause such activity. It is estimated that 300 of the planet's estimated 700 mud volcanoes are found in Gobustan, Azerbaijan and the Caspian Sea. In Azerbaijan, eruptions are driven from a deep mud reservoir which is connected to the surface even during dormant periods, when seeping water still shows a deep origin. In 2001, one mud volcano 15 kilometers from Baku made world headlines when it suddenly started spewing flames 15 m high.



## Jubilee Concert held by Canadian Society of Azerbaijanis for the Arts



The Canadian Society of Azerbaijanis for the Arts with the support of the Embassy of Azerbaijan organized the concert dedicated to 80<sup>th</sup> jubilee of Chingiz Sadykhov, prominent Azerbaijani pianist, currently residing in San-Francisco. The concert held on May 1, 2009 at the Markham Theater in Toronto brought together the Maestros' admirers from Canada, India, Pakistan, Iran and other countries. The year 2008 was also the celebration of 60<sup>th</sup> anniversary of the musician's professional career at the stage organized with the support of the Embassy and Azerbaijani community in Toronto.

## Azerbaijani Contribution to Niagara International Chamber Music Festival

Due to the Embassy's and Azerbaijani community's efforts Azerbaijani folklore and classic music was part of the Niagara International Chamber Music Festival program 3 years consistently. On May 11, 2008 in Toronto, the Embassy of Azerbaijan and the Niagara International Chamber Music Festival organized a concert to commemorate the 85th anniversary of Heydar Aliyev, the late president of Azerbaijan (1993-2003). The concert featured Toronto Silk Road Orchestra conducted by Azerbaijani composer Ismayil Hajiyev, residing in Canada and Azerbaijani classic music and folk dance. On August 14 of the same year, a concert featuring *mugham*, traditional Azerbaijani folk music, was organized with the assistance of Heydar Aliyev Foundation, also in the framework of the Niagara International Chamber Music Festival.



## Concert in Honor of Soviet Sinatra

On May 16, the Embassy of Azerbaijan supported the Canadian Russian Speaking Congress of Quebec in the organization of a concert in honor of Muslum Magomayev (1942-2008), an Azerbaijani singer, known as Soviet Sinatra and popular in all countries constituting the former Soviet Union. The event was attended by the Azerbaijani and Russian communities in Montreal and representatives of Azerbaijani and Russian Embassies who delivered speeches about the great Maestro's successes in classic and pop music. The musician's beloved songs were performed by Boris Kletinich, member of the Russian community in Montreal and the concert was greeted by the great musician's daughter through a video-conference.

# Visit Azerbaijan

